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

NAFA STOCK FUND

ANNUAL REPORT 2017



Your investments & "NAFA" grow together



**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

NAFA STOCK FUND

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 STOCK FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	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

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

NAFA STOCK FUND

Auditors

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

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Vuilding, 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

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 STOCK FUND

Contents

DIRECTORS' REPORT	05
TRUSTEE REPORT TO THE UNIT HOLDERS	10
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	11
FUND MANAGER REPORT	14
REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	16
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	17
STATEMENT OF ASSETS AND LIABILITIES	18
INCOME STATEMENT	19
STATEMENT OF COMPREHENSIVE INCOME	20
DISTRIBUTION STATEMENT	21
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	22
CASH FLOW STATEMENT	23
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	24
PERFORMANCE TABLE	46
PROXY ISSUED BY THE FUND	47

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Mudassir Husain Khan
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Lui Mang Yin (Martin Lui)
Director



Mr. Tariq Jamali
Director



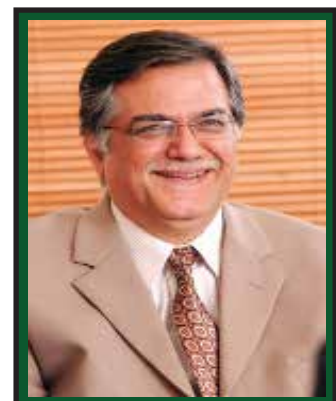
Mr. Shehryar Faruque
Director



Dr. Foo Chiah Shiung (Kelvin Foo)
Director



Mr. Abdul Hadi Palekar
Director



Mr. Humayun Bashir
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



Mr. Hassan Raza, CFA
Head of Research



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



Mr. Taha Khan Javed, CFA
Head of Equity



Syed Ali Azhar Hasani
Head of Internal Audit



Mr. Salman Ahmed
Head of Risk Management



Mr. Raheel Rehman, ACA
Senior Manager Compliance



Mr. Shahbaz Umer
Head of Human Resource &
Administration

NAFA STOCK FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Eleventh Annual Report of **NAFA Stock Fund** for the year ended June 30, 2017.

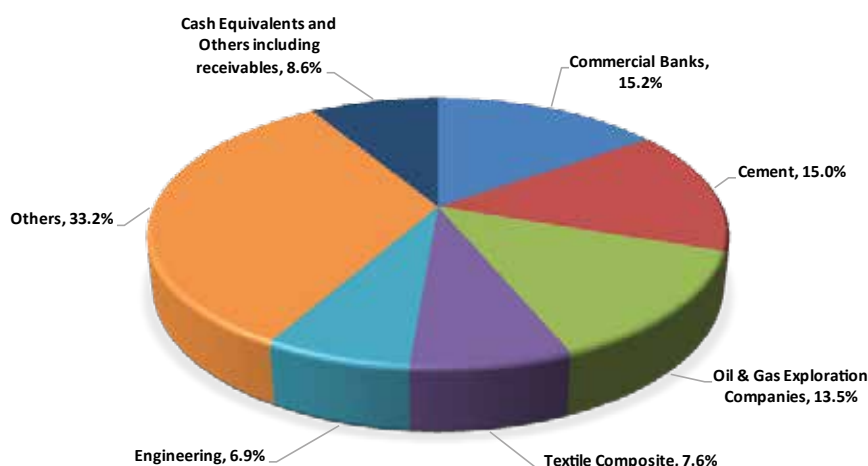
Fund's Performance

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by a hefty 26.5% during 1HFY17 while in the later half the market declined by 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half of the fiscal year began to fade on the back of many negatives : (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking concern in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MCSI Emerging Market Index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

During the fiscal year, NAFA Stock Fund delivered 33.74% return as against KSE-30 index return of 17.92%, outperforming the market by 15.82% during the year. The Fund outperformed on the back of proactive asset allocation. Furthermore, the Fund was overweight in key stocks in Engineering, Automobile Assemblers, Automobile Parts & Accessories, Oil & Gas Marketing Companies, Oil & Gas Exploration Companies and Textile Composite sectors that outperformed the market and was underweight in key stocks in Power Generation & Distribution Companies, and Fertilizer sectors that underperformed the market, which contributed to the outperformance. Since inception (January 19, 2007), NSF has risen by 495.08%, whereas the KSE-30 index has increased by 122.49%, thus to date out-performance is 372.59%. This outperformance is net of management fee and all other expenses.

NAFA Stock Fund has earned a total income of Rs.4,907.55 million during the year. After deducting total expenses of Rs.514.37 million, the net income is Rs.4,393.18 million. During the year, the unit price of NAFA Stock Fund has increased from Rs.12.1236 (Ex-Div) on June 30, 2016 to Rs.16.2138 on June 30, 2017. The resultant per unit gain is Rs.4.0902 (33.74%).

The asset allocation of NAFA Stock Fund as on June 30, 2017 is as follows:



NAFA STOCK FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 11.05% of opening Ex-NAV (14.60% of the par value) for the year. Further, the Board has also approved final cash dividend of 0.08% of the opening Ex-NAV (0.11% of the par value), subsequent to the year end.

Taxation

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

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the period. The attendance of all directors is disclosed in the note 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 STOCK 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 15, 2017

Place: Karachi.

NAFA STOCK FUND

ڈائریکٹرز رپورٹ

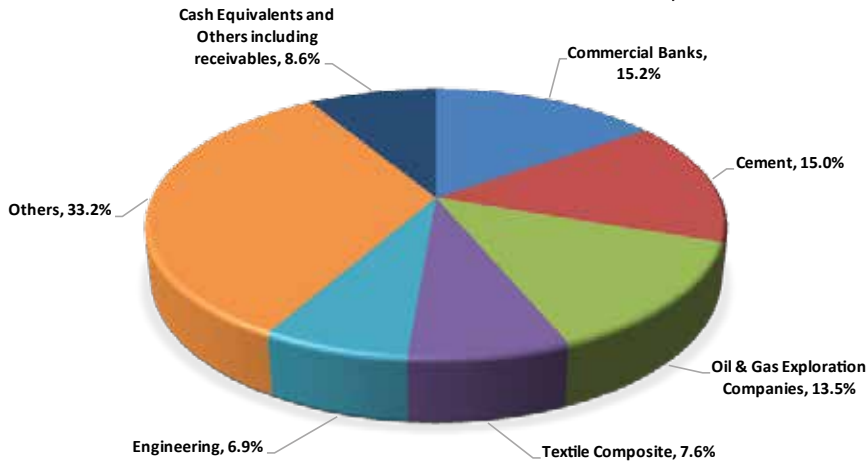
NBP فلٹرٹن ایسیٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسٹاک فنڈ (NSF) کی گیارہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2017ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 2016-17 کو دو ششماہیوں میں منقسم کیا جاسکتا ہے۔ سال 17 کی پہلی ششماہی میں مارکیٹ میں 26.5% کا شاندار اضافہ ہوا جب کہ دوسری ششماہی میں نسبتاً اتار چڑھاؤ کے ساتھ مارکیٹ گر کر 2.6% پر آگئی۔ مالی سال 17 کا آغاز بڑے مثبت انداز میں ہوا جس میں سرمایہ کار سرگرم رہے جس کی وجہ مختلف مثبت پیش رفت تھی جیسے (i) معاشی نمو میں اضافہ کی بدولت سرمایہ کاری کے لئے موافق پس منظر، افراط زر اور سود کی شرح پر کنٹرول، کارپوریٹ کی آمدنی میں بڑا اضافہ اور اسٹاک مارکیٹ کی پرکشش قدر و قیمت (ii) MSCI ایمریکنگ مارکیٹ انڈیکس میں جون 2017ء میں پاکستان کی دوبارہ درج بندی؛ (iii) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں میں تیزی کا رجحان اور (iv) حصص پر مبنی میوچل فنڈز کے پرکشش ہونے کے سبب داخلی بہاؤ میں نمایاں اضافہ جس کی وجہ فکسڈ انکم ذرائع میں معمولی آمدنی کا حصول تھا۔ بعد ازاں مالی سال کی پہلی ششماہی کے مثبت رجحانات مختلف منفی وجوہات کی بنا پر معدوم پڑنے لگیں۔ جیسے (i) پانامہ لیکس کیس میں وزیر اعظم کے خلاف عدالتی کارروائی کے آغاز سے ملک میں سیاسی غیر یقینی کی کیفیت (ii) عالمی سطح پر تیل کی قیمتوں میں دوبارہ کمی جس سے آئل اور گیس اور بینکنگ کے شعبہ جات کے انڈیکس پر دباؤ پڑا (iii) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے ان ہاؤس بدلہ فنانسنگ میں رکاوٹ ڈالنے سے مارکیٹ میں تشویش پائی گئی اور (iv) تجارت اور کرنٹ اکاؤنٹ میں بڑھتے ہوئے خسارے کے سبب توازن ادائیگی (BoP) میں بڑھتے ہوئے خدشات۔ سرمایہ کاروں کو اس وقت بہت مایوسی ہوئی جب MSCI ایمریکنگ مارکیٹ انڈیکس میں پاکستان اسٹاک ایکسچینج (PSX) کی دوبارہ درج بندی کے باوجود با مقصد خالص بیرون ملک زرمبادلہ نہ حاصل ہو پایا۔ پورے سال میں بیرونی سرمایہ کار خالص فروخت کنندہ رہے اور مالی سال 17 کے دوران 652 ملین یو ایس ڈالر کی ایکویٹی فروخت ہوئی جو زیادہ تر میوچل فنڈز اور بیمہ کمپنیوں میں جذب ہوگئی۔

