

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



ANNUAL REPORT
JUNE 2019



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murataz Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	Member

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Al Habib Limited
Faysal Bank Limited
Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
United Bank Limited



Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shaheed Chaudary Aslam Rd,
Civil Lines, Karachi, 75530

Legal Advisor

Akhund Forbes
D-21, Block, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Humayun Bashir
Director



Mr. Nasir Husain
Director



Mr. Ali Saigol
Director



Mr. Shehryar Faruque
Director



Mr. Imran Zaffar
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad 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. Salim S Mehdi
Chief Innovation & Strategy Officer



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



Mr. Taha Khan Javed, CFA
Head Of Equity



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Salman Ahmed, CFA
Head Of Risk Management



Mr. Zaheer Iqbal, ACA, FPFA
Head Of Operations



Mr. Raheel Rehman, ACA
Head Of Compliance



Mr. Shahbaz Umer
Head Of Human Resource

DIRECTORS' REPORT

This is the Third Annual Report for the period ended June 30, 2019, since launch of NAFA Islamic Active Allocation Fund-II (NIAAF-II) on May 26, 2017.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-II has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-VI (NIAAP-VI), NAFA Islamic Active Allocation Plan-VII (NIAAP-VII), NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII), NAFA Islamic Capital Preservation Plan-I (NICPP-I) & NAFA Islamic Capital Preservation Plan-II (NICPP-II).

Islamic Income Fund:	NBP Active Allocation Riba Free Savings Fund
Islamic Money Market:	NBP Islamic Money Market Fund
Islamic Equity Fund:	NBP Islamic Active Allocation Equity Fund

After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KMI-30 Index fell sharply by 23.8% on a year-on-year basis. Though the market started off the year on a positive note as investors cheered the peaceful transition between two democratically elected governments, the rebound turned out to be short-lived as investors' attention shifted to the deteriorating economic fundamentals emanating from the intractable twin deficits, especially the heightened Current Account Deficit (CAD).

Faced with the challenging economic conditions, with the objectives to contain inflation and curtail external account imbalances, the incumbent government embarked on tightening policies including massive devaluation of overvalued Pak Rupee against the US Dollar, sharp hike in the Policy Rate, increasing/expanding the scope of duties on non-essential imported luxury goods, and deep cut in public spending. The tightening policies led to a sharp decline in the economic activity as manifested by contraction in the Large Scale Manufacturing sector while the GDP growth rate slowed to 3.3% for FY2019 compared with 5.5% in the previous year. This in turn weighed on the corporate profitability, especially of cyclical sectors due to demand slowdown and cost pressures that in turn further dampened market sentiment.

To bridge the gap on external account, though the government was able to secure a sizable financial assistance from friendly countries such as China, KSA and UAE, the delay in the IMF program irked the market participants, as despite the government's efforts, CAD for the year clocked in at unsustainably high level of USD 13.6 billion albeit down from USD 19.9 billion in the previous year. The unfortunate Pulwama Attack led to escalation of tension between Pakistan and India, which also weighed on the market sentiment. Negative headlines pertaining to the ongoing proceedings of Financial Action Task Force (FATF), which expressed its concerns on lack of operational reforms, also perturbed investors throughout the year. Tax laden Federal Budget FY2019-20 along with ongoing drive for the documentation of economy are causing short-term pain with its negative implications for the economic growth, corporate profitability, consumer confidence, and market sentiment.

During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June 2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation.

The trading activity in the Corporate Sukuks remained thin with skew towards high quality debt issues with cumulative traded value of around Rs. 12 billion in FY2019 compared to Rs. 10 billion in FY2018. The issuance of government guaranteed energy sector sukuk to the tune of Rs. 200 billion helped the undersupplied market for long-term sharia compliant debt instruments.

NAFA Islamic Active Allocation Plan-VI (NIAAP-VI)

This is the third annual report for the period ended June 30, 2019, since launch of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) on May 26, 2017. The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

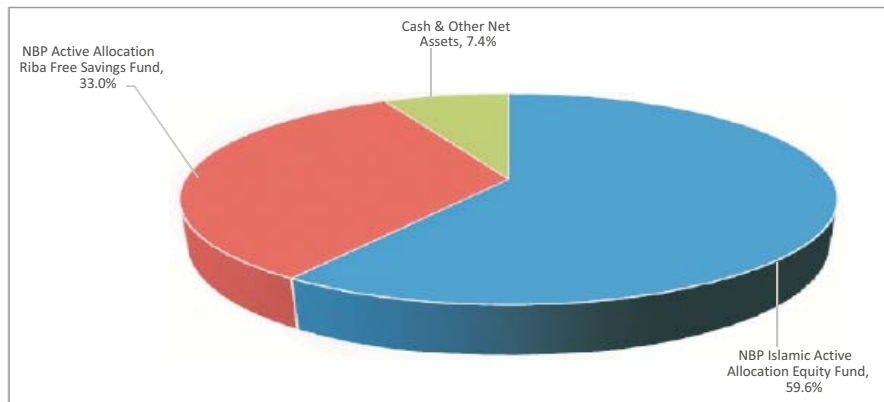
Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) decreased by 9.1% as against the benchmark

which decreased by 10.7%, thus, the Plan outperformed the benchmark by 1.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) has decreased from Rs. 100.0000 on May 26, 2017 to Rs. 79.1139 on June 30, 2019, thus showing a decrease of 20.9%. The Benchmark return during the same period decreased by 20.5%. Thus, the Plan has underperformed its Benchmark by 0.4% since its inception on May 26, 2017. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 223 million.

The Plan has incurred a total loss of Rs. 26.842 million during the year. After deducting total expenses of Rs. 1.955 million, the net loss is Rs. 28.797 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Income Distribution

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

Taxation

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

NAFA Islamic Active Allocation Plan-VII (NIAAP-VII)

This is the third annual report for the period ended June 30, 2019, since launch of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) on June 29, 2017. The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

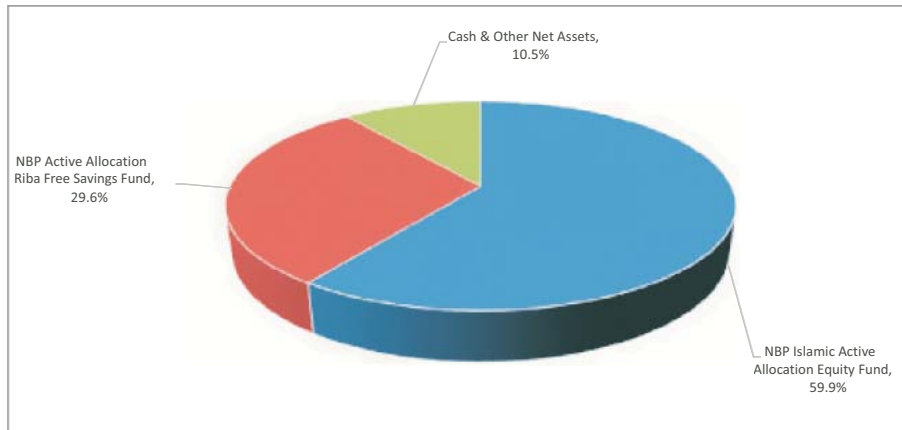
Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) decreased by 9.3% as against the benchmark which decreased by 10.8%, thus, the Plan outperformed the benchmark by 1.5% during the year. Since launch of the

plan, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has decreased from Rs.100.0000 June 29, 2017 to Rs. 84.7782 on June 30, 2019, thus showing a decrease of 15.2%. The Benchmark return during the same period decreased by 13.9%. Thus, the Plan has underperformed its Benchmark by 1.3% since its inception on January 29, 2017. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 76 million.

The Plan has incurred a total loss of Rs. 9.492 million during the year. After deducting total expenses of Rs. 0.978 million, the net loss is Rs. 10.47 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Income Distribution

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

Taxation

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

NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII)

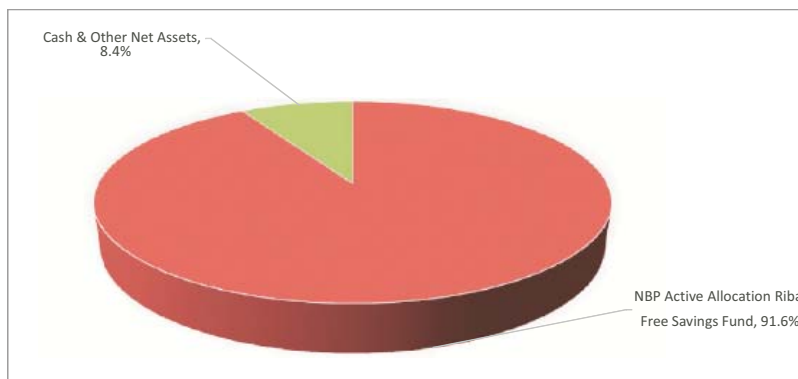
This is the second annual report for the period ended June 30, 2019, since launch of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) on November 03, 2017. The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) decreased by 4.1% as against the benchmark which decreased by 5.2%, thus, the Plan outperformed the benchmark by 1.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) has decreased from Rs. 100.0000 on November 03, 2017 to Rs. 96.2016 on June 30, 2019, thus showing a decrease of 3.8%. The Benchmark return during the same period decreased by 3.7%. Thus, the Plan has underperformed its Benchmark by 0.1% since its inception on November 03, 2017. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 396 million.

The Plan has incurred a total loss of Rs. 17.986 million during the year. After deducting total expenses of Rs. 2.412 million, the net loss is Rs. 20.398 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Income Distribution

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

Taxation

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

NAFA Islamic Capital Preservation Plan-I (NICPP-I)

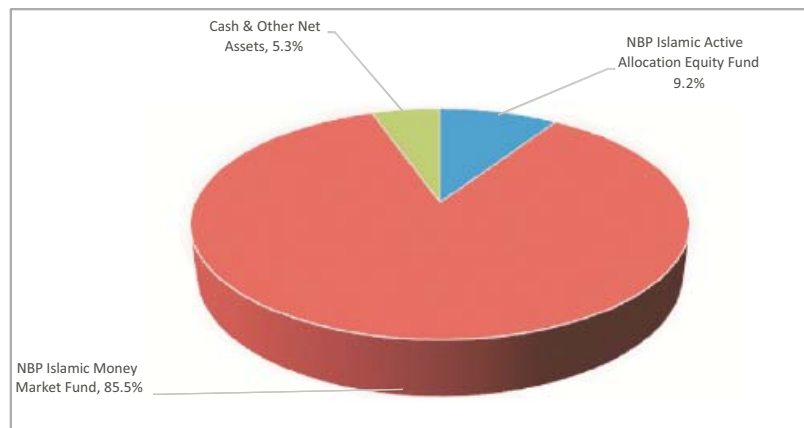
This is the second annual report for the period ended June 30, 2019, since launch of NAFA Islamic Capital Preservation Plan-I (NICPP-I) on February 28, 2018. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-I (NICPP I) increased by 1.8% as against the benchmark which decreased by 0.9%, thus, the Plan outperformed the benchmark by 2.7% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-I (NICPP I) has increased from Rs. 99.6371 (Ex-Div) on February 28, 2018 to Rs. 101.8306 on June 30, 2019, thus showing an increase of 2.2%. The Benchmark return during the same period decreased by 0.7%. Thus, the Plan has outperformed its Benchmark by 2.9% since its inception on February 28, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs 793 million.

The Plan has earned a total income of Rs. 33.229 million during the year. After deducting total expenses of Rs. 5.87 million, the net income is Rs. 27.359 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 1.618% of the par value in NAFA Islamic Capital Preservation Plan - I (NICPP I) for the period ended June 30, 2019.

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 Plan is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

NAFA Islamic Capital Preservation Plan-II (NICPP-II)

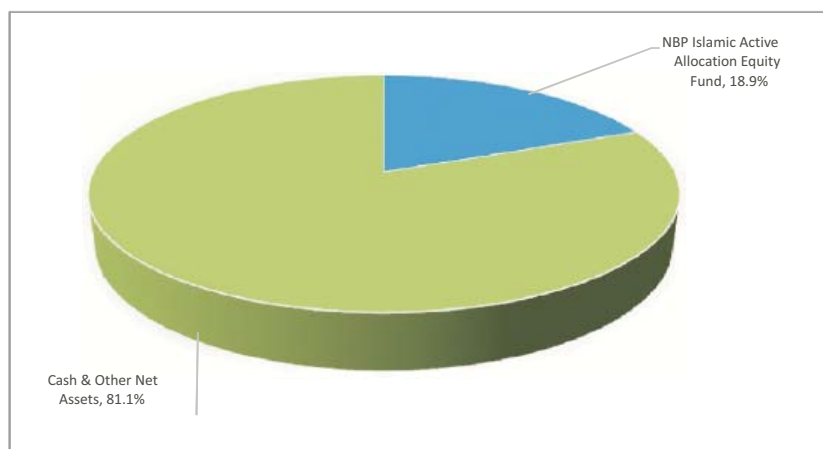
This is the second annual report for the period ended June 30, 2019, since launch of NAFA Islamic Capital Preservation Plan-II (NICPP-II) on April 27, 2018. The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-II (NICPP II) increased by 0.1% as against the benchmark which decreased by 2.5%, thus, the Plan outperformed the benchmark by 2.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-II (NICPP II) has increased from Rs. 99.4286 (Ex-Div) on April 27, 2018 to Rs. 100.1129 on June 30, 2019, thus showing an increase of 0.7%. The Benchmark return during the same period decreased by 2.3%. Thus, the Plan has outperformed its Benchmark by 3.0% since its inception on April 27, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 379 million.

The Plan has earned a total income of Rs. 14.828 million during the year. After deducting total expenses of Rs. 8.732 million, the net income is Rs. 6.096 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



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, 2020.

Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

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.
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 year. The attendance of all directors is disclosed in the note 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Nasir Husain 3. Mr. Abdul Hadi Palekar 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: August 30, 2019

Place: Karachi.

ڈائریکٹرز رپورٹ

26 مئی 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن فنڈ-II (NIAAF-II) کی 30 جون 2019 ختمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔

فنڈ کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور اے مئی مارکیٹ فنڈ کی فعال طور منظم پورٹ فولیو سے انویسٹرز متاثر کن منافع کمانے کا کو موافق فراہم کرنا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن فنڈ-II (NIAAF-II) ایک ٹرسٹ اسکیم کی شکل میں تیار کیا گیا ہے جو کہ پانچ (5) ایلوکیشن پلانز کے ذریعے درج ذیل مجموعی سرمایہ کاری اسکیموں میں سرمایہ کاری کریں گے، یہ پلانز NAFA اسلامک ایکٹو ایلوکیشن پلان-VI (NIAAP-VI)، NAFA اسلامک ایکٹو ایلوکیشن پلان-VII (NIAAP-VII)، NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII)، NAFA اسلامک ایکٹیو پریزیرویشن پلان-I اور NAFA اسلامک ایکٹیو پریزیرویشن پلان-II ہیں۔

اسلامک انکم فنڈ: NBP ایکٹو ایلوکیشن ریفرنری سیونگز فنڈ

اسلامک ایکٹیو فنڈ: NBP اسلامک ایکٹو ایلوکیشن ایکٹیو فنڈ

اسلامک مٹی مارکیٹ فنڈ: NBP اسلامک مٹی مارکیٹ فنڈ

بعد از مشکل مالی سال 2017-18، مالی سال 2019 بھی تجارتی حجم میں کمی کے باعث اسٹاک مارکیٹ نے مایوس کن کارکردگی کا مظاہرہ کیا جیسا کہ KSE-100 انڈیکس میں سالانہ بنیادوں پر 19.1% کی کمی واقع ہوئی اگرچہ اس سال مارکیٹ کا آغاز مثبت انداز سے ہوا جیسا کہ سرمایہ کاروں نے دو منتخب جمہوری حکومتوں کے پُراسن انتقال اقتدار کو سراہا۔ تاہم مقامی سرمایہ کاروں کا جوش وقتی ثابت ہوا جس کی وجہ سے سرمایہ کاروں کا خراب معیشت کی طرف متوجہ ہونا تھا۔ یہ صورتحال دو ہرے خسارے، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) سے صاف ظاہر ہو رہی تھی۔