مذکورہ مالی سال کے دوران NAFA اسٹاک فنڈ نے KSE-30 انڈیکس کے 17.92% منافع کے مقابلے میں 33.74% کا منافع درج کرایا، اس طرح فنڈ نے سال کے دوران مارکیٹ کے مقابلے میں 15.82% کی اضافی کارکردگی کا مظاہرہ کیا۔ فنڈ نے یہ بہتر کارکردگی متحرک درجہ بندی کی بنا پر دکھائی۔ علاوہ ازیں، فنڈ نے انجینئرنگ، آٹوموبائل اسمبلرز، آٹوموبائل پارٹس اینڈ ایسیسریز، آئل اور گیس کی مارکیٹنگ کمپنیوں، آئل اور گیس ایکسپلوریشن کمپنیوں اور ٹیکسٹائل کمپوسٹ کے شعبوں میں اضافی تناسب رکھنے کی بنا پر بہتر کارکردگی دکھائی۔ جبکہ پاور جنریشن اینڈ ڈسٹری بیوٹن کمپنیوں اور فریٹ لائزرز ریزیکلرز میں نسبتاً کم تناسب رکھنے کی بنا پر کارکردگی معمول سے کم رہی اور اس کا اثر اضافی کارکردگی کے نتائج پر پڑا۔ اپنے قیام (19 جنوری 2007) سے اب تک فنڈ میں 495.08% کا اضافہ ہوا ہے، جبکہ KSE-30 انڈیکس بڑھ کر 122.49% ہو گیا، لہذا اب تک فنڈ نے 372.59% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NAFA اسٹاک فنڈ (NSF) نے اس سال کے دوران 4,907.55 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 514.37 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 4,393.18 ملین روپے رہی۔ اس سال کے دوران NAFA اسٹاک فنڈ (NSF) کے یونٹ کی قیمت 30 جون 2016 کو 12.1236 روپے (Ex-Div) سے بڑھ کر 30 جون 2017 کو 16.2138 روپے ہو چکی ہے۔ اس کے نتیجے میں فی یونٹ منافع 4.0902 روپے یعنی 33.74% ہے۔ فنڈ کی ایسیٹ ایلوکیشن 30 جون 2017 کو برعکس ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے اس سال کے دوران میں اوپننگ ex-NAV کے 11.05% (بنیادی قدر کا 14.60%) نقد ڈیویڈنڈ کی منظوری دی ہے۔ مزید برآں سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے اوپننگ ex-NAV کے 0.08% (بنیادی قدر کا 0.11%) حتمی کیس ڈیویڈنڈ کی منظوری دی ہے۔

NAFA STOCK FUND

ٹیکسیشن

درج بالا نقد منافع، سال کے دوران میں حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپیٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے سیکنڈ شیڈول کے پارٹ 1 کی شق 99 کے تحت ٹیکس لاگو نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2018 کو ختم ہونے والے سال میں دوبارہ تقرر کیلئے پیش کیا ہے۔

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1- مینجمنٹ 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۔ شہاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

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

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

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

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

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

9- ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسیٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

15 ستمبر 2017ء

مقام: کراچی

NAFA STOCK FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA STOCK 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 Stock 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, 2017 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2017

NAFA STOCK FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE NAFA STOCK FUND FOR THE YEAR ENDED JUNE 30, 2017

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 Stock 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.

NBP Fullerton Asset Management Limited, the Management Company, is not listed and hence, the CCG is not applicable to it. However, the Fund being listed on Pakistan Stock Exchange comes under the ambit of the CCG. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and appoints the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of the Management Company and other necessary personnel to manage its affairs.

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, 2017, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Lui Mang Yin 5. Dr. Kelvin Foo

The independent directors meet 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 NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies were occurred on the board on November 21, 2016 and March 17, 2017 which were filled up on the same dates.
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 STOCK 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 2017, four directors of the Company had acquired the director's training certificate as required under the CCG. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Head of Internal Audit of the Company with remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Chief Financial Officer (CFO) 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 and the chairman of the committee is an independent director.

NAFA STOCK FUND

18. The Board has set up an effective internal audit function headed by the Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Management Company.
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. The 'closed period', prior to the announcement of interim / final results, and business decisions was determined and intimated to directors, employees and stock exchange except for 60th and 61st meeting of the Board of Directors.
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:
 - 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.
 - the Company has not complied with the requirements relating to maintenance of register of persons employed having access to inside information nor any senior management officer has been designated by the Company responsible for maintaining proper record including basis for inclusion or exclusion of names of persons from the said list.

For and behalf of the Board

September 15, 2017
Karachi

Dr. Amjad Waheed
Chief Executive Officer

NAFA STOCK FUND

FUND MANAGER REPORT

NAFA Stock Fund is an Open-ended Equity Fund

Investment Objective of the Fund

The objective of NAFA Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund is moderate to high.

Benchmark

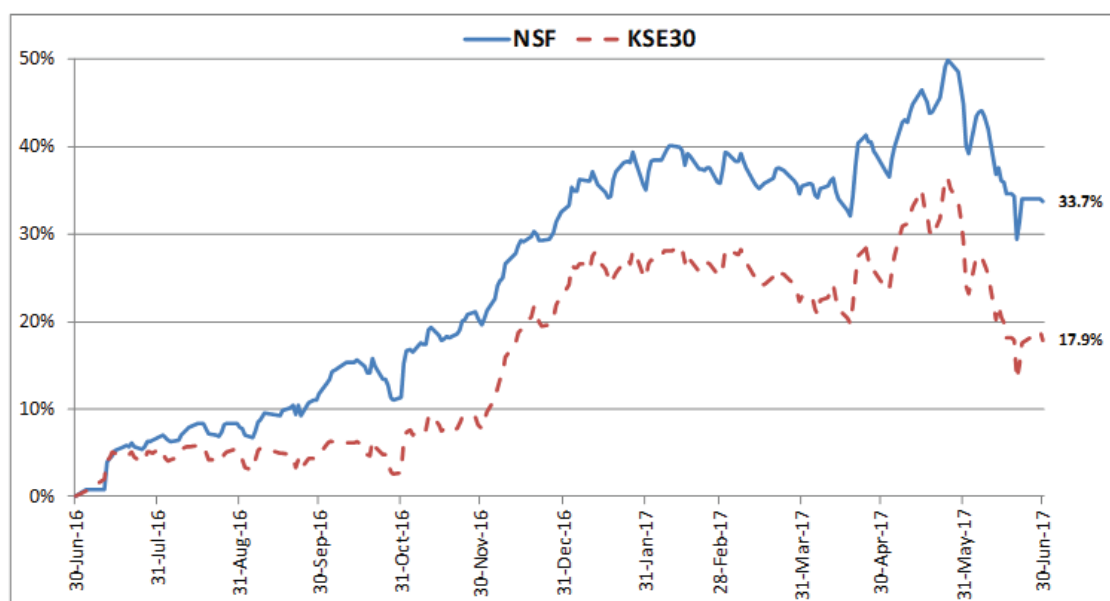
The Benchmark of the Fund is KSE-30 Total Return Index.

Fund performance review

This is the eleventh annual report of the Fund. During the fiscal year, NAFA Stock Fund delivered 33.74% return as against KSE-30 index return of 17.92%, outperforming the market by 15.82% during the year. Since inception (January 19, 2007), NSF has risen by 495.08%, whereas the KSE-30 index has increased by 122.49%, thus to date out-performance is 372.59%. The out-performance of the Fund is net of management fee and all other expenses. Thus, NSF has met its investment objective. During the year, the fund size of NSF increased by 112% to Rs 16,858mn.

NSF outperformed during the year as its key holdings in the Engineering, Automobile Assemblers, Automobile Parts & Accessories, Oil & Gas Marketing Companies, Oil & Gas Exploration Companies and Textile Composite sectors outperformed the market. Moreover, contribution to the Fund's performance also came from its underweight position in select companies of Power Generation & Distribution Companies, and Fertilizer sectors that lagged the market. The chart below shows the performance of NSF against the Benchmark for the year.

NSF Performance vs. Benchmark during FY17



At the beginning of the year, NSF was around 91.1% invested in equities. During the year, we proactively adjusted our exposure in equities. At the end of the year, NSF was around 91.4% invested in equities.

Fiscal Year 2016-17 can be characterized as a tale of two halves where the market surged by hefty 26.5% during 1HFY17 while in the later half the market surrendered return of 2.6% amid lot of volatility. FY17 started on a positive note as investors remained upbeat on various positive developments: (i) supportive investment backdrop with rising economic growth, controlled inflation & interest rates, healthy corporate earnings growth and attractive stock market valuations; (ii) Pakistan's re-classification to MSCI Emerging Market Index effective June 2017; (iii) CPEC related investment activity gaining traction; and (iv) equity related mutual funds attracting hefty inflows on account of paltry yields on fixed income avenues. The optimism of the first half began to fade on the back of many negatives: (i) rising domestic political uncertainty with the start of court proceeding against the Prime Minister in the Panama Leaks Case; (ii) renewed decline in the global oil prices that weighed in on the index heavy Oil & Gas and Banking sectors; (iii) SECP's drive to curb in-house badla financing sparking panic in the market; and (iv) rising risks to the Balance of Payment (BoP) position from widening trade and current account deficits. A big disappointment for investors was absence of meaningful net foreign portfolio inflows during PSX reclassification into MSCI Emerging Market index. Foreign investors remained net sellers throughout the year, offloading equity stakes worth USD652mn in FY17 that was mainly absorbed by Mutual Funds and Insurance Companies.

NAFA STOCK FUND

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-17	30-Jun-16
Equities / Stock	91.44%	91.16%
Cash Equivalents	10.64%	10.54%
Other Net Liabilities	-2.08%	-1.70%
Total	100.00%	100.00%

Distribution for the Financial Year 2017

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	14.60%	17.7881	16.3282
Final	0.11%	14.7758	14.7648

Unit Holding Pattern of NAFA Stock Fund as on June 30, 2017

Size of Unit Holding (Units)	# of Unit Holders
1-1000	254
1001-5000	543
5001-10000	393
10001-50000	903
50001-100000	331
100001-500000	349
500001-1000000	90
1000001-5000000	110
5000001-10000000	21
10000001-100000000	19
100000001-1000000000	0
	3013

During the period under question

During the year, the provision for Workers' Welfare Fund held by the fund till June 30, 2015 has been reversed on January 12, 2017. Further, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from May 21, 2015. For further details, refer note 12.1 to the financial statements.