مہنگائی پر قابو پانے اور بیرونی اکاؤنٹ کے عدم توازن کو کم کرنے کے مقاصد کے ساتھ مشکل اقتصادی حالات سے دوچار موجودہ حکومت نے امریکی ڈالر کے برعکس قدر میں خاطر خواہ کمی، پالیسی شرح میں تیز ترین اضافہ، غیر ضروری پریشانیوں پر قبضہ اور درآمدی اشیاء کی ڈیوٹی میں اضافہ اور عوامی اخراجات میں کمی جیسی سخت پالیسیوں کا آغاز کیا۔ سخت پالیسیوں کی وجہ سے معاشی سرگرمیوں میں واضح کمی واقع ہوئی جس کا اظہار بڑے پیمانے کے پیداواری شعبے میں کمی سے ہوا جبکہ جی ڈی پی نمو کی شرح گزشتہ سال 5.5% کے مقابلے میں مالی سال 2019 میں 3.3% کی شرح سے سست رفتاری کا شکار رہی۔ جس کا اثر کاروباری منافع خاص طور پر گردش شعبوں کے منافع پر طلب کی کمی اور لاگتیں دباؤ کے باعث ہوا جس کے نتیجے میں سرمایہ کاروں کے جذبات مزید مدہم پڑھ گئے۔

بیرونی اکاؤنٹ کے خلاء کو پورا کرنے کے لئے اگرچہ حکومت، چین، سعودی عرب اور متحدہ عرب امارات جیسے دوست ممالک سے قابل ذکر مالی امداد حاصل کرنے میں کامیاب ہو گئی تھی تاہم IMF پروگرام میں تاخیر نے مارکیٹ کے شرکاء کو پریشان کیا۔ حکومتی کوششوں کے باعث کرنٹ اکاؤنٹ خسارہ گزشتہ سال میں 19.9 امریکی ڈالر سے کم ہو کر رواں سال 13.6 امریکی ڈالر کی غیر مستحکم اعلیٰ سطح پر پہنچ گیا۔ بد قسمتی سے پلامہ حملے کے بعد پاکستان اور بھارت کے درمیان کشیدگی بڑھ گئی جس سے سرمایہ کاروں کے جذبات بھی معدوم ہوئے۔ فنانشل ایکشن ٹاسک فورس (ایف اے ٹی ایف) کی جاری کارروائی سے متعلق منفی خبروں نے آپریٹنگ اصلاحات کی عدم فراہمی پر خدشات کے اظہار نے سال بھر سرمایہ کاروں کو پریشان کئے رکھا۔ دستاویزی معیشت کے لئے جاری مہم کے ساتھ ٹیکسوں سے بھرپور وفاقی بجٹ مالی سال 2019-2020 قبیل مدت پریشانی کا حامل رہا جس کے منفی اثرات اقتصادی ترقی، کاروباری منافع، صارفین کے اعتماد اور سرمایہ کاروں کے معدوم جذبات کی شکل میں ظاہر ہوئی۔

مالی سال 2019 کے دوران، بینک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ ماہی پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور درپیش افراط زر کے دباؤ کو دور کرنے کے رجحان SBP نے پالیسی کی شرح 6.50% سے 12.25% تک بڑھادی۔ بجلی اور ایندھن کی قیمتوں میں اضافہ، کرنسی کی قدر کی کمی کے باعث درآمدی افراط زر اور SBP سے پلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پیٹنس کردہ افراط زر جون 2018 میں 5.2% سے بڑھ کر جون 2019 میں 8.9% ہو گیا۔ حکومت کی طرف سے ضرورت سے زائد قرضہ لینے، ایشیائی خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، یوٹی لٹیروں کے زخموں میں متوقع اضافی ایڈجسٹمنٹ، ٹیکسوں کا بڑھنا اور کرنسی کی قدر میں کمی کے دوسرے دور جیسے اثرات کی وجہ سے افراط زر میں اضافہ متوقع ہے۔

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2018 میں 10 بلین روپے کے مقابلے میں سال 2019 میں تقریباً 12 بلین روپے کے مجموعی تجارتی حجم کے ساتھ اعلیٰ کوالٹی ڈیٹ اینڈوز کے لحاظ سے قدرے کم رہی۔ انرجی سیکٹر کو حکومت کے گارنٹی شدہ 200 بلین پاکستانی روپے کے Sukuks کے اجراء نے ظہور ملتی شریعہ کمپلیٹ ڈیٹ انسٹرومنٹس کے زیر اثر مارکیٹ کی مدد کی۔

NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI)

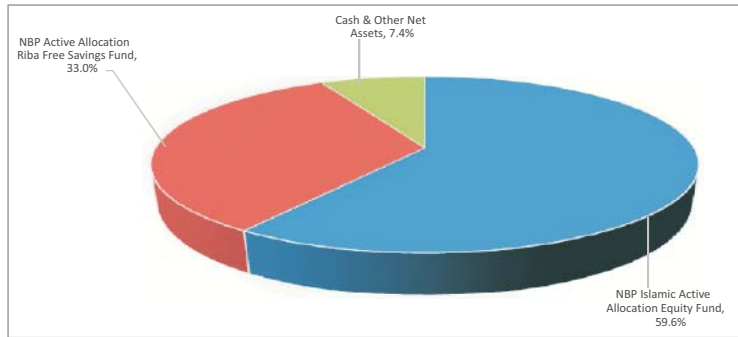
26 مئی 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) کی 30 جون 2019 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) کے بیچ مارک جو 10.7% کم ہوا کے مقابلے میں 9.1% کم ہوا، لہذا، پلان نے سال کے دوران 1.6% بیچ مارک کی بہتر کارکردگی دکھائی۔ 26 مئی 2017 کو اپنے قیام سے NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) کے یونٹ کی قیمت 100,000 روپے سے کم ہو کر 30 جون 2019 کو 79,1139 روپے ہو گئی، لہذا 20.9% کی کمی دکھائی۔ اس مدت کے دوران بیچ مارک منافع میں 20.5% کمی ہوئی۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 10.4% بہتر رہی۔ پلان کی یہ کارکردگی بیٹھنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 223 ملین روپے ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان VI کو اس مدت کے دوران 26,842 ملین روپے کا خسارہ ہوا۔ 1,955 ملین روپے کے اخراجات منہا کرنے کے بعد کل خسارہ 28,797 ملین روپے ہے۔

30 جون 2019 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

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

ٹیکسیشن

خالص نقصان کے سبب، پلان کے مالیاتی گوشوارے میں ٹیکس کا کوئی پرویشن نہیں رکھا گیا۔

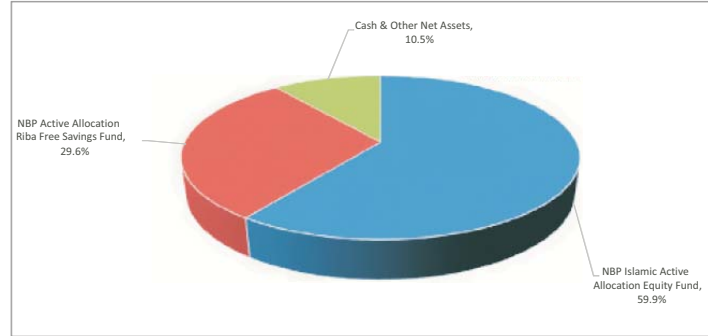
NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII)

26 مئی 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII) کی 30 جون 2019 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII) کے بیچ مارک جو 10.8% کم ہوا کے مقابلے میں 9.3% کم ہوا، لہذا، پلان نے سال کے دوران 1.5% بیچ مارک کی بہتر کارکردگی دکھائی۔ 26 مئی 2017 کو اپنے قیام سے NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII) کے یونٹ کی قیمت 100,000 روپے سے کم ہو کر 30 جون 2019 کو 84,7782 روپے ہو گئی، لہذا 15.2% کی کمی دکھائی۔ اس مدت کے دوران بیچ مارک منافع میں 13.9% کمی ہوئی۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 1.3% بہتر رہی۔ پلان کی یہ کارکردگی بیٹھنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 76 ملین روپے ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-VII کو اس مدت کے دوران 9.492 ملین روپے کا خسارہ ہوا۔ 0.978 ملین روپے کے اخراجات منہا کرنے کے بعد کل خسارہ 10.47 ملین روپے ہے۔
30 جون 2019 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

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

ٹیکسیشن

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

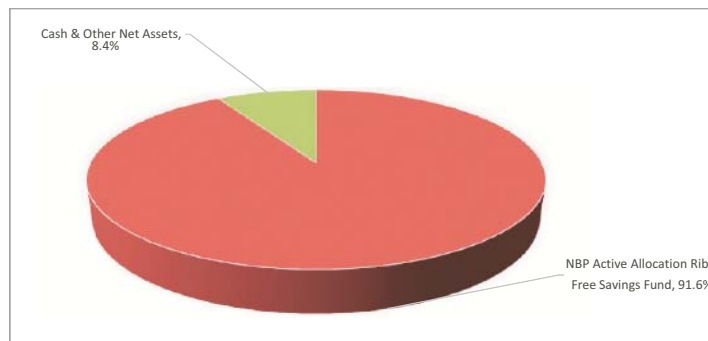
NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII)

30 نومبر 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII) کی 30 جون 2019 مختتمہ سال کے لئے یہ دوسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII) کے بیچ مارک جو 5.2% کم ہوا کے مقابلے 4.1% کم ہوا، لہذا، پلان نے سال کے دوران 1.1% بیچ مارک کی بہتر کارکردگی دکھائی۔ 30 نومبر 2017 کو اپنے قیام سے NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII) کے یونٹ کی قیمت 100.000 روپے سے کم ہو کر 30 جون 2019 کو 96.2016 روپے ہو گئی، لہذا، 3.8% کی کمی دکھائی۔ اس مدت کے دوران بیچ مارک منافع میں 3.7% کمی ہوئی۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 0.1% بہتر رہی۔ پلان کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 396 ملین روپے ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII کو اس مدت کے دوران 17.986 ملین روپے کا خسارہ ہوا۔ 2.412 ملین روپے کے اخراجات متہا کرنے کے بعد کل خسارہ 20.398 ملین روپے ہے۔
30 جون 2019 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

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

میکسیشن

خالص نقصان کے سبب، پلان کے مالیاتی گوشوارے میں ٹیکس کا کوئی پرویشن نہیں رکھا گیا۔

NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I)

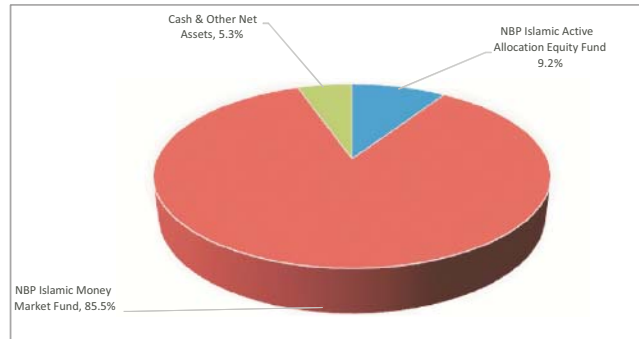
28 فروری 2018 کو قائم ہونے والے NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I) کی 30 جون 2019 مختتمہ سال کے لئے یہ دوسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کیپلیٹڈ ایکویٹی فنڈ اور منی مارکیٹ فنڈ کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I) کے بیچ مارک جو 0.9% کم ہوا کے مقابلے میں 1.8% بڑھ گیا، لہذا، پلان نے سال کے دوران 2.7% بیچ مارک کی بہتر کارکردگی دکھائی۔ 28 فروری 2018 کو اپنے قیام سے NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I) کے یونٹ کی قیمت 100,000 روپے سے بڑھ کر 30 جون 2019 کو 101,8306 روپے ہو گئی، لہذا 2.2% کا اضافہ ظاہر کیا۔ اس مدت کے دوران بیچ مارک منافع میں 0.7% کمی ہوئی۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 2.9% بہتر رہی۔ پلان کی یہ کارکردگی بیٹجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 793 ملین روپے ہے۔

NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I) کو اس مدت کے دوران 33,229 ملین روپے کی آمدنی ہوئی۔ 5.87 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 27,359 ملین روپے ہے۔

30 جون 2019 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

بیٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2019 کے اختتام کے بعد NAFA اسلامک کیپیٹل پریزرویشن پلان-I (NICPP-I) میں بنیادی قدر کا 1.618% عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

میکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران 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 فیصد ہے، اس لئے پلان پر اکریڈٹڈ آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک کیپٹل پریزرویشن پلان-II (NICPP-II)

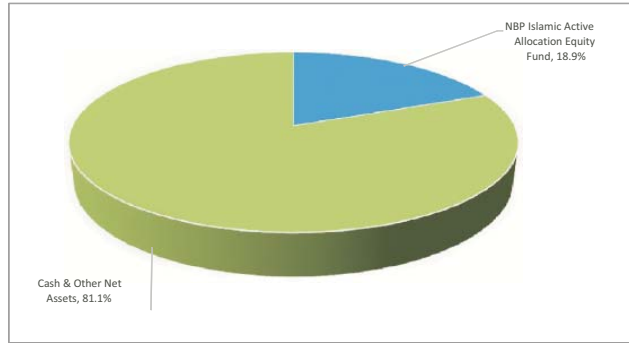
27 اپریل 2018 کو قائم ہونے والے NAFA اسلامک کیپٹل پریزرویشن پلان-II (NICPP-II) کی 30 جون 2019 تختہ سال کے لئے یہ دوسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کیپٹل ایکویٹی فنڈ اور منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان-II (NICPP-II) کے بیچ مارک جو 2.5% کم ہوا کے مقابلے میں 0.1% بڑھ گیا، لہذا، پلان نے سال کے دوران 2.6% بیچ مارک کی بہتر کارکردگی دکھائی۔ 27 اپریل 2018 کو اپنے قیام سے NAFA اسلامک کیپٹل پریزرویشن پلان-II (NICPP-II) کے پونٹ کی قیمت 99.4286 روپے (Ex-Div) سے بڑھ کر 30 جون 2019 کو 100.1129 روپے ہوئی، لہذا 0.7% کا اضافہ ظاہر کیا۔ اس مدت کے دوران بیچ مارک منافع میں 2.3% کمی ہوئی۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 3.0% بہتر رہی۔ پلان کی یہ کارکردگی اینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 379 ملین روپے ہے۔

NAFA اسلامک کیپٹل پریزرویشن پلان-II (NICPP-II) کو اس مدت کے دوران 14.828 ملین روپے کی آمدنی ہوئی۔ 8.732 ملین روپے کے اخراجات مٹھا کرنے کے بعد خالص آمدنی 6.096 ملین روپے ہے۔

30 جون 2019 کو پلان کی ایسٹ ایلیکیشن درج ذیل ہے:



آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG ٹاٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2020 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی بیرونی میٹریکس ڈائریکٹریٹیشن

1. اینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی 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. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔



- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مدد 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 25 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کی گئی ہے۔
- 13 مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ مینجمنٹ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2019 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں:

نام	کیٹگری
•1 جناب کمال عامر چنائے •2 جناب شہر یار فاروق •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹرز
•1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب ناصر حسین •3 جناب عبدالہادی پالیکر •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکر یہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور ہنرمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 30 اگست 2019

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Active Allocation Fund - II (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 26, 2019

FUND MANAGER REPORT

NAFA Islamic Asset Allocation Fund -II (NIAAF-II) is an Open-ended Shari'ah Compliant Fund of Funds.

Investment Objective of the Fund

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-II has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-VI (NIAAP-VI), NAFA Islamic Active Allocation Plan-VII (NIAAP-VII), NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII), NAFA Islamic Capital Preservation Plan-I (NICPP I) & NAFA Islamic Capital Preservation Plan-II (NICPP II).

Islamic Income:	NBP Active Allocation Riba Free Savings Fund
Islamic Money Market:	NBP Islamic Money Market Fund
Islamic Equity:	NBP Islamic Active Allocation Equity Fund

Fund performance review

Plans	Launch Date	Fund Size (Million)	Cumulative Performance Since Inception	
			Plans Return	Benchmark* Return
NIAAP-VI	26-May-17	223	(20.9%)	(20.5%)
NIAAP-VII	29-June-17	76	(15.2%)	(13.9%)
NIAAP-VIII	03-Nov-17	396	(3.8%)	(3.7%)
NICPP-I	28-Feb-18	793	2.2%	(0.7%)
NICPP-II	27-Apr-18	379	0.7%	(2.3%)

After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KMI-30 Index fell sharply by 23.8% on a year-on-year basis. Though the market started off the year on a positive note as investors cheered the peaceful transition between two democratically elected governments, the rebound turned out to be short-lived as investors' attention shifted to the deteriorating economic fundamentals emanating from the intractable twin deficits, especially the heightened Current Account Deficit (CAD).