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 108.97 million. If the same were not made the NAV per unit/FY17 return of scheme would be higher by Rs. 0.1048 / 0.86%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2017.

NAFA STOCK FUND

Review Report to the Unit Holders on Statement of Compliance with Best Practices of 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 Stock Fund (the Fund) for the year ended 30 June 2017, 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 is that of the Board of Directors of the Management Company 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 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 of Directors’ statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the 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 its 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 price 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 Fund’s compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended 30 June 2017.

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

Paragraph reference	Description
21	As per the Code, there should be announcement of ‘closed period’ prior to the announcement of interim / final results and any business decisions, however a ‘closed period’ was not announced before 60th and 61st board meeting.
23	No register is maintained enlisting persons employed under contract or otherwise who have access to inside information.
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.

Date: September 15, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

NAFA STOCK FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **NAFA Stock Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2017 and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unit holders' fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards 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 our 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, we consider internal control relevant to the Fund'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 Fund'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 Fund's affairs as at 30 June 2017 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

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

The financial statements of the Fund for the year ended 30 June 2016 were audited by another firm of Chartered Accountants, who vide their report dated 30 September 2016, addressed to the unitholders, had expressed an unmodified opinion thereon.

Date: September 15, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA STOCK FUND

Statement of Assets and Liabilities As at 30 June 2017

	Note	2017 -----Rupees in '000-----	2016 -----Rupees in '000-----
Assets			
Bank balances	5	1,681,511	836,997
Investments	6	15,414,375	7,237,065
Dividend and profit receivable	7	33,417	10,609
Receivable against sale of investments		172,593	-
Receivable against conversion of units		496	34,356
Advance and deposits	8	7,191	2,928
Total assets		<u>17,309,583</u>	<u>8,121,955</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	9	75,957	20,398
Payable to Central Depository Company of Pakistan Limited - Trustee	10	1,750	807
Payable to Securities and Exchange Commission of Pakistan	11	13,318	5,692
Payable against conversion of units		6,114	29,060
Payable against redemption of units		2,642	-
Dividend payable		106,716	11,664
Accrued expenses and other liabilities	12	245,334	111,586
Payable against purchase of investments		-	3,868
Total liabilities		<u>451,831</u>	<u>183,075</u>
Net assets		<u>16,857,752</u>	<u>7,938,880</u>
Unit holders' fund (as per statement attached)		<u>16,857,752</u>	<u>7,938,880</u>
Contingency and commitment	13		
Number of units			
Number of units in issue	14	<u>1,039,713,941</u>	<u>601,083,871</u>
Net assets value per unit			
		<u>16.2138</u>	<u>13.2076</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA STOCK FUND

Income Statement For the year ended 30 June 2017

	Note	2017	2016
		-----Rupees in '000-----	
Income			
Dividend income		587,382	294,124
Gain / (loss) on sale of investments - net		1,176,574	(111,898)
Profit on bank deposits		78,510	38,636
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	1,797,864	535,727
Total income		<u>3,640,330</u>	<u>756,589</u>
Expenses			
Remuneration to NBP Fullerton Asset Management Limited - Management Company	9.1	280,378	119,838
Sindh Sales Tax on remuneration to Management Company	9.2	36,449	19,462
Federal Excise Duty on remuneration to Management Company	12.2	-	19,174
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	15,019	6,992
Sindh Sales Tax on remuneration to Trustee	10.2	1,952	979
Annual fee - Securities and Exchange Commission of Pakistan		13,318	5,692
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	14,019	3,833
Selling and marketing expenses	9.4	23,391	-
Securities transaction cost		17,761	10,637
Settlement and bank charges		2,340	1,177
Annual listing fee		55	40
Auditors' remuneration	15	541	575
Legal and professional fees		82	70
Fund rating fee		90	187
Printing charges		-	194
Total expenses		<u>405,395</u>	<u>188,850</u>
Net income from operating activities		<u>3,234,935</u>	<u>567,739</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		1,219,641	101,514
Reversal of provision for Workers' Welfare Fund	12.1	47,575	-
Provision for Sindh Workers' Welfare Fund	12.1	(108,972)	-
Net income for the year before taxation		<u>4,393,179</u>	<u>669,253</u>
Taxation	16	-	-
Net income for the year after taxation		<u><u>4,393,179</u></u>	<u><u>669,253</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA STOCK FUND

Statement of Comprehensive Income For the year ended 30 June 2017

	2017	2016
	-----Rupees in '000-----	
Net income for the year	4,393,179	669,253
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>4,393,179</u>	<u>669,253</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA STOCK FUND

Distribution Statement For the year ended 30 June 2017

	2017	2016
	-----Rupees in '000-----	
Undistributed income brought forward comprising:		
- Realised income	680,637	621,523
- Unrealised income	<u>535,727</u>	<u>493,834</u>
	1,216,364	1,115,357
Net income for the year	4,393,179	669,253
Distributions:		
Final distribution for the year ended 30 June 2016: Nil [30 June 2015: 6.824% (Date of distribution: 16 July 2015)]	-	(213,498)
Interim distribution for the year ended 30 June 2017: 14.599% (Date of distribution: 19 June 2017) [30 June 2016: 9.204% (Date of distribution: 29 June 2016)]	(1,267,557)	(354,748)
- Cash distribution (refer note 14.1)		
Total distributions	(1,267,557)	(568,246)
Undistributed income at end of the year	<u>4,341,986</u>	<u>1,216,364</u>
Undistributed income carried forward comprising:		
- Realised income	2,544,122	680,637
- Unrealised income	<u>1,797,864</u>	<u>535,727</u>
	<u>4,341,986</u>	<u>1,216,364</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

NAFA STOCK FUND

Statement of Movement in Unit Holders' Fund For the year ended 30 June 2017

	2017	2016
	-----Rupees in '000-----	
Net assets at beginning of the year	7,938,880	4,113,851
Issue of 1,209,331,786 units (2016: 818,182,650 units)	20,326,042	10,728,873
Redemption of 770,701,716 units (2016: 524,824,963 units)	(13,313,151)	(6,903,337)
	7,012,891	3,825,536
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		
- amount representing (income) / loss transferred to income statement	(1,219,641)	(101,514)
Gain / (loss) on sale of investments - net	1,176,574	(111,898)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	1,797,864	535,727
Other net income for the year	1,418,741	245,424
Total comprehensive income for the year	4,393,179	669,253
Distributions:		
Final distribution for the year ended 30 June 2016: Nil [30 June 2015: 6.824% (Date of distribution: 16 July 2015)]		
- Cash distribution	-	(213,498)
Interim distribution for the year ended 30 June 2017: 14.599% (Date of distribution: 19 June 2017) [30 June 2016: 9.204% (Date of distribution: 29 June 2016)]		
- Cash distribution (refer note 14.1)	(1,267,557)	(354,748)
Total distributions	(1,267,557)	(568,246)
Net assets at end of the year	16,857,752	7,938,880
	-----Rupees-----	
Net assets value per unit at beginning of the year	13.2076	13.3685
Net assets value per unit at end of the year	16.2138	13.2076

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

NAFA STOCK FUND

Cash Flow Statement For the year ended 30 June 2017

Note	2017 -----Rupees in '000-----	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	4,393,179	669,253
Adjustments:		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,797,864)	(535,727)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(1,219,641)	(101,514)
	<u>1,375,674</u>	<u>32,012</u>
(Increase) / decrease in assets		
Investments	(6,379,446)	(3,047,993)
Dividend and profit receivable	(22,808)	2,656
Receivable against sale of investments	(172,593)	-
Advance and deposits	(4,263)	2,920
	<u>(6,579,110)</u>	<u>(3,042,417)</u>
Increase / (decrease) in liabilities		
Payable to NBP Fullerton Asset Management Limited - Management Company	55,559	32,407
Payable to Central Depository Company of Pakistan Limited - Trustee	943	400
Payable to Securities and Exchange Commission of Pakistan	7,626	2,937
Accrued expenses and other liabilities	64,888	19,066
Payable against purchase of investments	(3,868)	3,868
	<u>125,148</u>	<u>58,678</u>
Net cash (used in) operating activities	<u>(5,078,288)</u>	<u>(2,951,727)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	19,284,991	10,832,470
Amount paid on redemption of units	(13,333,455)	(6,882,004)
Distributions paid	(28,734)	(556,582)
Net cash generated from financing activities	<u>5,922,802</u>	<u>3,393,884</u>
Net increase in cash and cash equivalents during the year	<u>844,514</u>	<u>442,157</u>
Cash and cash equivalents at beginning of the year	836,997	394,840
Cash and cash equivalents at end of the year	<u>5</u> <u>1,681,511</u>	<u>836,997</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA STOCK FUND

Notes to and forming part of the Financial Statements For the year ended 30 June 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NAFA Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 06 December 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 20 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as an "equity scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund, is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM1" to the Management Company and performance ranking of '5-Star' to the Fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as 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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, and the requirements of 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirement of the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, and the said directives shall prevail (refer note 3.2).

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

3 NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS OF IFRSs

- 3.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2016 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

NAFA STOCK FUND

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Funds' financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Fund's financial statements.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Fund's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Fund's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Fund's financial statements.
 - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Fund's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- The Companies Ordinance, 1984 was repealed by the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties. The amendments are not likely to have an impact on the Fund's financial statements except extended disclosures.
- SECP through SRO 756(I)/2017 dated 03 August 2017 with immediate effect has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The SRO changed the definition of accounting income in regulation (63) sub-regulation (I) which excludes the element of income from "accounting income". The said SRO also deleted 'Distribution Statement' and requires additional disclosures and recording of element of income / loss included in price of unit issued or redeemed in Statement of movements in reserves or unit holders' fund instead of income statement. This change will affect the charge for SWWF in respect of element of income and consequently NAV per unit in future years.