Faced with the challenging economic conditions, with the objectives to contain inflation and curtail external account imbalances, the incumbent government embarked on tightening policies including massive devaluation of overvalued Pak Rupee against the US Dollar, sharp hike in the Policy Rate, increasing/expanding the scope of duties on non-essential imported luxury goods, and deep cut in public spending. The tightening policies led to a sharp decline in the economic activity as manifested by contraction in the Large Scale Manufacturing sector while the GDP growth rate slowed to 3.3% for FY2019 compared with 5.5% in the previous year. This in turn weighed on the corporate profitability, especially of cyclical sectors due to demand slowdown and cost pressures that in turn further dampened market sentiment.

To bridge the gap on external account, though the government was able to secure a sizable financial assistance from friendly countries such as China, KSA and UAE, the delay in the IMF program irked the market participants, as despite the government's efforts, CAD for the year clocked in at unsustainably high level of USD 13.6 billion albeit down from USD 19.9 billion in the previous year. The unfortunate Pulwama Attack led to escalation of tension between Pakistan and India, which also weighed on the market sentiment. Negative headlines pertaining to the ongoing proceedings of Financial Action Task Force (FATF), which expressed its concerns on lack of operational reforms, also perturbed investors throughout the year. Tax laden Federal Budget FY2019-20 along with ongoing drive for the documentation of economy are causing short-term pain with its negative implications for the economic growth, corporate profitability, consumer confidence, and market sentiment.

During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June

2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation.

The trading activity in the Corporate Sukuks remained thin with skew towards high quality debt issues with cumulative traded value of around Rs. 12 billion in FY2019 compared to Rs. 10 billion in FY2018. The issuance of government guaranteed energy sector sukuk to the tune of Rs. 200 billion helped the undersupplied market for long-term shari'ah compliant debt instruments.

Asset Allocation of the Fund (% of NAV)

Plans	Asset Allocation of Plans		
	NAFA Islamic Active Allocation Funds		Cash & Other Net Assets/Liabilities
	Equity	Riba Free Savings/Islamic Money Market Fund	
NIAAP-VI	59.6%	33.0%	7.4%
NIAAP-VII	59.9%	29.6%	10.5%
NIAAP-VIII	-	91.6%	8.4%
NICPP-I	9.2%	85.5%	5.3%
NICPP-II	18.9%	-	81.1%

NAFA Islamic Active Allocation Plan -VI

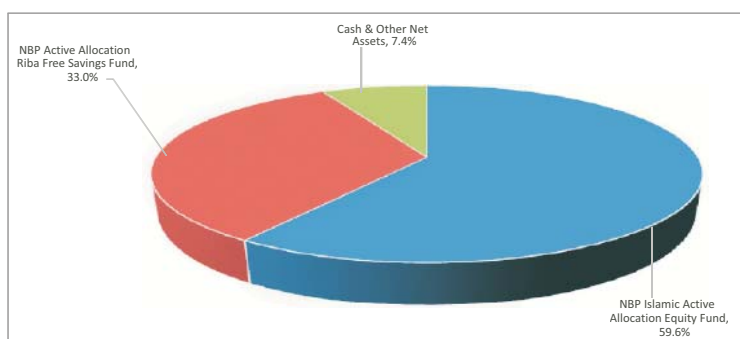
NAFA launched its NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) in May, 2017 which is the sixth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-VI has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) decreased by 9.1% as against the benchmark which decreased by 10.7%, thus, the Plan outperformed the benchmark by 1.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-V (NIAAP-VI) has decreased from Rs.100.0000 on May 26, 2017 to Rs. 79.1139 on June 30, 2019, thus showing a decrease of 20.9%. The Benchmark return during the same period decreased by 20.5%. Thus, the Plan has underperformed its Benchmark by 0.4% since its inception on May 26, 2017. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 223 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Distribution for the Financial Year 2019

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

Unit Holding Pattern of NAFA Islamic Active Allocation Plan-VI as on June 30, 2019

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	1
1 - 1000	28
1001 - 5000	65
5001 - 10000	31
10001 - 50000	33
50001 - 100000	3
100001 - 500000	7
Total	168

During the period under question

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

Sindh Workers' Welfare Funds (SWWF)

During the year, due to net loss for the year, no provision in respect of Sindh Worker's Welfare Fund has been made. For further details, refer note 14.1 to the financial statements.

NAFA Islamic Active Allocation Plan -VII

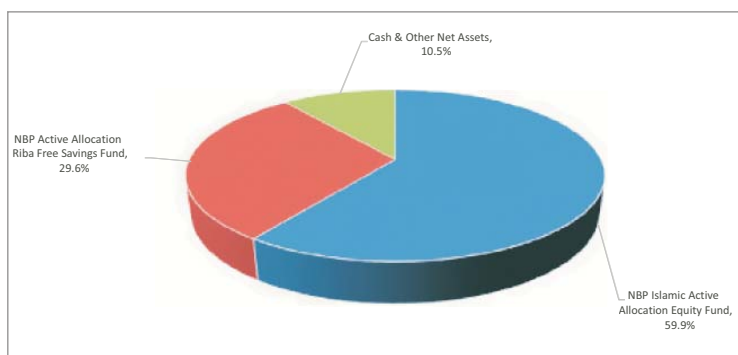
NAFA launched its NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) in June 2017 which is the seventh plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-VII has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) decreased by 9.3% as against the benchmark which decreased by 10.8%, thus, the Plan outperformed the benchmark by 1.5% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has decreased from Rs. 100.0000 June 29, 2017 to Rs. 84.7782 on June 30, 2019, thus showing a decrease of 15.2%. The Benchmark return during the same period decreased by 13.9%. Thus, the Plan has underperformed its Benchmark by 1.3% since its inception on June 29, 2017. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 76 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Distribution for the Financial Year 2019

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

Unit Holding Pattern of NAFA Islamic Active Allocation Plan-VII as on June 30, 2019

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	2
1 - 1000	15
1001 - 5000	25
5001 - 10000	14
10001 - 50000	13
50001 - 100000	4
100001 - 500000	1
Total	74

During the period under question

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

Sindh Workers' Welfare Funds (SWWF)

During the year, due to net loss for the year, no provision in respect of Sindh Worker's Welfare Fund has been made. For further details, refer note 14.1 to the financial statements.

NAFA Islamic Active Allocation Plan -VIII

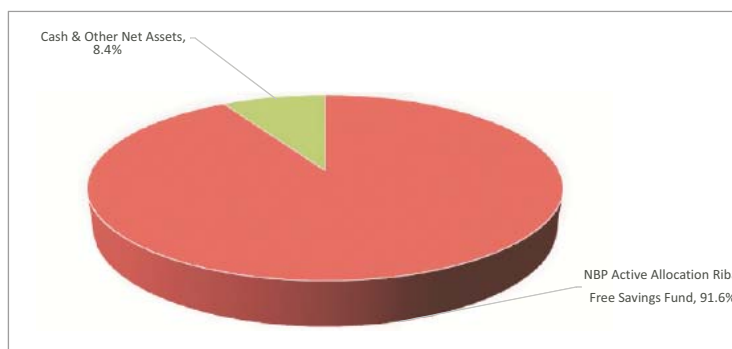
NAFA launched its NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) in November 2017 which is the eighth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-VIII has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) decreased by 4.1% as against the benchmark which decreased by 5.2%, thus, the Plan outperformed the benchmark by 1.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) has decreased from Rs. 100.0000 on November 03, 2017 to Rs. 96.2016 on June 30, 2019, thus showing a decrease of 3.8%. The Benchmark return during the same period decreased by 3.7%. Thus, the Plan has underperformed its Benchmark by 0.1% since its inception on November 03, 2017. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 396 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Distribution for the Financial Year 2019

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

Unit Holding Pattern of NAFA Islamic Active Allocation Plan-VIII as on June 30, 2019

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	1
1 - 1000	128
1001 - 5000	127
5001 - 10000	48
10001 - 50000	39
50001 - 100000	5
100001 - 500000	6
500001 - 1000000	1
Total	355

During the period under question

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

Sindh Workers' Welfare Funds (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the plan, based on recommendation by MUFAP to all its members. For further details, refer note 14.1 to the financial statements.

NAFA Islamic Capital Preservation Plan-I (NICPP I)

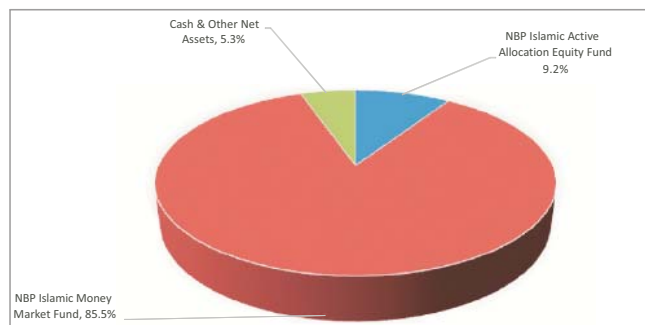
NAFA launched its NAFA Islamic Capital Preservation Plan-I (NICPP I) in February 2018 which is the ninth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-I has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-I (NICPP I) increased by 1.8% as against the benchmark which decreased by 0.9%, thus, the Plan outperformed the benchmark by 2.7% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-I (NICPP I) has increased from Rs. 99.6371 (Ex-Div) on February 28, 2018 to Rs. 101.8306 on June 30, 2019, thus showing an increase of 2.2%. The Benchmark during the same period decreased by 0.7%. Thus, the Plan has outperformed its Benchmark by 2.9% since its inception on February 28, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 793 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Distribution for the Financial Year 2019

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Final	1.618%	1.6178	100.1824

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan-I as on June 30, 2019

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	3
1 - 1000	155
1001 - 5000	204
5001 - 10000	94
10001 - 50000	77
50001 - 100000	8
100001 - 500000	11
500001 - 1000000	2
Total	74

During the period under question:

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

Sindh Workers' Welfare Funds (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the plan, based on recommendation by MUFAP to all its members. For further details, refer note 14.1 to the financial statements.

NAFA Islamic Capital Preservation Plan-I (NICPP II)

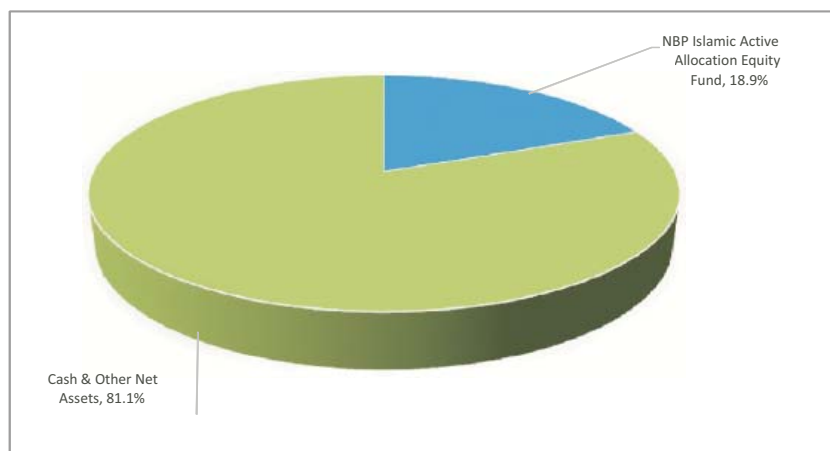
NAFA launched its NAFA Islamic Capital Preservation Plan-II (NICPP II) in April 2018 which is the tenth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-II has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-II (NICPP II) increased by 0.1% as against the benchmark which decreased by 2.5%, thus, the Plan outperformed the benchmark by 2.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-II (NICPP II) has increased from Rs. 99.4286 (Ex-Div) on April 27, 2018 to Rs.100.1129 on June 30, 2019, thus showing an increase of 0.7%. The Benchmark during the same period decreased by 2.3%. Thus, the Plan has outperformed its Benchmark by 3.0% since its inception on April 27, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 379 million.

The asset allocation of the Plan as on June 30, 2019 is as follows:



Distribution for the Financial Year 2019

During the year, no distribution has been made.

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan-II as on June 30, 2019

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	1
1 - 1000	128
1001 - 5000	127
5001 - 10000	48
10001 - 50000	39
50001 - 100000	5
100001 - 500000	6
500001 - 1000000	1
Total	355

During the period under question

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

Sindh Workers' Welfare Funds (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the plan, based on recommendation by MUFAP to all its members. For further details, refer note 14.1 to the financial statements.



STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NAFA Islamic Active Allocation Fund - II (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2019. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: August 30, 2019
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARIAH ADVISOR

Report of the Shari'ah Supervisory Board - NAFA Islamic Active Allocation Fund-II

August 26, 2019/ Dhu Al-Hijjah 24, 1440

Alhamdulillah, it was the Third year of the operations of NAFA Islamic Active Allocation Fund-II (NIAAF-II). Under this fund, NBP Funds launched its NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) on May 26, 2017, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) on June 29, 2017, NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) on November 03, 2017, NAFA Islamic Capital Preservation Plan-I (NICPP-I) on February 28, 2018 and NAFA Islamic Capital Preservation Plan-II (NICPP-II) on April 27, 2018. This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIAAF-II in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAAF-II by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NIAAF-II for the year ended June 30, 2019 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and On Behalf of Meezan Bank Limited
 Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
 Member
 Shariah Supervisory Board

Mufti Ehsan Waqar
 Shariah Advisor & Member
 Shariah Supervisory Board

Dr. Imran Ashraf Usmani
 Chairman
 Shariah Supervisory Board

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

We were engaged by the Board of Directors of NBP Fund Management Limited, Management Company of NAFA Islamic Active Allocation Fund - II (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the management company for the year ended 30 June 2019, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended 30 June 2019.

Responsibilities of the Management Company

The management company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The management company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.



The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance. The procedures performed included performing tests of controls for making investments and maintaining bank accounts in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the annexed statement, for the year ended 30 June 2019, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date: 27 September 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of the NAFA Islamic Active Allocation Fund - II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NAFA Islamic Active Allocation Fund - II ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2019, income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report for 2019, but does not include the financial statements and our auditors' report thereon.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is **Muhammad Nadeem**.

Date: September 27, 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2019

Note	2019						2018					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											
Assets												
7	9,125	5,631	34,159	44,806	305,472	399,193	28,028	11,647	38,206	105,550	803,059	986,490
8	206,575	67,915	362,971	750,404	71,652	1,459,517	422,322	184,774	551,446	1,658,717	46,914	2,864,173
	199	91	313	457	3,230	4,290	168	74	214	599	4,541	5,596
9	40	8	6	115	1,523	1,692	40	8	6	39	707	800
10	-	-	36	157	108	301	149	23	102	374	197	845
	8,500	3,000	-	-	-	11,500	-	-	-	-	-	-
Total assets	224,439	76,645	397,485	795,939	381,985	1,876,493	450,707	196,526	589,974	1,765,279	855,418	3,857,904
Liabilities												
11	626	416	268	781	1,328	3,419	1,421	565	579	1,491	1,933	5,989
12	19	5	33	66	37	160	35	15	45	149	67	311
13	340	131	480	1,243	612	2,806	563	204	417	656	149	1,989
14	360	250	425	1,178	690	2,903	382	273	429	394	277	1,755
Total liabilities	1,345	802	1,206	3,268	2,667	9,288	2,401	1,057	1,470	2,690	2,426	10,044
Net assets	223,094	75,843	396,279	792,671	379,318	1,867,205	448,306	195,469	588,504	1,762,589	852,992	3,847,860
Unit holders' fund (as per statement attached)	223,094	75,843	396,279	792,671	379,318	1,867,205	448,306	195,469	588,504	1,762,589	852,992	3,847,860
Contingency and commitment	----- (Number of units) -----											
16	2,819,908	894,604	4,119,257	7,784,210	3,788,904		5,149,118	2,090,911	5,866,968	17,561,393	8,480,989	
	----- (Rupees) -----											
Net assets value per unit	79.1139	84.7782	96.2016	101.8306	100.1129		87.0647	93.4852	100.3081	100.3672	100.5769	

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR / PERIOD ENDED 30 JUNE 2019

	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	Total	For the year ended 30 June 2018	For the year ended 30 June 2018	For the period 04 November 2017 to 30 June 2018	For the period 28 February 2018 to 30 June 2018	For the period 27 April 2018 to 30 June 2018	Total
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	
Note (Rupees in '000)												
Income												
Profit on bank deposits	2,299	1,066	3,431	5,214	47,853	59,863	2,765	1,194	2,145	3,405	9,609	19,118
Dividend income	4,397	1,878	11,777	72,176	-	90,228	6,725	1,850	-	-	-	8,575
Capital (loss) / gain on sale of investments at fair value through profit or loss (FVTPL) - net	(7,000)	(3,091)	(35,026)	(24,797)	(22,474)	(92,388)	(46,432)	(6,689)	3,119	(2,858)	-	(52,860)
Net unrealised (diminution) / appreciation on re-measurement of investments at FVTPL	(26,538)	(9,345)	1,832	(19,364)	(10,551)	(63,966)	(24,546)	(9,344)	2,024	10,575	(1,929)	(23,220)
Total (loss) / income	(26,842)	(9,492)	(17,986)	33,229	14,828	(6,263)	(61,488)	(12,989)	7,288	11,122	7,680	(48,387)
Expenses												
Remuneration to NBP Fund Asset Management Limited - Management Company	308	128	444	547	5,372	6,799	522	251	388	467	1,542	3,170
Sindh Sales Tax on remuneration to Management Company	40	17	58	71	698	884	68	33	50	61	200	412
Remuneration to Central Depository Company of Pakistan Limited - Trustee	299	113	423	1,092	537	2,464	561	201	396	564	128	1,850
Sindh Sales Tax on remuneration to Trustee	39	15	55	142	70	321	73	26	51	73	17	240
Allocation of expenses related to registrar services, accounting, operation and valuation services	358	138	506	1,308	643	2,953	593	157	439	691	157	2,037
Annual fee - Securities and Exchange Commission of Pakistan	340	131	480	1,243	611	2,805	563	204	417	656	149	1,989
Auditors' remuneration	224	195	179	284	236	1,118	178	167	180	61	61	647
Amortisation of preliminary expenses and flotation cost	149	23	66	217	89	544	452	66	93	87	19	717
Legal fee	80	75	76	46	78	355	37	42	32	31	28	170
Shariah advisor fee	68	104	93	223	111	599	171	93	97	40	17	418
Settlement and bank charges	35	23	23	127	110	318	39	29	95	113	77	353
Annual listing fee	6	6	6	6	5	29	14	14	-	-	-	28
Printing charges	9	10	3	6	47	75	24	19	24	31	19	117
Total expenses	1,955	978	2,412	5,312	8,607	19,264	3,295	1,302	2,262	2,875	2,414	12,148
Net (loss) / income from operating activities	(28,797)	(10,470)	(20,398)	27,917	6,221	(25,527)	(64,783)	(14,291)	5,026	8,247	5,266	(60,535)
Provision for Sindh Workers' Welfare Fund	-	-	-	(558)	(125)	(683)	-	-	(101)	(165)	(105)	(371)
Net (loss) / income for the year / period before taxation	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)	(64,783)	(14,291)	4,925	8,082	5,161	(60,906)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Net (loss) / income for the year / period	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)	(64,783)	(14,291)	4,925	8,082	5,161	(60,906)
Allocation of net income for the period												
Net income for the period				27,359	6,096				4,925	8,082	5,161	
Income already paid on units redeemed				(13,837)	(6,047)				(3,628)	(1,644)	(267)	
				<u>13,522</u>	<u>49</u>				<u>1,297</u>	<u>6,438</u>	<u>4,894</u>	
Accounting income available for distribution:												
- Relating to capital gains				-	-				3,014	6,157	-	
- Excluding capital gains				13,522	49				(1,717)	281	4,894	
				<u>13,522</u>	<u>49</u>				<u>1,297</u>	<u>6,438</u>	<u>4,894</u>	

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR / PERIOD ENDED 30 JUNE 2019

	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	Total	For the year ended 30 June 2018	For the year ended 30 June 2018	For the period 04 November 2017 to 30 June 2018	For the period 28 February 2018 to 30 June 2018	For the period 27 April 2018 to 30 June 2018	Total
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	
	----- (Rupees in '000) -----											
Net (loss) / income for the year / period	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)	(64,783)	(14,291)	4,925	8,082	5,161	(60,906)
Other comprehensive income for the year / period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the year / period	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)	(64,783)	(14,291)	4,925	8,082	5,161	(60,906)

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2019

2019

	NIAAP-VI			NIAAP-VII			NIAAP-VIII			NICPP-I			NICPP-II			Total		
	Value	Undistributed Income	Total	Value	Undistributed Income	Total	Value	Undistributed Income	Total	Value	Undistributed Income	Total	Value	Undistributed Income	Total	Value	Undistributed Income	Total
Note ----- (Rupees in '000) -----																		
Net assets at beginning of the year	565,565	(117,259)	448,306	209,801	(14,332)	195,469	587,207	1,297	588,504	1,756,151	6,438	1,762,589	848,098	4,894	852,992	3,966,822	(118,962)	3,847,860
Issue of Nil units (NIAAP-VI), (NIAAP-VII) (NIAAP-VIII), 51,446 units (NICPP-I), 41,311 units (NICPP-II) (NICPP-II)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Capital value	-	-	-	-	-	-	-	-	-	5,142	-	5,142	4,131	-	4,131	9,273	-	9,273
- Element of income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	-	-	-	5,142	-	5,142	4,131	-	4,131	9,273	-	9,273
Redemption of 2,329,210 units (NIAAP-VI) 1,196,307 units (NIAAP-VII) 1,747,711 units (NIAAP-VIII) 9,828,629 units (NICPP-I) 4,733,396 units (NICPP-II)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Capital value	(202,792)	-	(202,792)	(111,837)	-	(111,837)	(175,310)	-	(175,310)	(982,186)	-	(982,186)	(472,980)	-	(472,980)	(1,945,105)	-	(1,945,105)
- Element of income	6,377	-	6,377	2,681	-	2,681	3,483	-	3,483	-	(13,837)	(13,837)	-	(6,047)	(6,047)	12,541	-	(19,884)
Total payments on redemption of units	(196,415)	-	(196,415)	(109,156)	-	(109,156)	(171,827)	-	(171,827)	(982,186)	(13,837)	(996,023)	(472,980)	(6,047)	(479,027)	(1,932,564)	(19,884)	(1,952,448)
Total comprehensive loss / income for the year	-	(28,797)	(28,797)	-	(10,470)	(10,470)	-	(20,398)	(20,398)	-	27,359	27,359	-	6,096	6,096	-	(26,210)	(26,210)
Final Distribution for the year ended 30 June 2018 16.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Cash distribution	-	-	-	-	-	-	-	-	-	-	(6,396)	(6,396)	-	(4,874)	(4,874)	-	(11,270)	(11,270)
Net assets at end of the year	369,150	(146,056)	223,094	100,645	(24,802)	75,843	415,380	(19,101)	396,279	779,107	13,564	792,671	379,249	69	379,318	2,043,531	(176,326)	1,867,205
Undistributed income / (loss) brought forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Realised	-	(92,713)	-	-	(4,988)	-	-	(727)	-	-	(4,137)	-	-	6,823	-	-	(95,742)	-
- Unrealised	-	(24,546)	-	-	(9,344)	-	-	2,024	-	-	10,575	-	-	(1,929)	-	-	(23,220)	-
	-	(117,259)	-	-	(14,332)	-	-	1,297	-	-	6,438	-	-	4,894	-	-	(118,962)	-
Accounting income available for distribution:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Relating to capital gains	-	-	-	-	-	-	-	-	-	-	13,522	-	-	49	-	-	13,571	-
- Excluding capital gains	-	-	-	-	-	-	-	-	-	-	13,522	-	-	49	-	-	13,571	-
Total comprehensive loss for the year	-	(28,797)	(28,797)	-	(10,470)	(10,470)	-	(20,398)	(20,398)	-	-	-	-	-	-	-	(59,665)	-
Final Distribution for the year ended 30 June 2018 16.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Cash distribution	-	-	-	-	-	-	-	-	-	-	(6,396)	-	-	(4,874)	-	-	(11,270)	-
Undistributed loss carried forward	-	(146,056)	-	-	(24,802)	-	-	(19,101)	-	-	13,564	-	-	69	-	-	(176,326)	-
Undistributed (loss) / income carried forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Realised	-	(119,518)	-	-	(15,457)	-	-	(20,933)	-	-	32,928	-	-	10,620	-	-	(112,360)	-
- Unrealised	-	(26,538)	-	-	(9,345)	-	-	1,832	-	-	(19,364)	-	-	(10,551)	-	-	(63,966)	-
	-	(146,056)	-	-	(24,802)	-	-	(19,101)	-	-	13,564	-	-	69	-	-	(176,326)	-
		(Rupees)			(Rupees)			(Rupees)			(Rupees)			(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		87.0647			93.4852			100.3081			100.3672			100.5769				
Net assets value per unit at end of the year		79.1139			84.7782			96.2016			101.8306			100.1129				

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR / PERIOD ENDED 30 JUNE 2018

	For the year ended 30 June 2018			For the year ended 30 June 2018			For the period 04 November 2017 to 30 June 2018			For the period 28 February 2018 to 30 June 2018			For the period 27 April 2018 to 30 June 2018			Total		
	Value	Undistributed income	Total	value	Undistributed income	Total	Value	Undistributed income	Total	Value	Undistributed income	Total	Value	Undistributed income	Total	Value	Undistributed income	Total
Net assets at beginning of the year / period	946,380	(52,476)	893,904	174,618	(41)	174,577	-	-	-	-	-	-	-	-	-	1,120,998	(52,517)	1,068,481
Issue of Nil units (NIAAP-VI) 930,440 units (NIAAP-VII) 7,732,131 units (NIAAP-VIII) 21,548,449 units (NICPP-I) 9,301,452 units (NICPP-II)																		
- Capital value	-	-	-	93,023	-	93,023	773,213	-	773,213	2,154,845	-	2,154,845	930,145	-	930,145	3,951,226	-	3,951,226
- Element of income	-	-	-	(1,481)	-	(1,481)	108	-	108	-	-	-	-	-	-	(1,373)	-	(1,373)
Total proceeds on issuance of units	-	-	-	91,542	-	91,542	773,321	-	773,321	2,154,845	-	2,154,845	930,145	-	930,145	3,949,853	-	3,949,853
Redemption of 4,314,682 units (NIAAP-VI) 585,698 units (NIAAP-VII) 1,865,163 units (NIAAP-VIII) 3,987,055 units (NICPP-I) 820,464 units (NICPP-II)																		
- Capital value	(407,544)	-	(407,544)	(58,556)	-	(58,556)	(186,516)	-	(186,516)	(398,706)	-	(398,706)	(82,046)	-	(82,046)	(1,133,368)	-	(1,133,368)
- Element of income	26,729	-	26,729	2,197	-	2,197	402	(3,628)	(3,226)	12	(1,644)	(1,632)	(1)	(267)	(268)	29,339	(5,539)	23,800
Total payments on redemption of units	(380,815)	-	(380,815)	(56,359)	-	(56,359)	(186,114)	(3,628)	(189,742)	(398,694)	(1,644)	(400,338)	(82,047)	(267)	(82,314)	(1,104,029)	(5,539)	(1,109,568)
Total comprehensive (loss) / income for the year / period	-	(64,783)	(64,783)	-	(14,291)	(14,291)	-	4,925	4,925	-	8,082	8,082	-	5,161	5,161	-	(60,906)	(60,906)
Net assets at end of the year / period	565,565	(117,259)	448,306	209,801	(14,332)	195,469	587,207	1,297	588,504	1,756,151	6,438	1,762,589	848,098	4,894	852,992	3,966,822	(118,962)	3,847,860
Undistributed loss brought forward																		
- Realised		58,949			(41)			-			-			-				58,908
- Unrealised		(111,425)			-			-			-			-				(111,425)
		(52,476)			(41)			-			-			-				(52,517)
Accounting income available for distribution:																		
- Relating to capital gains		-			-			4,925			6,157			-				11,082
- Excluding capital gains		-			-			(3,628)			281			4,894				1,547
		-			-			1,297			6,438			4,894				12,629
Net loss for the year / period		(64,783)			(14,291)			-			-			-				(79,074)
Undistributed loss carried forward		(117,259)			(14,332)			1,297			6,438			4,894				(118,962)
Undistributed (loss) / income carried forward																		
- Realised		(92,713)			(4,988)			(727)			(4,137)			6,823				(95,742)
- Unrealised		(24,546)			(9,344)			2,024			10,575			(1,929)				(23,220)
		(117,259)			(14,332)			1,297			6,438			4,894				(118,962)
Net assets value per unit at beginning of the year / period		(Rupees)	94.4551		(Rupees)	99.9773		(Rupees)	-		(Rupees)	-		(Rupees)	-			
Net assets value per unit at end of the year / period		(Rupees)	87.0647		(Rupees)	93.4852		(Rupees)	100.3081		(Rupees)	100.3672		(Rupees)	100.5769			

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR / PERIOD ENDED 30 JUNE 2019

	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	Total	For the year ended 30 June 2018	For the year ended 30 June 2018	For the period 04 November 2017 to 30 June 2018	For the period 28 February 2018 to 30 June 2018	For the period 27 April 2018 to 30 June 2018	Total
Note	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)												
CASH FLOWS FROM OPERATING ACTIVITIES												
Net (loss) / profit for the year	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)	(64,783)	(14,291)	4,925	8,082	5,161	(60,906)
Adjustments:												
Net unrealised diminution / (appreciation) on re-measurement of investments												
investments at FVTPL	26,538	9,345	(1,832)	19,364	10,551	63,966	24,546	9,344	(2,024)	(10,575)	1,929	23,220
Capital (gain) / loss on sale of investments - net	7,000	3,091	35,026	24,797	22,474	92,388	46,432	6,689	(3,119)	2,858	-	52,860
Amortisation of preliminary expenses and flotation costs	149	23	66	217	89	544	452	66	93	87	19	717
	4,890	1,989	12,862	71,737	39,210	130,688	6,647	1,808	(125)	452	7,109	15,891
Decrease / (Increase) in assets												
Investments	182,209	104,423	155,281	864,152	(57,763)	1,248,302	335,564	(108,002)	(546,303)	(1,651,000)	(48,843)	(2,018,584)
Profit receivable on bank deposits	(31)	(17)	(99)	142	1,311	1,306	779	(38)	(214)	(599)	(4,541)	(4,613)
Advance and other receivable	-	-	-	(76)	(816)	(892)	(3)	(5)	(6)	(39)	(707)	(760)
Preliminary expenses and flotation costs	-	-	-	-	-	-	753	119	(195)	(461)	(216)	-
Receivable against sale of investments	(8,500)	(3,000)	-	-	-	(11,500)	-	-	-	-	-	-
	173,678	101,406	155,182	864,218	(57,268)	1,237,216	337,093	(107,926)	(546,718)	(1,652,099)	(54,307)	(2,023,957)
(Decrease) / Increase in liabilities												
Payable to NBP Fund Management Limited - Management Company	(795)	(149)	(311)	(710)	(605)	(2,570)	(2,688)	(1,731)	579	1,491	1,933	(416)
Payable to Central Depository Company of Pakistan Limited - Trustee	(16)	(10)	(12)	(83)	(30)	(151)	(50)	14	45	149	67	225
Payable to Securities and Exchange Commission of Pakistan	(223)	(73)	63	587	463	817	479	203	417	656	149	1,904
Payable against purchase of investment	-	-	-	-	-	-	-	(92,805)	-	-	-	(92,805)
Accrued expenses and other liabilities	(22)	(23)	(4)	784	413	1,148	(1,092)	204	429	394	277	212
	(1,056)	(255)	(264)	578	241	(756)	(3,351)	(94,115)	1,470	2,690	2,426	(90,880)
Net cash generated from / (used in) operating activities	177,512	103,140	167,780	936,533	(17,817)	1,367,148	340,389	(200,233)	(545,373)	(1,648,957)	(44,772)	(2,098,946)
CASH FLOWS FROM FINANCING ACTIVITIES												
Amount received against issuance of units	-	-	-	-	-	-	-	91,542	773,321	2,154,845	930,145	3,949,853
Amount paid against redemption of units	(196,415)	(109,156)	(171,827)	(996,023)	(479,027)	(1,952,448)	(381,001)	(56,359)	(189,742)	(400,338)	(82,314)	(1,109,754)
Distribution paid	-	-	-	(1,254)	(743)	(1,997)	-	-	-	-	-	-
Net cash (used in) financing activities	(196,415)	(109,156)	(171,827)	(997,277)	(479,770)	(1,954,445)	(381,001)	35,183	583,579	1,754,507	847,831	2,840,099
Net (decrease) / increase in cash and cash equivalents	(18,903)	(6,016)	(4,047)	(60,744)	(497,587)	(587,297)	(40,612)	(165,050)	38,206	105,550	803,059	741,153
Cash and cash equivalents at beginning of the year / period	28,028	11,647	38,206	105,550	803,059	986,490	68,640	176,697	-	-	-	245,337
Cash and cash equivalents at end of the year	7 9,125	5,631	34,159	44,806	305,472	399,193	28,028	11,647	38,206	105,550	803,059	986,490