NAFA STOCK FUND

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

4.1 Financial Assets

4.1.1 Classification

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

a) Loans and receivables

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

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

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

c) Available for sale

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

All investments in the Fund as at 30 June 2017 are classified as 'financial assets at fair value through profit and loss'.

4.1.2 Regular way contracts

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

4.1.3 Initial recognition and measurement

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

4.1.4 Subsequent measurement

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

a) Basis of valuation of equity securities

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

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

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

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.

4.1.5 Impairment of financial assets

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

NAFA STOCK FUND

a) Equity Securities

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

b) Loans and receivables

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

4.1.6 Derecognition

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

4.1.7 Offsetting of financial assets and financial liabilities

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

4.2 Cash and cash equivalents

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

4.3 Financial liabilities

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.4 Derivatives

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

4.5 Provisions

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

4.6 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 among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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

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

NAFA STOCK FUND

4.7 Issue and redemption of units

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

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

4.8 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' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in the income statement and to the extent it is represented by unrealized appreciation / (diminution) arising during the year on available for sale securities is included in the distribution statement.

4.9 Earnings per unit

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

4.10 Net assets value per unit

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

4.11 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'Financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'available for sale' are included in the statement of comprehensive income in the period in which they arise.
- Profit on bank deposits is recognised using the effective yield method.
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

4.12 Proposed distribution

Dividend / distributions are recognised in the period in which such distributions are declared / approved.

	Note	2017 -----Rupees in '000-----	2016
5 BALANCES WITH BANKS			
Current accounts		31,387	16,057
Savings accounts	5.1 & 5.2	1,650,124	820,940
		<u>1,681,511</u>	<u>836,997</u>

5.1 These accounts carry profit at rates ranging from 3.75% to 6.77% (2016: 5.50% to 7.45%) per annum.

5.2 These have been adjusted with cheques of Rs. 63.868 million issued on account of redemption of units and cheques of Rs. 102.943 million received on account of issuance of units at close of financial year which have cleared / adjusted subsequent to year end.

	Note	2017 -----Rupees in '000-----	2016
6 INVESTMENTS			
At fair value through profit or loss - held for trading			
- Listed equity securities	6.1	15,414,375	7,236,098
- Unlisted equity securities		-	967
		<u>15,414,375</u>	<u>7,237,065</u>

NAFA STOCK FUND

6.1 Investment in listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Thal Limited, Al-Ghazi Tractor Limited and Shabbir Tiles and Ceramics Limited which have a face value of Rs.5.

Name of the investee company	As at July 1, 2016	Purchases during the year	Bonus Shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	'As at 30 June 2017	Market value /carrying value as at 30 June 2017	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
----- Number of shares ----- (Rupees in '000) ----- % -----										
Refinery										
Attock Refinery Limited	341,700	98,900	-	-	239,500	201,100	76,937	0.46	0.50	0.24
National Refinery Limited	-	9,350	-	-	-	9,350	6,788	0.04	0.04	0.01
	<u>341,700</u>	<u>108,250</u>	<u>-</u>	<u>-</u>	<u>239,500</u>	<u>210,450</u>	<u>83,725</u>	<u>0.50</u>	<u>0.54</u>	
Oil and Gas Exploration Company										
Pakistan Oilfields Limited	774,930	771,900	-	-	300,600	1,246,230	570,960	3.39	3.70	0.53
Pakistan Petroleum Limited	1,790,025	3,071,200	-	-	1,228,300	3,632,925	538,182	3.19	3.49	0.18
Mari Petroleum Company Limited	350,100	177,860	-	-	66,900	461,060	726,465	4.31	4.71	0.42
Oil & Gas Development Company Limited	1,929,881	2,692,000	-	-	1,476,500	3,145,381	442,524	2.63	2.87	0.07
	<u>4,844,936</u>	<u>6,712,960</u>	<u>-</u>	<u>-</u>	<u>3,072,300</u>	<u>8,485,596</u>	<u>2,278,131</u>	<u>13.52</u>	<u>14.77</u>	
Oil and Gas Marketing Company										
Pakistan State Oil Company Limited	1,128,667	614,200	-	-	1,053,200	689,667	267,142	1.58	1.73	0.25
Attock Petroleum Limited	123,850	35,000	-	-	9,100	149,750	93,808	0.56	0.61	0.18
Shell Pakistan Limited	352,000	273,700	-	-	73,700	552,000	317,604	1.88	2.06	0.52
Hascol Petroleum Limited (refer note 6.1.2)	3,042	-	-	-	-	3,042	1,038	0.01	0.01	0.00
Sui Northern Gas Pipelines Limited	-	3,018,500	-	-	632,000	2,386,500	355,398	2.11	2.31	0.38
	<u>1,607,559</u>	<u>3,941,400</u>	<u>-</u>	<u>-</u>	<u>1,768,000</u>	<u>3,780,959</u>	<u>1,034,990</u>	<u>6.14</u>	<u>6.72</u>	
Fertilizer										
Dawood Hercules Corporation Limited	360,800	229,600	-	-	-	590,400	80,507	0.48	0.52	0.12
Engro Corporation Limited	1,531,585	1,260,500	-	-	1,102,000	1,690,085	550,816	3.27	3.57	0.32
Engro Fertilizers Limited	2,074,500	8,728,500	-	-	6,840,000	3,963,000	218,916	1.30	1.42	0.30
Fauji Fertilizer Bin Qasim Company Limited	822,500	5,776,000	-	-	5,194,500	1,404,000	60,147	0.36	0.39	0.15
	<u>4,789,385</u>	<u>15,994,600</u>	<u>-</u>	<u>-</u>	<u>13,136,500</u>	<u>7,647,485</u>	<u>910,386</u>	<u>5.41</u>	<u>5.90</u>	
Chemical										
Engro Polymer & Chemicals Limited	-	8,718,500	-	-	825,000	7,893,500	288,113	1.71	1.87	1.19
AkzoNobel Pakistan Limited	6,300	-	-	-	6,300	-	-	-	-	-
	<u>6,300</u>	<u>8,718,500</u>	<u>-</u>	<u>-</u>	<u>831,300</u>	<u>7,893,500</u>	<u>288,113</u>	<u>1.71</u>	<u>1.87</u>	
Automobile Parts and Accessories										
Thal Limited*	397,889	-	-	-	134,400	263,489	159,683	0.95	1.04	0.33
Baluchistan Wheels Limited	87,000	-	-	-	-	87,000	12,919	0.08	0.08	0.65
	<u>484,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,400</u>	<u>350,489</u>	<u>172,602</u>	<u>1.03</u>	<u>1.12</u>	
Cement										
D.G. Khan Cement Company Limited	1,609,100	2,391,700	-	-	2,388,900	1,611,900	343,593	2.04	2.23	0.37
Lucky Cement Limited	417,733	553,600	-	-	226,450	744,883	622,916	3.70	4.04	0.23
Maple Leaf Cement Factory Limited	272,500	1,461,100	-	-	444,900	1,288,700	143,510	0.85	0.93	0.24
Pioneer Cement Limited	1,046,000	1,374,300	-	-	1,405,000	1,015,300	131,989	0.78	0.86	0.45
Attock Cement Pakistan Limited	922,901	199,800	-	-	-	1,122,701	339,808	2.02	2.20	0.98
Fecto Cement Limited	449,000	-	-	-	205,800	243,200	25,371	0.15	0.16	0.48
Fauji Cement Company Limited	4,576,500	3,865,500	-	-	2,585,000	5,857,000	240,313	1.43	1.56	0.42
Thatta Cement Company Limited	1,250,000	-	-	-	200,000	1,050,000	41,968	0.25	0.27	1.05
Kohat Cement Company Limited	-	913,500	-	-	30,000	883,500	202,551	1.20	1.31	0.57
Cherat Cement Company Limited	-	2,403,000	-	-	-	2,403,000	429,608	2.55	2.79	1.36
	<u>10,543,734</u>	<u>13,162,500</u>	<u>-</u>	<u>-</u>	<u>7,486,050</u>	<u>16,220,184</u>	<u>2,521,627</u>	<u>14.97</u>	<u>16.35</u>	
Paper and Board										
Century Paper and Board Mills Limited	-	3,522,000	-	-	184,500	3,337,500	327,242	1.94	2.12	2.27
Cherat Packaging Limited	180,974	415,000	-	-	180,973	415,001	98,679	0.59	0.64	1.40
	<u>180,974</u>	<u>3,937,000</u>	<u>-</u>	<u>-</u>	<u>365,473</u>	<u>3,752,501</u>	<u>425,921</u>	<u>2.53</u>	<u>2.76</u>	
Automobile Assembler										
Al-Ghazi Tractors Limited*	-	103,500	-	-	-	103,500	66,642	0.40	0.43	0.18
Indus Motor Company Limited	214,170	61,840	-	-	33,200	242,810	435,504	2.58	2.83	0.31
Millat Tractors Limited	-	475,100	-	-	175,200	299,900	412,195	2.45	2.67	0.68
Pak Suzuki Motor Company Limited	-	90,950	-	-	-	90,950	70,974	0.42	0.46	0.11
	<u>214,170</u>	<u>731,390</u>	<u>-</u>	<u>-</u>	<u>208,400</u>	<u>737,160</u>	<u>985,315</u>	<u>5.85</u>	<u>6.39</u>	
Pharmaceuticals										
Abbot Laboratories (Pakistan) Limited	36,900	157,000	-	-	30,000	163,900	153,181	0.91	0.99	0.17
GlaxoSmithKline (Pakistan) Limited	52,000	-	-	-	50,000	2,000	394	-	-	0.00
GlaxoSmithKline Consumer Healthcare Pakistan Limited (refer note 6.1.3)	15,600	-	-	-	-	15,600	3,261	0.02	0.02	0.02
The Searle Company Limited (refer note 6.1.2)	270	27,200	2,789	-	-	30,259	15,492	0.09	0.10	0.02
	<u>104,770</u>	<u>184,200</u>	<u>2,789</u>	<u>-</u>	<u>80,000</u>	<u>211,759</u>	<u>172,328</u>	<u>1.02</u>	<u>1.11</u>	