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NAFA Islamic Active Allocation Fund - II (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 24 March 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 13 April 2017 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008).
- 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 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. By the year ended 30 June 2018 the Fund has offered all five plans and the offer of units was discontinued after the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the SECP after intimation to the Trustee. The maturity of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II is 27 April 2019, 29 June 2019, 04 November 2019, 28 February 2020 and 27 April 2020 respectively. During the year 30 June 2019 NIAAP VI and NIAAP VII has completed the initial maturity of two years on 27 April 2019 and 29 June 2019 respectively. However, the management has decided to continue the allocation plans after their initial maturity as the duration of allocation plans is perpetual. The units of the plans are transferable and can be categorised as an Open-End "Shariah Compliant Fund of Funds" as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).
- 1.4 The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of shariah compliant equity fund, income fund and money market fund. The allocation plan intends to dynamically switch between equity asset class (NBP Islamic Active Allocation Equity Fund (Formerly; NAFA Islamic Active Allocation Equity Fund)) and moderate risk income asset class (NBP Active Allocation Riba Free Savings Fund (Formerly; NAFA Active Allocation Riba Free Savings Fund)) and low risk asset class (NBP Islamic Money Market Fund (Formerly; NAFA Islamic Money Market Fund)) and Bank Deposits. Investors of the Fund may hold different types of Allocation Plans and may invest in any one or more of the available allocation plans. The Management Company may also invest in any other Collective Investment Schemes available to it with the prior approval of the SECP.
- 1.5 Each allocation plan under the Fund announces separate NAV which ranks pari passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.
- 1.6 The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company. The Fund has not yet been rated.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as a Trustee of the Fund. The Fund property of different types of allocations plans shall be accounted for and maintained separately in books of accounts which shall collectively constitute the Fund property of the Scheme.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- provisions of and directives issued under the Companies Act, 2017 along with part and the requirements VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

- (a) Provisions (Note 5.4)
- (b) Element of income (Note 5.7)

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of amendment is not likely to have an impact on Fund's financial statements.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Fund may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, the Fund should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a entity increases its interest in a joint operation that meets the definition of a business. A entity remeasures its previously held interest in a joint operation when it obtains control of the business. A entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a entity treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

4 Changes in accounting policies

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

The Fund has adopted IFRS 9 'Financial instruments' from 1 July 2018. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Fund's financial statements.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation in the income statement and statement of comprehensive income, profit / mark-up calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The key changes to the Fund's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in Note 6.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities therefore its adoption did not have a significant effect on the Fund's accounting policies related to financial liabilities.

For an explanation of how the Fund classifies financial assets under IFRS 9, see Notes 5.1.2, 5.1.6 and 5.1.8

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The Fund has classified its financial assets as measured at: FVTPL or amortised cost. IFRS 9 has scoped out impairment for financial assets measured at 'fair value through profit or loss'.

iii. Transition

The changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively except that comparative periods have not generally been restated. As the Fund presents the movement in Unitholders Fund on net assets basis, there is no impact of the changes on net assets of the Fund. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to information presented for 2019 under IFRS 9.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see Note 6.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Financial Assets

5.1.1 Classification (Policies applicable before 1 July 2018)

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 changes in prices.

All investments in the Fund as at 30 June 2018 are classified as 'financial assets at fair value through profit and loss'.

5.1.2 Classification (Policies applicable after 1 July 2018)

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of "time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Fund has determined that it has two business models.

- Held-to-collect business model: this include cash and cash equivalents and recevables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: this includes investment in mutual funds. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

5.1.3 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.

5.1.4 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 in the income statement.

5.1.5 Subsequent measurement (Policies applicable before 1 July 2018)

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 units of mutual funds

The investment of the Fund in the units of mutual funds is valued by reference to the net asset values (redemption prices) declared by the respective funds.

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.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

5.1.6 Subsequent measurement (Policies applicable after 1 July 2018)

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

The investment of the Fund in the units of mutual funds is valued by reference to the net asset values (redemption prices) declared by the respective funds.

5.1.7 Impairment of financial assets (Policies applicable before 1 July 2018)

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such 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 loss are recognised in the income statement.

5.1.8 Impairment of financial assets (Policies applicable after 1 July 2018)

Financial assets at amortised cost

The Fund applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortized costs other than debts securities. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Funds' historical experience and informed credit assessment and including forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the income statement. The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

5.1.9 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.

5.1.10 Offsetting of financial assets and liabilities

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

5.1.11 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.

5.1.12 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.

5.2 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.

5.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of two years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

5.4 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.

5.5 Taxation

The income of the Fund is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the period, 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 period, 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 Management Company has not recognised any amount in respect of taxation in these financial statements where respective plans are in loss and in case of income the respective plans distributes more than ninety percent of its accounting income for the current period 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.

5.6 Issue and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price of each allocation plan 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 is payable to the Management Company.

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

5.7 Element of income

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

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

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

The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

5.8 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.

5.9 Net assets value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of each allocated Plan by the number of units in circulation of the respective Plans at the period end.

5.10 Revenue recognition

- Dividend income is recognised in the income statement when the right to receive the dividend is established.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised using the effective yield method.

5.11 Distribution

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

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

6 Financial assets and financial liabilities

6.1 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at 1 July 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			(Rupees in '000)	
		Plan-VI		
Financial assets				
Mutual Funds	(a) Held for trading	Mandatorily at FVTPL	422,322	422,322
Bank balances	(b) Loans and receivables	Amortised cost	28,028	28,028
Profit receivable on bank deposits	(b) Loans and receivables	Amortised cost	168	168
			450,518	450,518
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	Amortised cost	Amortised cost	1,421	1,421
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	Amortised cost	Amortised cost	35	35
Accrued expenses and other liabilities	Amortised cost	Amortised cost	379	379
			1,835	1,835
		Plan-VII		
Financial assets				
Mutual Funds	(a) Held for trading	Mandatorily at FVTPL	184,774	184,774
Bank balances	(b) Loans and receivables	Amortised cost	11,647	11,647
Profit receivable on bank deposits	(b) Loans and receivables	Amortised cost	74	74
Advance and other receivable	(b) Loans and receivables	Amortised cost	8	8
			196,503	196,503
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	Amortised cost	Amortised cost	565	565
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	Amortised cost	Amortised cost	15	15
Accrued expenses and other liabilities	Amortised cost	Amortised cost	272	272
			852	852

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Plan-VIII					
(Rupees in '000)					
Financial assets					
Mutual Funds	(a)	Held for trading	Mandatorily at FVTPL	551,446	551,446
Bank balances	(b)	Loans and receivables	Amortised cost	38,206	38,206
Profit receivable on bank deposits	(b)	Loans and receivables	Amortised cost	214	214
Advance and other receivable	(b)	Loans and receivables	Amortised cost	6	6
				589,872	589,872
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company		Amortised cost	Amortised cost	579	579
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee		Amortised cost	Amortised cost	45	45
Accrued expenses and other liabilities		Amortised cost	Amortised cost	324	324
				948	948
NICPP-I					
(Rupees in '000)					
Financial assets					
Mutual Funds	(a)	Held for trading	Mandatorily at FVTPL	1,658,717	1,658,717
Bank balances	(b)	Loans and receivables	Amortised cost	105,550	105,550
Profit receivable on bank deposits	(b)	Loans and receivables	Amortised cost	599	599
Advance and other receivable	(b)	Loans and receivables	Amortised cost	39	39
				1,764,905	1,764,905
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company		Amortised cost	Amortised cost	1,491	1,491
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee		Amortised cost	Amortised cost	149	149
Accrued expenses and other liabilities		Amortised cost	Amortised cost	203	203
				1,843	1,843

		NICPP-II		(Rupees in '000)	
Financial assets					
Mutual Funds	(a)	Held for trading	Mandatorily at FVTPL	46,914	46,914
Bank balances	(b)	Loans and receivables	Amortised cost	803,059	803,059
Profit receivable on bank deposits	(b)	Loans and receivables	Amortised cost	4,541	4,541
				<u>854,514</u>	<u>854,514</u>
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company		Amortised cost	Amortised cost	1,933	1,933
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee		Amortised cost	Amortised cost	67	67
Accrued expenses and other liabilities		Amortised cost	Amortised cost	156	156
				<u>2,156</u>	<u>2,156</u>

(a) Mutual funds - classified as financial assets at fair value through profit or loss - held for trading have been measured at fair value through profit or loss with value changes continue to be recognised in income statement.

(b) The financial assets classified as 'loans and receivables' have been classified as amortised cost.

7	BANK BALANCES	2019					2018						
		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	NICPP-II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	NICPP-II	Total
Note ----- (Rupees in '000) -----													
	In current account	198	1	112	839	841	1,991	1,042	1	122	692	923	2,780
	In savings accounts	8,927	5,630	34,047	43,967	304,631	397,202	26,986	11,646	38,084	104,858	802,136	983,710
		<u>9,125</u>	<u>5,631</u>	<u>34,159</u>	<u>44,806</u>	<u>305,472</u>	<u>399,193</u>	<u>28,028</u>	<u>11,647</u>	<u>38,206</u>	<u>105,550</u>	<u>803,059</u>	<u>986,490</u>

7.1 These carry profit at the rates ranging from 6.50% to 13.50% (2018: 5.50% to 6.50%) per annum.

7.2 This includes cheques amounting to Rs. 0.3442 million, Rs. 0.2460 million, Rs. 0.2058 million and Rs. 0.4942 million of NIAAP VI, NIAAP VII, NIAAP VIII and NICPP - I respectively (30 June 2018: Rs. 0.0473 million, Rs. 0.1068 million, Rs. 2.2548 million and Rs. 7.6280 million of NIAAP VII, NIAAP VIII, NICPP - I and NICPP - II respectively), issued on account of redemption of units as at year / period end.

8	INVESTMENTS	2019					2018							
		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	
----- (Rupees in '000) -----														
Financial assets 'at fair value through profit or loss' - held for trading														
	Investment in mutual funds													
	- related parties	8.1	206,575	67,915	362,971	750,404	71,652	1,459,517	422,322	184,774	551,446	1,658,717	46,914	2,864,173

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II

8.1 Investment in mutual funds - related parties

8.1.1 NAFA Islamic Active Allocation Plan VI

Name of Fund	As at 01 July 2018	Purchased during the year	Redeemed during the year	As at 30 June 2019	Market value / carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	-----
NBP Islamic Active Allocation Equity Fund	19,414,785	17,180,647	21,964,005	14,631,427	132,885	59.56	64.33
NBP Active Allocation Riba Free Savings Fund	19,390,217	16,686,039	28,726,100	7,350,156	73,690	33.03	35.67
Total	38,805,002	33,866,686	50,690,105	21,981,583	206,575	92.59	100.00

8.1.2 NAFA Islamic Active Allocation Plan VII

Name of Fund	As at 01 July 2018	Purchased during the year	Redeemed during the year	As at 30 June 2019	Market value / carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	-----
NBP Islamic Active Allocation Equity Fund	8,457,689	5,952,215	9,407,712	5,002,192	45,430	59.90	66.89
NBP Active Allocation Riba Free Savings Fund	8,523,463	7,339,444	13,620,270	2,242,637	22,485	29.65	33.11
Total	16,981,152	13,291,659	23,027,982	7,244,829	67,915	89.55	100.00

8.1.3 NAFA Islamic Active Allocation Plan VIII

Name of Fund	As at 01 July 2018	Purchased during the year	Redeemed during the year	As at 30 June 2019	Market value / carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	-----
NBP Islamic Active Allocation Equity Fund	25,318,769	23,186,475	48,505,244	-	-	-	-
NBP Active Allocation Riba Free Savings Fund	25,353,618	46,475,005	35,624,159	36,204,464	362,971	91.59	100.00
Total	50,672,387	69,661,480	84,129,403	36,204,464	362,971	91.60	100.00

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



8.1.4 NAFA Islamic Capital Preservation Fund I

Name of Fund	As at 01 July 2018	Purchased during the year	Redeemed during the year	As at 30 June 2019	Market value / carrying value as at 30 June 2019 (Rupees in '000)	Market value as a percentage of net assets (%)	Market value as a percentage of total investments
	----- (Number of units) -----						
NBP Islamic Active Allocation Equity Fund	14,014,133	39,309,965	45,258,985	8,065,113	73,250	9.24	9.76
NBP Islamic Money Market Fund	147,733,600	37,459,678	117,630,430	67,562,848	677,154	85.43	90.24
Total	161,747,733	76,769,643	162,889,415	75,627,961	750,404	94.67	100.00

8.1.5 NAFA Islamic Capital Preservation Fund II

Name of Fund	As at 01 July 2018	Purchased during the year	Redeemed during the year	As at 30 June 2019	Market value / carrying value as at 30 June 2019 (Rupees in '000)	Market value as a percentage of net assets (%)	Market value as a percentage of total investments
	----- (Number of units) -----						
NBP Islamic Active Allocation Equity Fund	4,136,118	26,688,487	22,935,279	7,889,326	71,652	18.89	100.00

9 ADVANCE AND OTHER RECEIVABLE

	2019					2018						
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II Total	
	----- (Rupees in '000) -----											
Advance tax	40	-	-	76	1,523	1,639	40	-	-	-	707	747
Other receivable	-	8	6	39	-	53	-	8	6	39	-	53
	<u>40</u>	<u>8</u>	<u>6</u>	<u>115</u>	<u>1,523</u>	<u>1,692</u>	<u>40</u>	<u>8</u>	<u>6</u>	<u>39</u>	<u>707</u>	<u>800</u>

10 PRELIMINARY EXPENSES AND FLOTATION COSTS

Opening Balance	149	23	102	374	197	845	1,354	208	-	-	-	1,562
Allocation to Plan - VIII, NICPP - I and NICPP - II	-	-	-	-	-	-	(753)	(119)	195	461	216	-
Less: Amortisation for the year / period	(149)	(23)	(66)	(217)	(89)	(544)	(452)	(66)	(93)	(87)	(19)	(717)
Balance at end of the year / period	<u>-</u>	<u>-</u>	<u>36</u>	<u>157</u>	<u>108</u>	<u>301</u>	<u>149</u>	<u>23</u>	<u>102</u>	<u>374</u>	<u>197</u>	<u>845</u>

10.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of two years as per the requirements set out in the Trust Deed.

11 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

Note	2019						2018					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											
Remuneration to Management Company	15	5	22	31	265	338	31	13	39	82	695	860
Sindh Sales Tax on management remuneration	2	1	3	4	34	44	4	2	5	11	90	112
Allocation of expenses related to registrar services, accounting, operation and valuation services	147	52	228	494	254	1,175	245	103	325	691	157	1,521
Sales and transfer load	391	304	-	201	668	1,564	391	304	-	201	668	1,564
Sindh Sales Tax on sales load	51	39	-	26	87	203	51	39	-	26	87	203
Preliminary expenses and floatation costs	-	-	-	-	-	-	679	89	195	460	216	1,639
Other payable	20	15	15	25	20	95	20	15	15	20	20	90
	626	416	268	781	1,328	3,419	1,421	565	579	1,491	1,933	5,989

- 11.1** 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 1.5 percent of average annual net assets. The Management Company charged remuneration at the rate of 1.25% per annum in NIAAP - VI, NIAAP - VII and NIAAP - VIII and 1% per annum in NICPP - I and NICPP - II based on the average daily net assets of the allocation plans after deducting the market value of investment in collective investments, managed by the Management Company of the Fund. The amount of remuneration is being paid monthly in arrears.
- 11.2** 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 2018: 13%) was charged on management remuneration and sales load.
- 11.3** 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 each respective plan or actual whichever is less mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of each respective plan.