NAFA STOCK FUND

Name of the investee company	As at July 1, 2016	Purchases during the year	Bonus Shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	'As at 30 June 2017	Market value /carrying value as at 30 June 2017	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	Number of shares				(Rupees in '000)		%			
Engineering										
International Industries Limited	3,088,000	853,400	-	-	2,788,600	1,152,800	424,887	2.52	2.76	0.96
International Steel Limited	8,049,500	275,500	-	-	7,039,000	1,286,000	164,466	0.98	1.07	0.30
Amreli Steels Limited	-	2,518,000	-	-	-	2,518,000	309,588	1.84	2.01	0.85
K.S.B Pumps Limited	6,000	-	-	-	1,800	4,200	1,323	0.01	0.01	0.03
Ittefaq Iron Industries Limited (refer note 6.1.4)	-	3,100,000	-	-	-	3,100,000	93,620	0.56	0.61	3.24
Mughal Iron and Steel Industries Limited (refer note 6.1.2)	1,318,250	332,500	-	867,137	445,000	2,072,887	167,344	0.99	1.09	0.82
	12,461,750	7,079,400	-	867,137	10,274,400	10,133,887	1,161,228	6.90	7.55	
Textile Composite										
Azgard Nine Limited (Non-voting)	806,400	-	-	-	-	806,400	5,645	0.03	0.04	0.15
Gul Ahmed Textile Mills Limited	-	4,869,000	-	924,200	-	5,793,200	237,405	1.41	1.54	1.63
Kohinoor Textile Mills Limited (refer note 6.1.2)	2,894,500	1,260,500	-	-	-	4,155,000	436,815	2.59	2.83	1.47
Nishat Chunian Limited	446,300	7,174,000	-	-	3,118,000	4,502,300	231,058	1.37	1.50	1.87
Nishat Mills Limited	3,030,400	1,359,900	-	-	2,078,300	2,312,000	366,868	2.18	2.38	0.66
Sapphire Fibres Limited	82,300	-	-	-	82,260	40	48	-	-	0.00
	7,259,900	14,663,400	-	924,200	5,278,560	17,568,940	1,277,839	7.58	8.29	
Food and Personal Care Products										
Al-Shaheer Corporation Limited (refer note 6.1.2)	1,256,750	585,500	235,538	-	-	2,077,788	83,340	0.49	0.54	1.46
Engro Foods Limited	-	855,000	-	-	855,000	-	-	-	-	-
Shezan International Limited	36,700	-	-	-	36,700	-	-	-	-	-
	1,293,450	1,440,500	235,538	-	891,700	2,077,788	83,340	0.49	0.54	
Technology and Communication										
Avanceon Limited (refer note 6.1.2)	1,663,000	-	233,250	-	941,000	955,250	43,282	0.26	0.28	0.72
System Limited	869,500	1,255,000	-	-	13,500	2,111,000	160,098	0.95	1.04	1.89
Pakistan Telecommunication Company Limited	3,280,000	1,622,000	-	-	4,902,000	-	-	-	-	-
	5,812,500	2,877,000	233,250	-	5,856,500	3,066,250	203,380	1.21	1.32	
Power Generation and Distribution										
Kot Addu Power Company Limited	2,241,500	1,564,000	-	-	1,808,500	1,997,000	143,824	0.85	0.93	0.23
Saif Power Limited	998,500	-	-	-	521,500	477,000	14,396	0.09	0.09	0.12
The Hub Power Company Limited	1,076,166	3,290,400	-	-	915,100	3,451,466	405,306	2.40	2.63	0.30
	4,316,166	4,854,400	-	-	3,245,100	5,925,466	563,526	3.34	3.65	
Commercial Banks										
Allied Bank Limited	1,342,401	3,332,300	-	-	-	4,674,701	418,947	2.49	2.72	0.41
Bank Al-Falah Limited	3,838,500	1,065,000	-	-	3,838,500	1,065,000	42,813	0.25	0.28	0.07
Bank Al-Habib Limited	3,652,650	1,553,000	-	-	3,389,500	1,816,150	103,066	0.61	0.67	0.16
Faysal Bank Limited (refer note 6.1.2)	38,075	10,704,000	3,808	-	1,100	10,744,783	241,758	1.43	1.57	0.81
Habib Bank Limited	1,195,263	1,922,900	-	-	754,000	2,364,163	636,291	3.77	4.13	0.16
MCB Bank Limited	574,700	2,296,200	-	-	807,800	2,063,100	434,138	2.58	2.82	0.19
Meezan Bank Limited	252	-	-	-	200	52	4	-	-	0.00
Silkbank Limited	4,250,000	-	-	-	4,250,000	-	-	-	-	-
United Bank Limited	1,280,440	2,531,500	-	-	881,100	2,930,840	690,271	4.09	4.48	0.24
	16,172,281	23,404,900	3,808	-	13,922,200	25,658,789	2,567,288	15.22	16.67	
Insurance										
Pakistan Reinsurance Company Limited	-	2,211,000	-	-	1,101,000	1,110,000	54,179	0.32	0.35	0.37
Modarbas										
Sindh Modaraba	1,337,000	-	-	-	-	1,337,000	6,150	0.04	0.04	2.97
Glass and Ceramics										
Shabbir Tiles & Ceramics Limited*	-	2,032,500	-	-	-	2,032,500	38,963	0.23	0.25	0.62
Tariq Glass Industries Limited	1,787,000	251,400	-	-	-	2,038,400	225,773	1.34	1.46	2.77
	1,787,000	2,283,900	-	-	-	4,070,900	264,736	1.57	1.71	
Transport										
Pakistan National Shipping Corporation Limited	519,100	-	-	-	40,400	478,700	60,268	0.36	0.39	0.36
Cable and Electric Goods										
Pak Elektron Limited	958,625	2,717,500	-	-	1,163,000	2,513,125	277,248	1.64	1.82	0.50
Miscellaneous										
Tri-Pack Films Limited	59,224	-	-	-	59,200	24	5	-	-	0.00
TPL Properties Limited	-	2,000,000	-	-	200,000	1,800,000	22,050	0.13	0.14	0.87
	59,224	2,000,000	-	-	259,200	1,800,024	22,055	0.13	0.14	
Total - 30 June 2017	75,095,413	117,022,800	475,385	1,791,337	69,353,983	125,030,952	15,414,375	91.48	100.00	

Carrying value before fair value adjustment as at 30 June 2017

13,616,511

NAFA STOCK FUND

- 6.1.1** Investments include shares with market value of Rs. 266.092 million (30 June 2016: Rs. 103.65 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.
- 6.1.2** The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has led a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 6.082 million (30 June 2016: 3.63 million) and not deposited in CDC account of department of Income Tax.
- 6.1.3** Subsequent to the period ended 31 December 2016, this security was listed on Pakistan Stock Exchange.
- 6.1.4** Shares of the Company were listed on the Pakistan Stock Exchange Limited on 29th June 2017 and its trading started on 3rd July 2017 on which date the opening price of the shares was Rs 30.20 per share. The Fund had acquired these through book building process at Rs 30.20 per share.

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

		30 June 2017	30 June 2016
		(Rupees in '000)	
	Market value of investments	15,414,375	7,237,065
	Less: carrying value of investments	(13,616,511)	(6,701,338)
		<u>1,797,864</u>	<u>535,727</u>
		2017	2016
		-----Rupees in '000-----	
7	DIVIDEND AND PROFIT RECEIVABLE	Note	
	Dividend receivable on equity securities	33,206	10,514
	Profit receivable on savings deposits	211	95
		<u>33,417</u>	<u>10,609</u>
8	ADVANCE AND DEPOSITS		
	Advance tax	4,591	328
	Security deposits with:		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
		<u>7,191</u>	<u>2,928</u>
9	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Management remuneration	9.1	29,341
	Sindh Sales Tax on management fee	9.2	3,814
	Sales load and others		5,392
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	14,019
	Selling and marketing expenses	9.4	23,391
			<u>75,957</u>
			<u>20,398</u>

- 9.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. Accordingly, the Management Company has charged its remuneration at the rate of two percent of the average annual net assets (2016: 2%) of the Fund.

NAFA STOCK FUND

- 9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2016: 14%) was charged on management remuneration and sales load.
- 9.3 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.
- 9.4 During the current year, the SECP through its Circular No. SCD/PRDD/Circular/361/2016 (Circular No. 40 of 2016) dated 30 December 2016 introduced allowance for charging of selling and marketing expenses initially for three years (effective from 01 January 2017 till 31 December 2019) to the open end equity, asset allocation, and index funds maximum of 0.4% of the average annual net assets or the actual expenses, whichever is lower, subject to the conditions mentioned in the aforementioned Circular and its amendment of condition 05 through Circular No. SCD/PRDD/Circular /418/2016 (Circular No. 05 of 2017) dated 13 February 2017.

Based on the requirements to fulfil for charging selling and marketing expense, the Management Company has started accruing the expense to the Fund at the rate of 0.4% per annum of the average annual net assets of the Fund w.e.f 01 March 2017.

		2017	2016
		-----Rupees in '000-----	
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee remuneration	10.1 1,549	708
	Sindh Sales Tax on Trustee remuneration	10.2 201	99
		<u>1,750</u>	<u>807</u>

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2017 is as follows:

Net asset value	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% p.a. of Net assets, whichever is higher
On an amount exceeding Rs 1,000 million	Rs. 2 million plus 0.10% p.a. of Net assets exceeding Rs. 1,000 million.