12 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Note	2018						2017					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											
Trustee remuneration	17	4	29	58	33	141	31	13	40	132	59	275
Sindh Sales Tax on Trustee remuneration	2	1	4	8	4	19	4	2	5	17	8	36
	19	5	33	66	37	160	35	15	45	149	67	311

- 12.1** 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 their daily net assets value of the fund. The remuneration is paid to the Trustee monthly in arrears.

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

Net assets	Tariff per annum
Upto Rs. 1,000 million	0.10% p.a of net assets
On an amount exceeding Rs 1,000 million	Rs. 1.0 million plus 0.075% p.a of net assets, on amount exceeding Rs. 1,000 million.

- 12.2** 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 2018: 13%) was charged on Trustee remuneration.

13 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as an Shariah Compliant Fund of Funds is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of each respective plan. The fee is paid annually in arrears.

14 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2019						2018					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											
Provision for Sindh Workers' Welfare Fund 14.1	-	-	101	723	230	1,054	-	-	101	165	105	371
Auditors' remuneration	194	154	158	171	145	822	121	111	130	61	61	484
Bank charges	56	40	38	3	91	228	37	18	45	39	31	170
Printing charges	19	11	13	26	40	109	20	20	20	32	19	111
Legal fee	22	18	21	22	50	133	30	30	32	31	28	151
Shariah advisor fee	68	27	93	224	111	523	171	93	97	40	17	418
Withholding tax	1	-	1	2	22	26	3	1	4	13	6	27
Capital gain tax	-	-	-	7	1	8	-	-	-	13	10	23
	360	250	425	1,178	690	2,903	382	273	429	394	277	1,755

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

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of financial institutions. The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014.

Had the provision for SWWF not been recorded in the financial statements of each respective plan for the current period the net asset value per unit of the each respective plan as at 30 June 2019 would have been higher by Rs. 0.0245, Rs. 0.0929, Rs. 0.060 (30 June 2018: Rs. 0.0172, Rs. 0.0094, Rs. 0.0124) NIAAF - VIII, NICPP - I, NICPP - II respectively.

15 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 30 June 2019.

16 NUMBER OF UNITS IN ISSUE

Note	2019						2018					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Number of units)											
Opening	5,149,118	2,090,911	5,866,968	17,561,393	8,480,989	39,149,379	9,463,800	1,746,167	-	-	-	11,209,967
Units issued	-	-	-	51,446	41,311	92,757	-	930,440	7,732,131	21,548,449	9,301,452	39,512,472
Less: units redeemed	(2,329,210)	(1,196,307)	(1,747,711)	(9,828,629)	(4,733,396)	(19,835,253)	(4,314,682)	(585,696)	(1,865,163)	(3,987,056)	(820,463)	(11,573,060)
Total units in issue at end of the year / period	<u>2,819,908</u>	<u>894,604</u>	<u>4,119,257</u>	<u>7,784,210</u>	<u>3,788,904</u>	<u>19,406,883</u>	<u>5,149,118</u>	<u>2,090,911</u>	<u>5,866,968</u>	<u>17,561,393</u>	<u>8,480,989</u>	<u>39,149,379</u>

16.1 The Management Company on 04 July 2018 has declared distribution of Rs. 0.3642 and 0.5747 per unit for NAFA - Islamic Capital Preservation Plan I (NICPP - I) and NAFA - Islamic Capital Preservation Plan II (NICPP II) (for full year) respectively. The aggregate cash distribution is Rs. 6.396 million and Rs. 4.874 million for NAFA - Islamic Capital Preservation Plan I (NICPP - I) and NAFA - Islamic Capital Preservation Plan II (NICPP II) respectively.

17 AUDITORS' REMUNERATION

	2019						2018					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Number of units)											
Annual audit fee	135	115	105	170	150	675	100	100	100	50	50	400
Half yearly fee	44	44	44	44	44	220	40	40	40	-	-	120
Out of pocket expenses and others including government levy	45	36	30	70	42	223	38	27	40	11	11	127
	<u>224</u>	<u>195</u>	<u>179</u>	<u>284</u>	<u>236</u>	<u>1,118</u>	<u>178</u>	<u>167</u>	<u>180</u>	<u>61</u>	<u>61</u>	<u>647</u>

18 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders 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. The Management Company on 19 July 2019 (refer note 29) has declared distribution as per distribution policy (refer note 5.10) more than ninety percent of the NICPP - I and NICPP - II accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the year and other plans NIAAP - VI, NIAAP - VII, NIAAP - VIII were in loss. Accordingly, no provisions for taxation has been made in these financial statements.

19 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	NIAAP - VI		
	Receivable against sale of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Opening balance as at 01 July 2018	-	-	-
Receivable against issuance of units	-	-	-
Payable against redemption of units	-	(196,415)	(196,415)
Dividend Announced	-	-	-
	-	(196,415)	(196,415)
Amount received on issuance of units	-	-	-
Amount paid on redemption of units	-	196,415	196,415
Dividend paid	-	-	-
	-	196,415	196,415
Closing balance as at 30 June 2019	-	-	-
	-	-	-
	NIAAP - VII		
	Receivable against sale of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Opening balance as at 01 July 2018	-	-	-
Receivable against issuance of units	-	-	-
Payable against redemption of units	-	(109,156)	(109,156)
Dividend Announced	-	-	-
	-	(109,156)	(109,156)
Amount received on issuance of units	-	-	-
Amount paid on redemption of units	-	109,156	109,156
Dividend paid	-	-	-
	-	109,156	109,156
Closing balance as at 30 June 2019	-	-	-
	-	-	-

	NIAAP - VIII		
	Receivable against sale of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Opening balance as at 01 July 2018	-	-	-
Receivable against issuance of units	-	-	-
Payable against redemption of units	-	(171,827)	(171,827)
Dividend Announced	-	-	-
	-	(171,827)	(171,827)
Amount received on issuance of units	-	-	-
Amount paid on redemption of units	-	171,827	171,827
Dividend paid	-	-	-
	-	171,827	171,827
Closing balance as at 30 June 2019	-	-	-

	NICPP - I			
	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	----- (Rupees in '000) -----			
Opening balance as at 1 July 2018	-	-	-	-
Receivable against issuance of units	-	-	-	-
Payable against redemption of units	-	(996,023)	-	(996,023)
Dividend Payable	-	-	1,254	1,254
	-	(996,023)	1,254	(994,769)
Amount received on issuance of units	-	-	-	-
Amount paid on redemption of units	-	996,023	-	996,023
Dividend paid	-	-	(1,254)	(1,254)
	-	996,023	(1,254)	994,769
Closing balance as at 30 June 2019	-	-	-	-

	NICPP - II			
	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	----- (Rupees in '000) -----			
Opening balance as at 1 July 2018	-	-	-	-
Receivable against issuance of units	-	-	-	-
Payable against redemption of units	-	(479,027)	-	(479,027)
Dividend Payable	-	-	743	743
	-	(479,027)	743	(478,284)
Amount received on issuance of units	-	-	-	-
Amount paid on redemption of units	-	479,027	-	479,027
Dividend Paid	-	-	(743)	(743)
	-	479,027	(743)	478,284
Closing balance as at 30 June 2019	-	-	-	-

20 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 0.55%, 0.71%, 0.48%, 0.45% and 1.36% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II respectively. Total expense ratio (excluding government levies) is 0.43%, 0.59%, 0.36%, 0.29% and 1.13% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II respectively.

21 FINANCIAL INSTRUMENTS BY CATEGORY

21.1

	As at 30 June 2019			As at 30 June 2018		
	At Amortised cost	Mandatorily at fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total
	----- (Rupees in '000) -----					
Assets						
Bank balances	9,125	-	9,125	28,028	-	28,028
Investments	-	206,575	206,575	-	422,322	422,322
Profit receivable on bank deposits	199	-	199	168	-	168
Receivable against sale of investments	8,500	-	8,500	-	-	-
	17,824	206,575	224,399	28,196	422,322	450,518

	As at 30 June 2019			As at 30 June 2018		
	NIAAP - VI					
	Mandatorily at fair value through profit or loss	At amortised cost	Total	At fair value through profit or loss	Loans and receivables	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Limited - Management Company	-	626	626	-	1,421	1,421
Payable to Central Depository Company of Pakistan Limited - Limited - Trustee	-	19	19	-	35	35
Accrued expenses and other liabilities	-	359	359	-	379	379
	-	1,004	1,004	-	1,835	1,835

21.2

	As at 30 June 2019			As at 30 June 2018		
	NIAAP - VII					
	Amortised cost	Mandatorily at fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	5,631	-	5,631	11,647	-	11,647
Investments	-	67,915	67,915	-	184,774	184,774
Profit receivable on bank deposits	91	-	91	74	-	74
Other receivable	8	-	8	8	-	8
Receivable against sale of investments	3,000	-	3,000	-	-	-
	8,730	67,915	76,645	11,729	184,774	196,503

	As at 30 June 2019			As at 30 June 2018		
	Mandatorily at fair value through profit or loss	At amortised cost	Total	At fair value through profit or loss	Loans and receivables	Total
NIAAP - VII						
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Limited - Management Company	-	416	416	-	565	565
Payable to Central Depository Company of Pakistan Limited - Limited - Trustee	-	5	5	-	15	15
Accrued expenses and other liabilities	-	250	250	-	272	272
	-	671	671	-	852	852
<hr/>						
	As at 30 June 2019			As at 30 June 2018		
	NIAAP - VIII					
	Amortised cost	Mandatorily at fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	34,159	-	34,159	38,206	-	38,206
Investments	-	362,971	362,971	-	551,446	551,446
Profit receivable on bank deposits	313	-	313	214	-	214
Other receivable	6	-	6	6	-	6
	34,478	362,971	397,449	38,426	551,446	589,872
<hr/>						
	NIAAP - VIII					
	Mandatorily at fair value through profit or loss	At amortised cost	Total	At fair value through profit or loss	Loans and receivables	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Company	-	268	268	-	579	579
Payable to Central Depository Company of Limited - Trustee	-	33	33	-	45	45
Accrued expenses and other liabilities	-	323	323	-	324	324
	-	624	624	-	948	948

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



21.4

	As at 30 June 2019			As at 30 June 2018		
	NICPP - I					
	Amortised cost	Mandatorily at fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	44,806	-	44,806	105,550	-	105,550
Investments	-	750,404	750,404	-	1,658,717	1,658,717
Profit receivable on bank deposits	457	-	457	599	-	599
Other receivable	39	-	39	39	-	39
	45,302	750,404	795,706	106,188	1,658,717	1,764,905
----- (Rupees in '000) -----						
	Mandatorily at fair value through profit or loss		Total	At fair value through profit or loss	Loans and receivables	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Company	-	781	781	-	1,491	1,491
Payable to Central Depository Company of Limited - Trustee	-	66	66	-	149	149
Accrued expenses and other liabilities	-	446	446	-	203	203
	-	1,293	1,293	-	1,843	1,843

21.5

	As at 30 June 2019			As at 30 June 2018		
	NICPP - II					
	Amortised cost	Mandatorily at fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	305,472	-	305,472	803,059	-	803,059
Investments	-	71,652	71,652	-	46,914	46,914
Profit receivable on bank deposits	3,230	-	3,230	4,541	-	4,541
	308,702	71,652	380,354	807,600	46,914	854,514

	NICPP - II					
	Mandatorily at fair value through profit or loss	At amortised cost	Total	At fair value through profit or loss	Loans and receivables	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Company	-	1,328	1,328	-	1,933	1,933
Payable to Central Depository Company of Limited - Trustee	-	37	37	-	67	67
Accrued expenses and other liabilities	-	437	437	-	156	156
	-	1,802	1,802	-	2,156	2,156

22 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 22.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund 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.
- 22.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 22.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 22.4** 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 ISLAMIC ACTIVE ALLOCATION FUND - II



22.5 Transactions during the year / period:

	2019					Total	2018					Total
	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019	For the year ended 30 June 2019		For the year ended 30 June 2018	For the year ended 30 June 2018	For the period 04 November 2017 to 30 June 2018	For the period 28 February 2018 to 30 June 2018	For the period 27 April 2018 to 30 June 2018	
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	
(Rupees in '000)												
NBP Fund Management Limited- Management Company												
Remuneration to Management Company	308	128	444	547	5,372	6,799	522	251	388	467	1,542	3,170
Sindh Sales Tax on remuneration of Management Company	40	17	58	71	698	884	68	33	50	61	200	412
Allocation of expenses related to registrar services, accounting, operation and valuation services	358	138	506	1,308	643	2,953	593	157	439	691	157	2,037
Preliminary expenses and floatation costs	149	23	66	217	89	544	452	66	93	87	19	717
Units Redeemed : 499,812 units (NIAAP VII) [2018: Nil units]	-	46,807	-	-	-	-	-	-	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee												
Remuneration to the Trustee	299	113	423	1,092	537	2,464	561	201	396	564	128	1,850
Sindh Sales Tax on remuneration to Trustee	39	15	55	142	70	321	73	26	51	73	17	240
Employees of the Management Company												
Units issued: Nil units [2018: 103 units] (NIAAP VII)	-	-	-	-	-	-	-	10	-	-	-	10
Units redeemed: 103 units [2018: Nil units] (NIAAP-VII)	-	9	-	-	-	9	-	-	-	-	-	-
Units issued: Nil units [2018: 1,940 units] (NIAAP VIII)	-	-	-	-	-	-	-	-	194	-	-	194
Units issued: Nil units [2018: 14,141 units] (NICPP - I)	-	-	-	-	-	-	-	-	-	1,423	-	1,423
Units redeemed: 4,680 units [2018: Nil units] (NICPP - I)	-	-	-	471	-	471	-	-	-	-	-	-
Dividend reinvestment : 45 units [2018: Nil units] (NICPP - I)	-	-	-	4	-	4	-	-	-	-	-	-
Units issued: Nil units [2018: 2,400 units] (NICPP - II)	-	-	-	-	-	-	-	-	-	-	240	240
Dividend reinvestment : 12 units [2018: Nil units] (NICPP - II)	-	-	-	-	1	1	-	-	-	-	-	-
Investment in NBP Islamic Active Allocation Equity Fund												
Dividend Income	-	-	-	-	-	-	6,725	1,850	-	-	-	8,575
Units purchased: 17,180,647 units [2018: 17,220,221 units] (NIAAP-VI)	187,021	-	-	-	-	187,021	205,263	-	-	-	-	205,263
Units purchased: 5,952,215 units [2018: 8,300,700 units] (NIAAP-VII)	-	64,957	-	-	-	64,957	-	99,992	-	-	-	99,992
Units purchased 23,186,475 [2018: 34,570,389 units] (NIAAP - VIII)	-	-	254,316	-	-	254,316	-	-	395,794	-	-	395,794
Units purchased: 39,309,965 Units [2018: 38,817,610 units] (NICPP - I)	-	-	-	441,491	-	441,491	-	-	-	466,825	-	466,825
Units purchased: 26,688,487 Units [2018: 4,136,118 units] (NICPP - II)	-	-	-	-	292,644	292,644	-	-	-	-	48,843	48,843
Units Sold:												
Units sold: 21,964,005 units [2018: 34,743,171 units] (NIAAP - VI)	233,531	-	-	-	-	233,531	402,497	-	-	-	-	402,497
Units sold: 9,407,712 units [2018: 6,759,106 units] (NIAAP - VII)	-	100,418	-	-	-	100,418	-	77,887	-	-	-	77,887
Units sold: 48,505,244 units [2018: 9,251,621 units] (NIAAP - VIII)	-	-	500,267	-	-	500,267	-	-	105,638	-	-	105,638
Units sold: 45,258,985 units [2018: 24,803,477 units] (NICPP - I)	-	-	-	477,044	-	477,044	-	-	-	291,144	-	291,144
Units sold: 22,935,279 units [2018: Nil units] (NICPP - II)	-	-	-	-	234,880	234,880	-	-	-	-	-	-
Investment in NBP Islamic Active Allocation Riba Free Savings Fund												
Dividend Income	4,397	1,878	11,777	-	-	18,052	-	-	-	-	-	-
Units purchased: 16,686,039 units [2018: 32,330,320 units] (NIAAP VI)	162,168	-	-	-	-	162,168	331,902	-	-	-	-	331,902
Units purchased: 7,339,444 units [2018: 20,393,408 units] (NIAAP - VII)	-	72,011	-	-	-	72,011	-	206,526	-	-	-	206,526
Units purchased: 46,475,005 units [2018: 65,655,465 units] (NIAAP - VIII)	-	-	459,882	-	-	459,882	-	-	668,638	-	-	668,638
Units sold: 28,726,100 units [2018: 43,257,652 units] (NIAAP - VI)	297,867	-	-	-	-	297,867	439,286	-	-	-	-	439,286
Units sold: 13,620,270 units [2018: 11,869,944 units] (NIAAP - VII)	-	140,975	-	-	-	140,975	-	120,629	-	-	-	120,629
Units sold: 35,624,159 units [2018: 65,655,465 units] (NIAAP - VIII)	-	-	369,212	-	-	369,212	-	-	412,491	-	-	412,491
Investment in NBP Islamic Money Market Fund												
Dividend Income	-	-	-	72,176	-	72,176	-	-	-	-	-	-
Units Purchased: 37,459,678 units [2018: 201,315,660 units] (NICPP - I)	-	-	-	372,011	-	372,011	-	-	-	2,015,879	-	2,015,879
Units sold: 117,630,430 units [2018: 53,582,060 units] (NICPP - I)	-	-	-	1,200,611	-	1,200,611	-	-	-	540,560	-	540,560
BankIslami Pakistan Limited												
Mark-up on balances	2,238	1,049	3,371	-	-	6,658	2675	1,122	2,101	763	-	6,661