- 10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2016: 14%) was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

		2017	2016
		-----Rupees in '000-----	
12	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund	12.1 108,972	-
	Provision for Workers' Welfare Fund	12.1 -	47,575
	Federal Excise Duty on management remuneration	12.2 32,183	32,183
	Federal Excise Duty on sales load	3,904	4,044
	Auditors' remuneration	436	432
	Brokerage fee	5,212	2,410
	Bank charges	32	20
	Settlement charges	273	122
	Withholding tax	76,373	20,706
	Capital gain tax	17,210	3,108
	Printing charges	98	175
	Legal fees	8	14
	Mutual fund rating fee	90	-
	Time barred cheques	-	655
	Others	543	142
		<u>245,334</u>	<u>111,586</u>

NAFA STOCK FUND

12.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, reversal of provision for WWF amounted to Rs. 47.575 million and recording of provision for SWWF of Rs. 107.215 million upto 12 January 2017 has been made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.1048 (June 30, 2016: Nil).

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 32.713 million out of which Rs. 0.530 million have been paid to the Management Company (30 June 2016: Rs. 32.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0315 (30 June 2016: Rs. 0.0544) per unit.

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

13 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2017.

NAFA STOCK FUND

	Note	2017	2016
-----Number of units-----			
14 NUMBER OF UNITS IN ISSUE			
Total units in issue at beginning of the year		601,083,871	307,726,184
Add: Units issued		1,209,331,786	818,182,650
Less: Units redeemed	14.1	(770,701,716)	(524,824,963)
Total units in issue at end of the year		<u>1,039,713,941</u>	<u>601,083,871</u>

14.1 This includes 65,979,858 (30 June 2016: 40,071,959) units issued against Dividend Reinvestment Plan amounting to Rs. 1,074.911 (30 June 2016: 521.063) million net of taxation.

	2017	2016
-----Rupees in '000-----		
15 AUDITORS' REMUNERATION		
Statutory audit fee	338	325
Half yearly review fee	143	130
Out of pocket expenses and others including government levy	60	120
	<u>541</u>	<u>575</u>

16 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to 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. Subsequent to 30 June 2017, the Management Company intends to distribute the required minimum percentage of the accounting income for the year as reduced by capital gains, whether realised or unrealised, therefore, no provision for taxation has been made in these financial statements.

17 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 3.33% per annum. Total expense ratio (excluding government levies) is 2.52% per annum.

18 FINANCIAL INSTRUMENTS BY CATEGORY

-----June 30, 2017-----

Particulars	Loans and receivables	At fair value through profit or loss - held for trading	Available for sale	Total
-----Rupees in '000-----				
Assets				
Bank balances	1,681,511	-	-	1,681,511
Investments	-	15,414,375	-	15,414,375
Dividend and profit receivable	33,417	-	-	33,417
Receivable against sale of investments	172,593	-	-	172,593
Receivable against conversion of units	496	-	-	496
Advance and deposits	2,600	-	-	2,600
	<u>1,890,617</u>	<u>15,414,375</u>	<u>-</u>	<u>17,304,992</u>

NAFA STOCK FUND

-----June 30, 2017-----

Particulars	At fair value through profit or loss	At amortised cost	Total
-------------	--------------------------------------	-------------------	-------

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

Liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company	-	75,957	75,957
	-	1,750	1,750
Payable to Central Depository Company of Pakistan Limited - Trustee	-	6,114	6,114
Payable against conversion of units	-	2,642	2,642
Payable against redemption of units	-	106,716	106,716
Dividend payable	-	6,692	6,692
Accrued expenses and other liabilities	-	199,871	199,871

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

Particulars	Loans and receivables	At fair value through profit or loss - held for trading	Available for sale	Total
-------------	-----------------------	---	--------------------	-------

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

Assets

Bank balances	836,997	-	-	836,997
Investments	-	7,237,065	-	7,237,065
Dividend and profit receivable	10,609	-	-	10,609
Receivable against conversion of units	34,356	-	-	34,356
Advance and deposits	2,600	-	-	2,600
	<u>884,562</u>	<u>7,237,065</u>	<u>-</u>	<u>8,121,627</u>

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

Particulars	At fair value through profit or loss	At amortised cost	Total
-------------	--------------------------------------	-------------------	-------

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

Liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company	-	20,398	20,398
	-	807	807
Payable to Central Depository Company of Pakistan Limited - Trustee	-	29,060	29,060
Payable against conversion of units	-	11,664	11,664
Dividend payable	-	3,970	3,970
Accrued expenses and other liabilities	-	3,868	3,868
Payable against purchase of units	-	69,767	69,767

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.

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

19.3 Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

19.4 The details of significant transactions and balances with connected persons at period end except those disclosed elsewhere in these financial statements are as follows:

NAFA STOCK FUND

	2017	2016
	-----Rupees in '000-----	
19.5 Details of transactions with connected persons are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Issue of 8,871,947 units (2016: Nil units)	142,219	-
Redemption of 269,236 units (2016: Nil units)	5,000	-
Remuneration of NBP Fullerton Asset Management Limited - Management Company	280,378	119,838
Sindh Sales Tax on remuneration to Management Company	36,449	19,462
Allocation of expenses related to registrar services, accounting, operation and valuation services	14,019	3,833
Selling and marketing expenses	23,391	-
Sales load and others	22,050	2,474
National Bank of Pakistan - Sponsor		
Issue of 31,347,445 units (2016: Nil units)	600,000	-
Employees of the Management Company		
Issue of 1,846,349 units (2016: 2,178,473 units)	31,646	28,271
Redemption of 2,434,317 units (2016: 1,831,027 units)	40,378	23,779
NBP Fullerton Asset Management Limited - Management Company (Employee Provident Fund)		
Issue of 1,155,416 units (2016: 2,084,973 units)	18,823	27,321
Redemption of 1,330,069 units (2016: 1,665,360 units)	23,356	22,249
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	15,019	6,992
Sindh Sales Tax on remuneration to Trustee	1,952	979
CDS charges	636	360
Mr. Khalid Mehmood - Chief Financial Officer		
Issue of 73,914 units (2016: Nil units)	1,077	-
Redemption of 8,559 units (2016: Nil units)	154	-
Mr. Amjad Waheed - Chief Executive Officer		
Issue of 280,744 units (2016: 517,418 units)	4,818	6,727
Redemption of 93,014 units (2016: 517,152 units)	1,779	6,741
Mr. Murtaza Ali - Company Secretary / Chief Operating Officer of the Management Company		
Issue of 56,337 units (2016: 1,182 units)	1,000	16
Redemption of 68,360 units (2016: Nil units)	1,327	-
Mr. Kamal. A. Chinoy - Director		
Issue of 183,489 units (2016: 90,806 units)	2,989	1,199
Mr. Aamir Sattar - Director		
Issue of 158,790 units (2016: Nil units)	2,688	-
NBP Employees Pension Fund		
Issue of 5,154,435 units (2016: 6,395,748 units)	83,973	84,458
IGI Life Insurance Limited		
Issue of 3,177,247 units (2016: Nil units)	54,767	-
Redemption of 1,534,219 units (2016: Nil units)	27,313	-
Jubilee Life Insurance Company Limited		
Issue of units: Nil (2016: 607,540 units)	-	8,023
Redemption of 6,177,729 units (2016: Nil units)	88,437	-
Prosperity Weaving Mills		
Issue of 864,538 units (2016: Nil units)	16,024	-
Cherat Packaging Limited		
415,000 shares purchased (2016: 274,600 shares)	117,443	73,615
180,973 shares sold (2016: 126,700 shares)	57,760	40,842
Nil subscription of right shares (2016: 15,482 shares)	-	2,167
Sindh General Provident Investment Fund		
Issue of units: Nil (2016: 4,142,853 units)	-	54,708

NAFA STOCK FUND

	2017	2016
	-----Rupees in '000-----	
BYCO Oil Pakistan Limited - Employee Provident Fund		
Issue of 101,443 units (2016: 3,647,563 units)	1,395	45,861
Redemption of 948,605 units (2016: 3,530,590 units)	14,695	45,802
BYCO Petroleum Pakistan Limited - Employee Provident Fund		
Issue of 3,035,996 units (2016: 9,584,216 units)	47,619	123,576
Redemption of 6,290,905 units (2016: 12,325,288 units)	97,536	161,418
Al-Shifa Trust		
Redemption of 5,920,141 units (2016: Nil units)	86,830	-
Pakistan Mobile Communications Limited Provident Fund		
Issue of 101,629 units (2016: Nil units)	1,656	-
Redemption of 143,348 units (2016: Nil units)	2,438	-
Management Association of Pakistan		
Issue of 317,222 units (2016: Nil units)	4,937	-
Redemption of 122,723 units (2016: Nil units)	2,109	-
Faruque Private Limited		
Issue of 1,176,461 units (2016: Nil units)	21,447	-
Telenor Pakistan Private Limited Employees Provident Fund (Conventional)		
Issue of 4,713,757 units (2016: Nil units)	80,636	-
Redemption of 2,255,243 units (2016: Nil units)	40,121	-
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Issue of 8,638,018 units (2016: Nil units)	154,118	-
Redemption of 2,928,347 units (2016: Nil units)	47,577	-
Telenor Employees Gratuity Fund		
Issue of 22,548,033 units (2016: Nil units)	389,176	-
Redemption of 10,787,849 units (2016: Nil units)	191,919	-
Pakistan Centre for Philanthropy		
Issue of 265,922 units (2016: Nil units)	4,580	-
Redemption of 141,449 units (2016: Nil units)	2,508	-
The Karachi Electric Provident Fund		
Issue of units: Nil (2016: 590,655 units)	-	7,844
Gul Ahmed Textile Mills Limited		
4,869,000 shares purchased (2016: Nil shares)	262,598	-
924,200 subscription of right shares (2016: Nil shares)	23,105	-
Cherat Cement Company Limited		
2,403,000 shares purchased (2016: Nil shares)	462,342	-
International Industries Limited		
853,400 shares purchased (2016: 2,035,500 shares)	151,304	141,367
2,788,600 shares sold (2016: Nil shares)	420,602	-
International Steel Limited		
275,500 shares purchased (2016: 8,153,500 shares)	42,318	232,749
7,039,000 shares sold (2016: 104,000 shares)	482,684	4,144
Summit Bank Limited		
Issue of 637,562 units (2016: Nil units)	10,858	-
Mark-up on bank balances	9	2
Askari Bank Limited		
Mark-up on bank balance	102	-
Bank Islami Pakistan Limited		
Mark-up on bank balance	96	-
Taurus Securities Limited		
Brokerage charges	943	588