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



22.6 Amounts outstanding as at year / period end:

	2019						2018					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)												
NBP Fund Management												
Limited - Management Company												
Management remuneration payable	15	5	22	31	265	338	31	13	39	82	695	860
Sindh Sales Tax payable	2	1	3	4	34	44	4	2	5	11	90	112
Allocation of expenses related to registrar services, accounting, operation and valuation services	147	52	228	494	254	1,175	245	103	325	691	157	1,521
Sales load and transfer load payable	391	304	-	201	668	1,564	391	304	-	201	668	1,564
Sindh Sales Tax on sales load	51	39	-	26	87	203	51	39	-	26	87	203
Preliminary expenses and floatation costs payable	-	-	-	-	-	-	679	89	195	460	216	1,639
Other payable	20	15	15	25	20	95	20	15	15	20	20	90
Units held : Nil units [2018: 499,812 units] (NIAAP-VII)	-	-	-	-	-	-	-	46,725	-	-	-	46,725
Employees of the Management Company												
Units held: 1,935 units [2018: 1,935 units] (NIAAP-VI)	153	-	-	-	-	153	169	-	-	-	-	169
Units held: Nil units [2018: 103 units] (NIAAP-VII)	-	-	-	-	-	-	-	10	-	-	-	10
Units held: 1,940 units [2018: 1,940 units] (NIAAP-VIII)	-	-	187	-	-	187	-	-	195	-	-	195
Units held: 9,506 units [2018: 14,141 units] (NICPP - I)	-	-	-	968	-	968	-	-	-	1,419	-	1,419
Units held: 2,412 units [2018: 2,400 units] (NICPP - II)	-	-	-	-	242	242	-	-	-	-	241	241
Central Depository Company of Pakistan Limited - Trustee												
Remuneration payable	17	4	29	58	33	141	31	13	40	132	59	275
Sindh Sales Tax payable on remuneration to Trustee	2	1	4	8	4	19	4	2	5	17	8	36
NBP Islamic Active Allocation Equity Fund												
Units held: 14,631,427 units [2018: 8,457,689 units] (NIAAP-VI)	132,885	-	-	-	-	132,885	220,212	-	-	-	-	220,212
Units held: 5,002,190 units [2018: 8,457,689 units] (NIAAP-VII)	-	45,430	-	-	-	45,430	-	95,931	-	-	-	95,931
Units held: Nil units [2018: 25,318,768 units] (NIAAP - VIII)	-	-	-	-	-	-	-	-	287,178	-	-	287,178
Units held: 8,065,113 units [2018: 14,014,133 units] (NICPP - I)	-	-	-	73,250	-	73,250	-	-	-	158,955	-	158,955
Units held: 7,889,326 units [2018: 4,136,118 units] (NICPP - II)	-	-	-	-	71,652	71,652	-	-	-	-	46,914	46,914
Receivable against sale of investment (NIAAP-VI)	8,500	-	-	-	-	8,500	-	-	-	-	-	-
NBP Islamic Active Allocation Riba Free Savings Fund												
Units held: 7,350,156 units [2018: 19,390,218 units] (NIAAP-VI)	73,690	-	-	-	-	73,690	202,110	-	-	-	-	202,110
Units held: 2,242,637 units [2018: 8,523,464 units] (NIAAP - VII)	-	22,485	-	-	-	22,485	-	88,843	-	-	-	88,843
Units held: 36,204,464 units [2018: 25,353,616 units] (NIAAP - VIII)	-	-	362,971	-	-	362,971	-	-	264,268	-	-	264,268
Receivable against sale of investment (NIAAP-VII)	-	3,000	-	-	-	3,000	-	-	-	-	-	-
NBP Islamic Money Market Fund												
Units held: 67,562,848 units [2018: 147,733,560 units] (NICPP - I)	-	-	-	677,154	-	677,154	-	-	-	1,499,762	-	1,499,762
BankIslami Pakistan Limited												
Bank balances	8,839	5,437	33,940	-	-	48,216	26,236	11,499	37,453	-	-	75,188
Profit receivable	198	88	313	-	-	599	-	-	-	-	-	-
Hamdard Laboratories (Waqf) Pakistan												
Units held : 992,789 units	-	-	-	101,096	-	101,096	-	-	-	-	-	-

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No	Name	Qualifications	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration / CFA	31
2	Mr. Sajjad Anwar*	CFA / MBA Finance	19
3	Mr. Muhammad Ali Bhabha	MBA / MS / CFA / FRM	24
4	Mr. Hassan Raza	ACCA / BSC / CFA	8
5	Mr. Taha Khan Javed	MBA / CFA	13

*Mr.Sajjad Anwar is the Fund Manager. He is also managing NAFA Islamic Active Allocation Fund I, NAFA Islamic Active Allocation Fund III, NBP Islamic Stock Fund (Formerly NAFA Islamic Stock Fund), NAFA Pension Fund, NAFA Islamic Pension Fund and NAFA Islamic Principal Protected Fund II.

24 PATTERN OF UNIT HOLDING

Category	2019			2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
	NIAAP - VI			NIAAP - VI		
Individuals	156	148,346	66.50	276	313,985	70
Retirement Funds	2	3,134	1.40	6	28,173	6
Corporates	2	10,174	4.56	2	11,197	3
Others	8	61,439	27.54	9	94,951	21
	168	223,094	100.00	293	448,306	100
	NIAAP - VII			NIAAP - VII		
Individuals	71	66,736	87.99	133	131,584	67
Retirement Funds	2	7,439	9.81	3	12,606	7
Corporates	-	-	-	2	4,554	2
Others	1	1,667	2.20	1	46,725	24
	74	75,843	100.00	139	195,469	100

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



Category	NIAAP - VIII			NIAAP - VIII		
Individuals	344	195,838	49.42	568	374,526	64
Retirement Funds	6	168,810	42.60	7	33,950	6
Others	5	31,631	7.98	6	180,028	31
	355	396,279	100.00	581	588,504	100

Category	NICPP - I			NICPP - I		
Individuals	533	362,787	45.77	1,051	1,070,220	61
Retirement Funds	10	97,106	12.25	13	552,990	31
Others	11	332,778	41.98	20	139,379	8
	554	792,671	100.00	1,084	1,762,589	100

Category	NICPP - II			NICPP - II		
Individuals	557	338,227	89.17	1,017	793,182	93
Retirement Funds	6	16,484	4.35	7	40,596	5
Others	10	24,607	6.48	16	19,214	2
	573	379,318	100.00	1,040	852,992	100

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 68th, 69th, 70th and 71st Board meetings were held on 05 September 2018, 30 October 2018, 25 February 2019 and 26 April 2019, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held during tenure of	Attended	Leave granted	
Mr. Mudassir H. Khan (note 25.4)	2	1	1	69th Meeting
Mr. Tariq Jamali (note 25.5)	2	-	2	68th and 69th Meeting
Mr. Abdul Hadi Palekar	4	3	1	70th Meeting
Mr. Foo Chiah Chinug (Dr. Kelvin Foo) (note 25.2)	2	1	1	69th Meeting
Mr. Kamal Amir Chinoy	4	3	1	70th Meeting
Mr. Shehryar Faruque	4	3	1	68th Meeting
Mr. Hamayun Bashir	4	4	-	-
Mr. Wajahat Rasul Khan (note 25.3)	2	2	-	-
Dr. Amjad Waheed	4	4	-	-
Mr. Shaikh Muhammad Abdul Wahid Sethi (note 25.1)	2	2	-	-
Mr. Nasir Husain	2	2	-	-
Mr. Ali Saigol	2	2	-	-
Mr. Imran Zaffar	2	2	-	-

- 25.1** Mr. Shaikh Muhammad Abdul Wahid Sethi, Mr. Nasir Husain, Mr. Ali Saigol and Mr. Imran Zaffar were appointed as directors on Board with effect from 17 December 2018
- 25.2** Mr. Foo Chiah Chiung (Dr. Kelvin Foo) resigned from the Board 8 October 2018
- 25.3** Mr. Wajahat Rasul Khan resigned from the Board 8 October 2018
- 25.4** Mr. Mudassir H. Khan resigned from the Board 12 October 2018
- 25.5** Mr. Tariq Jamali resigned from the Board 12 October 2018

26 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of change in market 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 shariah compliant equity funds and income funds. 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.

26.1 Market risk

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

Management of market risk

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

26.1.1 Currency risk

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

26.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk.

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that exposes the Fund to any material profit rate risk.

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

26.1.2.1

	As At 30 June 2019					As At 30 June 2018						
	NIAAP-VI					NIAAP-VI						
	Yield / interest rate	Exposed to yield / interest rate risk				Total	Yield / interest rate	Exposed to yield / interest rate risk				Total
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk			
	----- (Rupees in '000) -----											
On-balance sheet financial instruments												
Financial assets												
Bank balances	6.5% - 13.5%	8,927	-	-	198	9,125	5.5% - 6.5%	26,986	-	-	1,042	28,028
Investments		206,575	-	-	-	206,575		422,322	-	-	-	422,322
Profit receivable on bank deposits		-	-	-	199	199		-	-	-	168	168
Receivable against sale of investments		-	-	-	8,500	8,500		-	-	-	-	-
		<u>215,502</u>	<u>-</u>	<u>-</u>	<u>8,897</u>	<u>224,399</u>		<u>449,308</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>450,518</u>
Financial liabilities												
Payable to NBP Fund Management Limited - Management Management Company		-	-	-	626	626		-	-	-	1,421	1,421
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee		-	-	-	19	19		-	-	-	35	35
Payable against redemption of units		-	-	-	-	-		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	359	359		-	-	-	379	379
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,004</u>	<u>1,004</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835</u>	<u>1,835</u>
On-balance sheet gap		<u>215,502</u>	<u>-</u>	<u>-</u>	<u>7,893</u>	<u>223,395</u>		<u>449,308</u>	<u>-</u>	<u>-</u>	<u>(625)</u>	<u>448,683</u>
Off-balance sheet financial instruments												
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>215,502</u>	<u>-</u>	<u>-</u>	<u>7,893</u>	<u>223,395</u>		<u>449,308</u>	<u>-</u>	<u>-</u>	<u>(625)</u>	<u>448,683</u>
Cumulative interest rate sensitivity gap		<u>215,502</u>	<u>215,502</u>	<u>215,502</u>				<u>449,308</u>	<u>449,308</u>	<u>449,308</u>		

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	As at 30 June 2019					As at 30 June 2018						
	NIAAP-VII					NIAAP-VII						
	Yield / interest rate	Exposed to yield / interest rate risk				Total	Yield / interest rate	Exposed to yield / interest rate risk				Total
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk			
	(Rupees in '000)					(Rupees in '000)						
26.1.2.2												
On-balance sheet financial instruments												
Financial assets												
Bank balances	6.5% - 13.5%	5,630	-	-	1	5,631	5.5% - 6.5%	11,646	-	-	1	11,647
Investments		67,915	-	-	-	67,915		184,774	-	-	-	184,774
Profit receivable on bank deposits		-	-	-	91	91		-	-	-	74	74
Other receivable		-	-	-	8	8		-	-	-	8	8
Receivable against sale of investments		-	-	-	3,000	3,000		-	-	-	-	-
		<u>73,545</u>	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>76,645</u>		<u>196,420</u>	<u>-</u>	<u>-</u>	<u>83</u>	<u>196,503</u>
Financial liabilities												
Payable to NBP NBP Fund Management Limited - Management Company		-	-	-	416	416		-	-	-	565	565
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee		-	-	-	5	5		-	-	-	15	15
Accrued expenses and other liabilities		-	-	-	250	250		-	-	-	272	272
		-	-	-	671	671		-	-	-	852	852
On-balance sheet gap		<u>73,545</u>	<u>-</u>	<u>-</u>	<u>2,429</u>	<u>75,974</u>		<u>196,420</u>	<u>-</u>	<u>-</u>	<u>(769)</u>	<u>195,651</u>
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap		<u>73,545</u>	<u>-</u>	<u>-</u>	<u>2,429</u>	<u>75,974</u>		<u>196,420</u>	<u>-</u>	<u>-</u>	<u>(769)</u>	<u>195,651</u>
Cumulative interest rate sensitivity gap		<u>73,545</u>	<u>73,545</u>	<u>73,545</u>			<u>196,420</u>	<u>196,420</u>	<u>196,420</u>			
26.1.2.3												
	NIAAP-VIII					NIAAP-VIII						
On-balance sheet financial instruments												
Financial assets												
Bank balances	6.5% - 13.5%	34,047	-	-	112	34,159	5.5% - 6.5%	38,084	-	-	122	38,206
Investments		362,971	-	-	-	362,971		551,446	-	-	-	551,446
Profit receivable on bank deposits		-	-	-	313	313		-	-	-	214	214
Other receivable		-	-	-	6	6		-	-	-	6	6
		<u>397,018</u>	<u>-</u>	<u>-</u>	<u>431</u>	<u>397,449</u>		<u>589,530</u>	<u>-</u>	<u>-</u>	<u>342</u>	<u>589,872</u>
Financial liabilities												
Payable to NBP NBP Fund Management Limited - Management Company		-	-	-	268	268		-	-	-	579	579
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	33	33		-	-	-	45	45
Payable against purchase of investment		-	-	-	-	-		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	323	323		-	-	-	324	324
		-	-	-	624	624		-	-	-	948	948
On-balance sheet gap		<u>397,018</u>	<u>-</u>	<u>-</u>	<u>(193)</u>	<u>396,825</u>		<u>589,530</u>	<u>-</u>	<u>-</u>	<u>(606)</u>	<u>588,924</u>
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap		<u>397,018</u>	<u>-</u>	<u>-</u>	<u>(193)</u>	<u>396,825</u>		<u>589,530</u>	<u>-</u>	<u>-</u>	<u>(606)</u>	<u>588,924</u>
Cumulative interest rate sensitivity gap		<u>397,018</u>	<u>397,018</u>	<u>397,018</u>			<u>589,530</u>	<u>589,530</u>	<u>589,530</u>			

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26.1.2.4

	As at 30 June 2019					As at 30 June 2018						
	NICPP - I					NICPP - I						
	Yield / interest rate	Exposed to yield / interest rate risk				Total	Yield / interest rate	Exposed to yield / interest rate risk				Total
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk			
	(Rupees in '000)					(Rupees in '000)						
On-balance sheet financial instruments												
Financial assets												
Bank balances	6.5% - 13.25%	43,967	-	-	839	44,806	6.0% - 6.5%	104,858	-	-	692	105,550
Investments		750,404	-	-	-	750,404		1,658,717	-	-	-	1,658,717
Profit receivable on bank deposits		-	-	-	457	457		-	-	-	599	599
Other receivable		-	-	-	39	39		-	-	-	39	39
		<u>794,371</u>	<u>-</u>	<u>-</u>	<u>1,335</u>	<u>795,706</u>		<u>1,763,575</u>	<u>-</u>	<u>-</u>	<u>1,330</u>	<u>1,764,905</u>
Financial liabilities												
Payable to NBP NBP Fund Management Limited - Management Company		-	-	-	781	781		-	-	-	1,491	1,491
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	66	66		-	-	-	149	149
Payable against purchase of investment		-	-	-	-	-		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	446	446		-	-	-	203	203
		-	-	-	1,293	1,293		-	-	-	1,843	1,843
On-balance sheet gap		<u>794,371</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>794,413</u>		<u>1,763,575</u>	<u>-</u>	<u>-</u>	<u>(513)</u>	<u>1,763,062</u>
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap		<u>794,371</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>794,413</u>		<u>1,763,575</u>	<u>-</u>	<u>-</u>	<u>(513)</u>	<u>1,763,062</u>
Cumulative interest rate sensitivity gap		<u>794,371</u>	<u>794,371</u>	<u>794,371</u>				<u>1,763,575</u>	<u>1,763,575</u>	<u>1,763,575</u>		