NAFA STOCK FUND

	2017	2016
	-----Rupees in '000-----	
19.6 Balances at year end		
NBP Fullerton Asset Management Limited - Management Company		
Units held: 8,602,712 (2016: Nil units)	139,483	-
Management remuneration payable	29,341	12,512
Sindh Sales tax payable	3,814	2,032
Allocation of expenses related to registrar services, accounting, operation and valuation services	14,019	3,833
Selling and marketing expenses	23,391	-
Sales load payable	5,392	2,021
National Bank of Pakistan		
Units held: 31,347,445 (2016: Nil units)	508,261	-
Bank Balance	9,014	2,564
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	1,549	708
Sindh Sales Tax on Trustee remuneration	201	99
CDS charges	177	91
Security deposit	100	100
Employees of the Management Company		
Units held: 338,516 (2016: 801,313 units)	5,489	10,583
Mr. Amjad Waheed - Chief Executive Officer		
Units held: 263,236 (2016: 75,505 units)	4,268	997
Mr. Khalid Mehmood - Chief Financial Officer		
Units held: 65,355 (2016: Nil units)	1,060	-
Mr. Murtaza Ali Company Secretary / Chief Operating Officer		
Units held: Nil (2016: 12,022 units)	-	159
Mr. Kamal. A. Chinoy - Director		
Units held: 2,523,624 (2016: 923,352 units)	40,918	12,195
Mr. Amir Sattar - Director		
Units held: 158,790 (2016: Nil units)	2,575	-
NBP Employees Pension Fund		
Units held: 62,674,460 (2016: 57,520,024 units)	1,016,191	759,701
NAFA Employee Provident Fund		
Units held: 1,063,144 (2016: 1,237,797 units)	17,238	16,348
Prosperity Weaving Mills		
Units held: 864,538 (2016: Nil units)	14,017	-
BYCO Oil Pakistan Limited - Employee Provident Fund		
Units held: Nil (2016: 847,161 units)	-	11,189
BYCO Petroleum Pakistan Limited - Employee Provident Fund		
Units held: 1,233,603 (2016: 4,488,511 units)	20,001	59,282
Pakistan Mobile Communications Limited Provident Fund		
Units held: 1,235,734 (2016: 1,277,453 units)	20,036	16,872
Management Association of Pakistan		
Units held: 314,983 (2016: Nil units)	5,107	-
Faruque Private Limited		
Units held: 1,176,461 (2016: Nil units)	19,075	-
Telenor Pakistan Private Limited Employees Provident Fund (Conventional)		
Units held: 2,458,514 (2016: Nil units)	39,862	-
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Units held: 5,709,671 (2016: Nil units)	92,575	-

NAFA STOCK FUND

	2017	2016
	-----Rupees in '000-----	
Telenor Employees Gratuity Fund Units held: 11,760,184 (2016: Nil units)	190,677	-
Pakistan Centre for Philanthropy Units held: 124,474 (2016: Nil units)	2,018	-
The Karachi Electric Provident Fund Dividend Payable	-	11,096
IGI Life Insurance Limited Units held: 1,643,028 (2016: Nil units)	26,640	-
Jubilee Life Insurance Company Limited Units held: Nil (2016: 6,177,728 units)	-	81,593
International Industries Limited Shares held: 1,152,800 (2016: 3,088,000 shares)	424,887	249,727
International Steels Limited Shares held: 1,286,000 (2016: 8,049,500 shares)	164,466	286,723
Cherat Packaging Pakistan Limited Shares held: 415,001 (2016: 180,974 shares)	98,679	61,851
Gul Ahmed Textile Mills Limited Shares held: 5,793,200 (2016: Nil shares)	237,405	-
Cherat Cement Company Limited Shares held: 2,403,000 (2016: Nil shares)	429,608	-
Sindh General Provident Investment Fund Units held: Nil (2016: 37,258,660 units)	-	492,097
Taurus Securities Limited Brokerage payable	325	229
Summit Bank Limited Units held: 637,562 (2016: Nil units) Bank balance Mark-up on bank balance	10,337 22,875 1	- 13,551 -
Askari Bank Limited Bank balance Mark-up on balance	3,757 2	- -
Bank Islami Pakistan Limited Bank balance Mark-up on balance	2,657 24	- -
NAFA Financial Sector Income Fund Net receivable against conversion of units	295	-
NAFA Income Fund Net receivable against conversion of units	201	-
NAFA Islamic Income Fund (Formerly: NAFA Islamic Aggressive Income Fund) Net (payable) against conversion of units	(196)	(24,560)
NAFA Asset Allocation Fund Net receivable against conversion of units	-	8,069
NAFA Income Opportunity Fund Net (payable) / receivable against conversion of units	(3,281)	8,501
NAFA Money Market Fund Net (payable) against conversion of units	(1,865)	(1,069)
NAFA Islamic Stock Fund Net (payable) / receivable against conversion of units	(47)	2,739

NAFA STOCK FUND

	2017	2016
	-----Rupees in '000-----	
NAFA Riba Free Savings Fund		
Net (payable) / receivable against conversion of units	(669)	842
NAFA Islamic Asset Allocation Fund		
Net (payable) against conversion of units	-	(2,662)
NAFA Government Securities Liquid Fund		
Net (payable) against conversion of units	(56)	(714)
NAFA Islamic Energy Fund		
Net receivable against conversion of units	-	14,205

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	29
2	Sajjad Anwar	CFA / MBA Finance	17
3	Muhammad Ali Bhabha	MBA / MS (CS) /CFA / FRM	22
4	Hassan Raza	ACCA / BSC / CFA	6
5	Taha Khan Javed*	MBA / CFA	11

20.1 *Taha Khan Javed is the Fund Manager of the Fund. He is also managing NAFA Asset Allocation Fund, NAFA Islamic Asset Allocation Fund, NAFA Multi Asset Fund, NAFA Islamic Active Allocation Equity Fund and NAFA Islamic Energy Fund.

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

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

S. No.	Particulars	Percentage
1	Arif Habib Securities Limited	17.40
2	Taurus Securities Limited	6.45
3	BMA Capital Management Limited	5.47
4	J.S. Global Capital Limited	4.71
5	BIPL Securities Limited	4.34
6	Alfalah Securities (Private) Limited	4.28
7	SAAO Capital (Private) Limited	4.02
8	Optimus Capital Management Limited	3.71
9	Al Habib Capital Markets (Private) Limited	3.54
10	Aqeel Karim Dehdi Securities (Private) Limited	3.50

List of brokers by percentage of commission paid during the year ended 30 June 2016:

S. No.	Particulars	Percentage
1	Taurus Securities Limited	6.76
2	Arif Habib Securities Limited	6.48
3	Concordaia Securities (Private) Limited	4.68
4	J.S. Global Capital Limited	4.42
5	KASB Securities Limited	4.29
6	BMA Capital Management Limited	4.03
7	Topline Securities (Private) Limited	3.93
8	Fortune Securities Limited	3.54
9	Al Habib Capital Markets (Private) Limited	3.51
10	Alfalah Securities (Private) Limited	3.49

NAFA STOCK FUND

22 PATTERN OF UNIT HOLDING

----- As at June 30, 2017 -----

Category	Number of unit holders	Investment amount	Percentage of investment
Rupees in '000			
Individuals	2,792	4,399,995	26.10
Directors	4	47,760	0.28
Associated companies	3	1,172,911	6.96
Banks / DFI's	9	1,506,991	8.94
Insurance companies	13	397,625	2.36
Retirement funds	111	6,200,648	36.78
Listed companies	5	45,259	0.27
Others	76	3,086,563	18.31
	<u>3,013</u>	<u>16,857,752</u>	<u>100.00</u>

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

Category	Number of unit holders	Investment amount	Percentage of investment
Rupees in '000			
Individuals	1,504	1,584,904	19.96
Associated companies / Directors	2	776,050	9.78
Insurance companies	9	428,221	5.39
Bank / DFIs	2	707,733	8.91
Retirement funds	87	3,519,290	44.33
Others	47	922,682	11.62
	<u>1,651</u>	<u>7,938,880</u>	<u>100.00</u>

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 60th, 61st, 62nd, 63rd Board meetings were held on 23 September 2016, 28 October 2016, 28 February 2017, 28 April 2017, respectively. Information in respect of attendance by directors in the meetings is given below: meetings is given below:

Name of Director	Number of meetings			Meeting not attended
	Held during tenure of directorship	Attended	Leave granted	
Mr. Nausherwan Adil	4	4	-	-
Mr. Aamir Sattar	4	4	-	-
Mr. Abdul Hadi Palekar	4	3	1	61st meeting
Mr. Koh Boon San [note 24.1]	2*	2	-	-
Mr. Lui Mang Yin (Martin Lui)	4	4	-	-
Dr. Foo Chiah Shiung (Kelvin Foo) [note 24.2]	2*	1	1	63rd meeting
Mr. Kamal Amir Chinoy	4	4	-	-
Mr. Shehryar Faruque	4	3	1	62nd meeting
Mr. Saiyed Hashim Ishaque [note 24.3]	3*	3	-	-
Mr. Humayun Bashir [note 24.4]	1*	1	-	-
Dr. Amjad Waheed	4	4	-	-

23.1 Mr. Koh Boon San retired in Extra Ordinary General Meeting held on 21 November 2016.

23.2 Dr. Foo Chiah Shiung (Kelvin Foo) opted as director on the Board with effect from 21 November 2016.

23.3 Mr. Saiyed Hashim Ishaque retired in Extra Ordinary General Meeting held on 17 March 2017.

23.4 Mr. Humayun Bashir opted as director on the Board with effect from 17 March 2017.

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

NAFA STOCK FUND

24 FINANCIAL RISK MANAGEMENT

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

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

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

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

24.1 Market risk

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

24.1.1 Currency risk

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

24.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds no variable rate instruments.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

NAFA STOCK FUND

As at June 30, 2017

Particulars	Yield / interest rate	Exposed to Yield/Interest rate risk			Not exposed to yield/Interest rate risk	Total
		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	3.75 - 6.77	1,650,124	-	-	31,387	1,681,511
Investments		-	-	-	15,414,375	15,414,375
Dividend and profit receivable		-	-	-	33,417	33,417
Receivable against sale of investments		-	-	-	172,593	172,593
Receivable against conversion of units		-	-	-	496	496
Advance and deposits		-	-	-	2,600	2,600
		1,650,124	-	-	15,654,868	17,304,992
Financial Liabilities						
Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	-	75,957	75,957
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,750	1,750
Payable against conversion of units		-	-	-	6,114	6,114
Payable against redemption of units		-	-	-	2,642	2,642
Dividend payable		-	-	-	106,716	106,716
Accrued expenses and other liabilities		-	-	-	6,692	6,692
		-	-	-	199,871	199,871
On-balance sheet gap		<u>1,650,124</u>	<u>-</u>	<u>-</u>	<u>15,454,997</u>	<u>17,105,121</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		<u>1,650,124</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		<u>1,650,124</u>	<u>1,650,124</u>	<u>1,650,124</u>		

NAFA STOCK FUND

As at June 30, 2016

Particulars	Yield / interest rate	Exposed to Yield/Interest rate risk			Not exposed to yield/Interest rate risk	Total
		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	Yield / interest rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield/Interest rate risk	Total
Bank balances	5.50 -7.45	820,940	-	-	16,057	836,997
Investments		-	-	-	7,237,065	7,237,065
Dividend and profit receivable		-	-	-	10,609	10,609
Receivable against conversion of units		-	-	-	34,356	34,356
Advance and deposits		-	-	-	2,600	2,600
		820,940	-	-	7,300,687	8,121,627

Financial Liabilities

Payable to NBP Fullerton Asset Management Limited - Management Company		-	-	-	20,398	20,398
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	807	807
Payable against conversion of units		-	-	-	29,060	29,060
Dividend payable		-	-	-	11,664	11,664
Accrued expenses and other liabilities		-	-	-	3,970	3,970
Payable against purchase of investments		-	-	-	3,868	3,868
		-	-	-	69,767	69,767

On-balance sheet gap		820,940	-	-	7,230,920	8,051,860
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		820,940	-	-		
Cumulative interest rate sensitivity gap		820,940	820,940	820,940		

24.1.3 Price risk

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

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

In case of 5% increase / decrease in PSX 100 index on 30 June 2017, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 770.719 million (2016: Rs.361.853 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 index.

24.2 Credit risk

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

The analysis below summarises the credit quality of the Fund's bank balances as at 30 June 2017 and 30 June 2016.

NAFA STOCK FUND

Balances with banks	2017	2016
	(Rupees in '000)	
AAA	117,456	9,207
AA+	1,471,800	35,154
AA-	64,538	12,555
AA	2,062	764,178
A+	2,663	2,511
A-	22,992	13,392
	<u>1,681,511</u>	<u>836,997</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2017 is the carrying amount of the financial assets.

Concentration of the credit risk

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

24.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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

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

NAFA STOCK FUND

30 June 2017

	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	75,957	75,957	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,750	1,750	-	-
Payable against conversion of units	6,114	6,114	-	-
Payable against redemption of units	2,642	2,642	-	-
Dividend payable	106,716	106,716	-	-
Accrued expenses and other liabilities	6,692	6,692	-	-
	<u>199,871</u>	<u>199,871</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>16,857,752</u>	<u>16,857,752</u>	<u>-</u>	<u>-</u>

30 June 2016

	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fullerton Asset Management Limited - Management Company	20,398	20,398	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	807	807	-	-
Payable against conversion of units	29,060	29,060	-	-
Dividend payable	11,664	11,664	-	-
Accrued expenses and other liabilities	3,970	3,970	-	-
Payable against purchase of investments	3,868	3,868	-	-
	<u>69,767</u>	<u>69,767</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>7,938,880</u>	<u>7,938,880</u>	<u>-</u>	<u>-</u>

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

NAFA STOCK FUND

30 June 2017									
Carrying value					Fair value				
At fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investment									
- Listed equity securities	15,414,375	-	-	-	15,414,375	15,414,375	-	-	15,414,375
	<u>15,414,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,414,375</u>	<u>15,414,375</u>	<u>-</u>	<u>-</u>	<u>15,414,375</u>
Financial assets not measured at fair value									
Bank balances	25.1	-	1,681,511	-	1,681,511	-	-	-	-
Dividend and profit receivable		-	33,417	-	33,417	-	-	-	-
Receivable against sale of investments		-	172,593	-	172,593	-	-	-	-
Receivable against conversion of units		-	496	-	496	-	-	-	-
Advance and deposits		-	2,600	-	2,600	-	-	-	-
		<u>-</u>	<u>1,890,617</u>	<u>-</u>	<u>1,890,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to NBP Fullerton Asset Management Limited - Management Company	25.1	-	-	75,957	75,957	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,750	1,750	-	-	-	-
Payable against conversion of units		-	-	6,114	6,114	-	-	-	-
Payable against redemption of units		-	-	2,642	2,642	-	-	-	-
Dividend payable		-	-	106,716	106,716	-	-	-	-
Accrued expenses and other liabilities		-	-	6,692	6,692	-	-	-	-
		<u>-</u>	<u>-</u>	<u>199,871</u>	<u>199,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
----- (Rupees in '000) -----									
30 June 2016									
Carrying value					Fair value				
At fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investment									
- Listed equity securities	7,237,065	-	-	-	7,237,065	7,237,065	-	-	7,237,065
	<u>7,237,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,237,065</u>	<u>7,237,065</u>	<u>-</u>	<u>-</u>	<u>7,237,065</u>
Financial assets not measured at fair value									
Bank balances	-	-	836,997	-	836,997	-	-	-	-
Dividend and profit receivable	-	-	10,609	-	10,609	-	-	-	-
Receivable against conversion of units	-	-	34,356	-	34,356	-	-	-	-
Advance and deposits	-	-	2,600	-	2,600	-	-	-	-
	<u>-</u>	<u>-</u>	<u>884,562</u>	<u>-</u>	<u>884,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to NBP Fullerton Asset Management Limited - Management Company	-	-	-	20,398	20,398	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	807	807	-	-	-	-
Payable against conversion of units	-	-	-	29,060	29,060	-	-	-	-
Dividend payable	-	-	-	11,664	11,664	-	-	-	-
Accrued expenses and other liabilities	-	-	-	3,970	3,970	-	-	-	-
Payable against purchase of investments	-	-	-	3,868	3,868	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,767</u>	<u>69,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NAFA STOCK FUND

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

26 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

In accordance with the risk management policies stated in note 24, 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 borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

27 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on September 15, 2017 approved a final cash distribution of Rs. 11.5 million (Rs. 0.0110 per unit) for the year ended June 30, 2017. The financial statements of the Fund for the year ended June 30, 2017 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, 2018.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 15, 2017.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA STOCK FUND

PERFORMANCE TABLE

Particulars	For the Year Ended	For the Year Ended	For the Year Ended	For the Year Ended	For the Year Ended	For the Year Ended
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Net assets (Rs. '000')	16,857,752	7,938,880	4,113,851	1,804,655	1,122,681	1,090,426
Net Income (Rs. '000')	4,393,179	669,253	901,931	378,693	513,061	192,215
Net Asset Value per units (Rs.)	16.2138	13.2076	13.3685	10.0980	10.8231	7.9399
Selling price per unit	16.7634	13.7316	13.9035	10.5056	11.1478	8.1781
Redemption price per unit	16.2138	13.2076	13.3685	10.0980	10.8231	7.9399
Ex - Highest offer price per unit (Rs.)	20.4640	13.8379	13.4008	10.6080	11.6423	8.7190
Ex - Lowest offer price per unit (Rs.)	13.9073	11.1871	9.1070	7.7911	7.3194	6.1570
Ex - Highest redemption price per unit (Rs.)	18.1550	13.3099	12.8852	10.1964	11.3032	8.4650
Ex - Lowest redemption price per unit (Rs.)	12.2155	10.7602	8.7536	7.4888	7.1062	5.9777
Fiscal Year Opening Ex Nav	12.1236	11.8527	9.2837	7.4072	6.9848	6.5095
Total return of the fund	33.74%	11.43%	36.94%	36.33%	54.95%	21.97%
Capital growth	21.70%	4.17%	24.69%	14.26%	14.36%	11.97%
Income distribution as % of Ex-NAV	12.04%	7.26%	12.24%	22.07%	40.59%	10.00%
Income distribution as % of Par Value	14.60%	9.20%	11.37%	16.35%	28.35%	6.51%
Distribution						
Interim Distribution per unit	1.4599	0.9204	0.4524	1.6345	0.4374	-
Final distribution per unit	0.0110	-	0.6842	-	2.3980	0.6510
Distribution dates						
Interim	19-Jun-16	29-Jun-16	29-Jun-15	13-Feb-14	26-Feb-13	-
Interim	-	-	-	30-Apr-14	26-Apr-13	-
Interim	-	-	-	26-Jun-14	-	-
Final	15-Sep-16	-	14-Jul-15	-	11-Jul-13	09-Jul-12
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2017)	18.61%					
(Since inception to June 30, 2016)		17.11%				
(Since inception to June 30, 2015)			17.80%			
(Since inception to June 30, 2014)				15.45%		
(Since inception to June 30, 2013)					12.51%	
(Since inception to June 30, 2012)						6.09%
(Since inception to June 30, 2011)						
(Since inception to June 30, 2010)						
Portfolio Composition (see Fund Manager report)						
Statement of past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.						

NAFA STOCK FUND

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:








	Resolutions	For	Against	Abstain
Number	6	6	-	-
(%ages)	100%	100%	-	-



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