26.1.2.5

	NICPP - II					NICPP - II						
	NICPP - II					NICPP - II						
	Yield / interest rate	Exposed to yield / interest rate risk				Total	Yield / interest rate	Exposed to yield / interest rate risk				Total
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk			
	(Rupees in '000)					(Rupees in '000)						
On-balance sheet financial instruments												
Financial assets												
Bank balances	6.5% - 13.25%	304,631	-	-	841	305,472	5.5% - 6.5%	802,136	-	-	923	803,059
Investments		71,652	-	-	-	71,652		46,914	-	-	-	46,914
Profit receivable on bank deposits		-	-	-	3,230	3,230		-	-	-	4,541	4,541
		<u>376,283</u>	<u>-</u>	<u>-</u>	<u>4,071</u>	<u>380,354</u>		<u>849,050</u>	<u>-</u>	<u>-</u>	<u>5,464</u>	<u>854,514</u>
Financial liabilities												
Payable to NBP NBP Fund Management Limited - Management Company		-	-	-	1,328	1,328		-	-	-	1,933	1,933
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	37	37		-	-	-	67	67
Payable against purchase of investment		-	-	-	-	-		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	437	437		-	-	-	156	156
		-	-	-	1,802	1,802		-	-	-	2,156	2,156
On-balance sheet gap		<u>376,283</u>	<u>-</u>	<u>-</u>	<u>2,269</u>	<u>378,552</u>		<u>849,050</u>	<u>-</u>	<u>-</u>	<u>3,308</u>	<u>852,358</u>
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap		<u>376,283</u>	<u>-</u>	<u>-</u>	<u>2,269</u>	<u>378,552</u>		<u>849,050</u>	<u>-</u>	<u>-</u>	<u>3,308</u>	<u>852,358</u>
Cumulative interest rate sensitivity gap		<u>376,283</u>	<u>376,283</u>	<u>376,283</u>				<u>849,050</u>	<u>849,050</u>	<u>849,050</u>		

26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of change in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently allocation plans are exposed to price risk due to their investment in the units of mutual funds. In case of 5% increase / (decrease) in the Net Asset Value per unit of the funds i.e. NBP Islamic Active Allocation Equity Fund, NBP Active Allocation Riba Free Savings Fund and NBP Money Market Fund, the net income of the NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II would increase / (decrease) by Rs. 10.3288 million, Rs. 3.3957 million, Rs. 18.1486 million, Rs. 37.5202 million and Rs. 3.5826 million [2018: Rs. 21.116 million, Rs. 9.239 million, Rs. 27.572 million, Rs. 82.936 million, Rs. 2.346 million] respectively and net asset NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II (decrease) by the same amount as a result of gains / (losses) on these securities at 'fair value through profit and loss.

26.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its bank balances. Risks attributable to 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 2019 and 30 June 2018.

Bank Balances	As at 30 June 2019					
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP - I	NICPP - II	Total
	----- (Rupees in '000) -----					
AAA	28	13	13	1,673	547	2,274
AA+	-	-	-	-	5	5
AA	60	180	93	42,291	304,076	346,700
AA-	198	1	112	842	844	1,997
A+	8,839	5,437	33,941	-	-	48,217
	9,125	5,631	34,159	44,806	305,472	399,193

Bank Balances	As at 30 June 2018					
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP - I	NICPP - II	Total
	----- (Rupees in '000) -----					
AAA	16	3	3	15	492,213	492,250
AA+	-	-	-	-	-	-
AA-	1,776	144	749	105,535	310,846	419,050
A+	26,236	11,499	37,453	-	-	75,188
	28,028	11,646	38,205	105,550	803,059	986,488

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

Concentration of credit risk

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

26.3 Liquidity risk

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

Management of liquidity risk

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

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current period, 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 period.

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:

	As At 30 June 2019				As At 30 June 2018			
	NIAAP - VI			Total	NIAAP - VI			Total
Upto three months	Over three months and upto one year	Over one year			Upto three months	Over three months and upto one year	Over one year	
----- (Rupees in '000) -----								
Financial Liabilities								
Payable to NBP Fund Management Limited - Management Company	626	-	-	626	1,421	-	-	1,421
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	19	-	-	19	35	-	-	35
Accrued expenses and other liabilities	359	-	-	359	379	-	-	379
	1,004	-	-	1,004	1,835	-	-	1,835
Unit holders' fund	223,094	-	-	223,094	448,306	-	-	448,306

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



Financial Liabilities

Payable to NBP Fund Management Limited - Management Limited
 Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee
 Accrued expenses and other liabilities

Unit holders' fund

As At 30 June 2019				As At 30 June 2018			
NIAAP - VII				NIAAP - VII			
Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----							
416	-	-	416	565	-	-	565
5	-	-	5	15	-	-	15
250	-	-	250	272	-	-	272
671	-	-	671	852	-	-	852
75,843	-	-	75,843	195,469	-	-	195,469

Financial Liabilities

Payable to NBP Fund Management Limited - Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other liabilities

Unit holders' fund

As At 30 June 2019				As At 30 June 2018			
NIAAP - VIII				NIAAP - VIII			
Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----							
268	-	-	268	579	-	-	579
33	-	-	33	45	-	-	45
323	-	-	323	324	-	-	324
624	-	-	624	948	-	-	948
396,279	-	-	396,279	588,504	-	-	588,504

Financial Liabilities

Payable to NBP Fund Management Limited - Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other liabilities

Unit holders' fund

As At 30 June 2019				As At 30 June 2018			
NICPP - I				NICPP - I			
Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----							
781	-	-	781	1,491	-	-	1,491
66	-	-	66	149	-	-	149
446	-	-	446	203	-	-	203
1,293	-	-	1,293	1,843	-	-	1,843
792,671	-	-	792,671	1,762,589	-	-	1,762,589

	As At 30 June 2019				As At 30 June 2018			
	NICPP - II				NICPP - II			
	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----								
Financial Liabilities								
Payable to NBP Fund Management Limited - Management Company	1,328	-	-	1,328	1,933	-	-	1,933
Payable to Central Depository Company of Pakistan Limited - Trustee	37	-	-	37	67	-	-	67
Accrued expenses and other liabilities	437	-	-	437	156	-	-	156
	1,802	-	-	1,802	2,156	-	-	2,156
Unit holders' fund	379,318	-	-	379,318	852,992	-	-	852,992

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND - II



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

		30 June 2019						
		NIAAP-VI						
		Carrying value			Fair value			
	At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
<i>Investments</i>								
	Mutual funds - related parties	206,575	-	206,575	-	206,575	-	206,575
Financial assets not measured at fair value								
27.1	Bank balances	-	9,125	9,125	-	-	-	-
	Profit receivable on bank deposits	-	199	199	-	-	-	-
	Receivable against sale of investments	-	8,500	8,500	-	-	-	-
		-	17,824	17,824	-	-	-	-
Financial liabilities not measured at fair value								
27.1	Payable to NBP Fund Management Limited - Management Company	-	626	626	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	-	19	19	-	-	-	-
	Accrued expenses and other liabilities	-	359	359	-	-	-	-
		-	1,004	1,004	-	-	-	-
		30 June 2018						
		NIAAP-VI						
		Carrying value			Fair value			
	At fair value through profit or loss	Loans and receivables	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
<i>Investments</i>								
	Mutual funds - related parties	422,322	-	422,322	-	422,322	-	422,322
Financial assets not measured at fair value								
27.1	Bank balances	-	28,028	28,028	-	-	-	-
	Profit receivable on bank deposits	-	168	168	-	-	-	-
		-	28,196	28,196	-	-	-	-
Financial liabilities not measured at fair value								
27.1	Payable to NBP Fund Management Company	-	1421	1,421	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	35	35	-	-	-	-
	Accrued expenses and other liabilities	-	379	379	-	-	-	-
		-	1,835	1,835	-	-	-	-

As at 30 June 2019						
NIAAP-VII						
Carrying value			Fair value			
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments						
Mutual funds - related parties						
67,915	-	67,915	-	67,915	-	67,915
Financial assets not measured at fair value						
Bank balances						
Profit receivable on bank deposits						
Advance and other receivable						
Receivable against sale of investments						
-	5,631	5,631	-	-	-	-
-	91	91	-	-	-	-
-	8	8	-	-	-	-
-	3,000	3,000	-	-	-	-
-	8,730	8,730	-	-	-	-
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Limited - Management Company						
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee						
Accrued expenses and other liabilities						
-	416	416	-	-	-	-
-	5	5	-	-	-	-
-	250	250	-	-	-	-
-	671	671	-	-	-	-
----- (Rupees in '000) -----						
As at 30 June 2018						
NIAAP-VII						
Carrying value			Fair value			
At fair value through profit or loss	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments						
Mutual funds - related parties						
184,774	-	184,774	-	184,774	-	184,774
Financial assets not measured at fair value						
Bank balances						
Profit receivable on bank deposits						
Advance and other receivable						
-	11,647	11,647	-	-	-	-
-	74	74	-	-	-	-
-	8	8	-	-	-	-
-	11,729	11,729	-	-	-	-
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Company						
Payable to Central Depository Company of Pakistan Limited - Trustee						
Accrued expenses and other liabilities						
-	565	565	-	-	-	-
-	15	15	-	-	-	-
-	272	272	-	-	-	-
-	852	852	-	-	-	-

		As at 30 June 2019					
		NIAAP-VIII					
		Carrying value			Fair value		
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
Mutual funds - related parties							
	362,971	-	362,971	-	362,971	-	
						362,971	
Financial assets not measured at fair value							
Bank balances							
Profit receivable on bank deposits							
Advance and other receivable							
		34,159	34,159				
		313	313				
		6	6				
		34,478	34,478				
Financial liabilities not measured at fair value							
Payable to NBP Fund Management Company							
Payable to Central Depository Company of Pakistan Limited - Trustee							
Accrued expenses and other liabilities							
		268	268				
		33	33				
		323	323				
		624	624				
		As at 30 June 2018					
		NIAAP-VIII					
		Carrying value			Fair value		
At fair value through profit or loss	Loans and receivables	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
Mutual funds - related parties							
	551,446	-	551,446	-	551,446	-	
						551,446	
Financial assets not measured at fair value							
Bank balances							
Profit receivable on bank deposits							
Advance and other receivable							
		38,206	38,206				
		214	214				
		6	6				
		38,426	38,426				
Financial liabilities not measured at fair value							
Payable to NBP Fund Management Company							
Payable to Central Depository Company of Pakistan Limited - Trustee							
Accrued expenses and other liabilities							
		579	579				
		45	45				
		324	324				
		948	948				

		As at 30 June 2019					
		NICPP - I					
		Carrying value			Fair value		
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
Mutual funds - related parties		750,404	-	750,404	-	750,404	
Financial assets not measured at fair value							
Bank balances	44,806	44,806	-	-	-	-	
Profit receivable on bank deposits	457	457	-	-	-	-	
Advance and other receivable	39	39	-	-	-	-	
	45,302	45,302	-	-	-	-	
Financial liabilities not measured at fair value							
Payable to NBP Fund Management Company	781	781	-	-	-	-	
Payable to Central Depository Company of Pakistan Limited - Trustee	66	66	-	-	-	-	
Accrued expenses and other liabilities	446	446	-	-	-	-	
	1,293	1,293	-	-	-	-	
		As at 30 June 2018					
		NICPP - I					
		Carrying value			Fair value		
At fair value through profit or loss	Loans and receivables	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
Mutual funds - related parties		1,658,717	-	1,658,717	-	1,658,717	
Financial assets not measured at fair value							
Bank balances	105,550	105,550	-	-	-	-	
Profit receivable on bank deposits	599	599	-	-	-	-	
Advance and other receivable	39	39	-	-	-	-	
	106,188	106,188	-	-	-	-	
Financial liabilities not measured at fair value							
Payable to NBP Fund Management Company	1,491	1,491	-	-	-	-	
Payable to Central Depository Company of Pakistan Limited - Trustee	149	149	-	-	-	-	
Accrued expenses and other liabilities	203	203	-	-	-	-	
	1,843	1,843	-	-	-	-	

As at 30 June 2019						
NICPP - II						
At fair value through profit or loss	Carrying value		Fair value			
	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments						
Mutual funds - related parties	71,652	-	71,652	-	71,652	-
Financial assets not measured at fair value						
Bank balances	-	305,472	305,472	-	-	-
Profit receivable on bank deposits	-	3,230	3,230	-	-	-
	-	308,702	308,702	-	-	-
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Company	-	1,328	1,328	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	37	37	-	-	-
Accrued expenses and other liabilities	-	437	437	-	-	-
	-	1,802	1,802	-	-	-
As at 30 June 2018						
NICPP - II						
At fair value through profit or loss	Carrying value		Fair value			
	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments						
Mutual funds - related parties	46,914	-	46,914	-	46,914	-
Financial assets not measured at fair value						
Bank balances	-	803,059	803,059	-	-	-
Profit receivable on bank deposits	-	4,541	4,541	-	-	-
	-	807,600	807,600	-	-	-
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Company	-	1,933	1,933	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	67	67	-	-	-
Accrued expenses and other liabilities	-	156	156	-	-	-
	-	2,156	2,156	-	-	-

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

27.2 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of each respective plan at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders of each respective plan approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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 under management.

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

29 SUBSEQUENT EVENT - NON ADJUSTING

The Management Company on 19 July 2019 has declared distribution of Rs. 1.6178 per unit for NAFA - Islamic Capital Preservation Plan I (NICPP - I) (for full year). The aggregate cash distribution is Rs. 12 million for NAFA - Islamic Capital Preservation Plan I (NICPP - I).

The financial statements of the Fund for the year ended 30 June 2019 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 30 June 2020.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 30 August, 2019.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	2019					2018					2017	
	NIAAP VI For the year ended June 30, 2019	NIAAP VII For the year ended June 30, 2019	NIAAP VIII For the year ended June 30, 2019	NICPP-I For the year ended 30, 2019	NICPP-II For the year ended 30, 2019	NIAAP VI For the year ended June 30, 2018	NIAAP VII For the year ended June 30, 2018	NIAAP VIII For the period ended June 30, 2018	NICPP-I For the period ended June 30, 2018	NICPP-II For the period ended June 30, 2018	NIAAP VI For the period ended June 30, 2017	NIAAP VII For the period ended June 30, 2017
Net assets at the year / period ended (Rs '000)	223,094	75,843	396,279	792,671	379,318	448,306	195,469	588,504	1,762,589	852,992	893,904	174,577
Net (Loss) / income for the year / period ended (Rs '000)	(28,797)	(10,470)	(20,398)	27,359	6,096	(64,783)	(14,291)	4,925	8,082	5,161	(52,476)	(41)
Net Asset Value per unit at the year / period ended (Rs)	79.1139	84.7782	96.2016	101.8306	100.1129	87.0647	93.4852	100.3081	100.3672	100.5769	94.4551	99.9773
Offer Price per unit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Redemption Price per unit	79.1139	84.7782	96.2016	101.8306	100.1129	87.0647	93.4852	100.3081	100.3672	100.5769	94.4551	99.9773
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	89.5347	96.1950	103.2221	101.4888	103.6082	95.8903	100.9567	105.6002	100.7581	100.6673	100.0068	100.0000
Ex - Lowest redemption price per unit (Rs.)	77.9638	83.5841	94.7363	98.0093	99.3634	82.6638	89.1658	98.3967	99.4565	100.0000	92.8764	99.9773
Opening Nav of Fiscal Year	87.0647	93.4852	100.3081	98.4138	100.5769	94.4551	99.9773	100.0000	99.6371	100.0000	100.0000	100.0000
Total return of the fund	-9.13%	-9.31%	-4.09%	1.83%	0.11%	-7.82%	-6.49%	0.31%	0.37%	0.56%	-5.54%	-0.02%
Capital growth	-9.13%	-9.31%	-4.09%	0.21%	0.11%				0.00%	0.00%	-	-
Income distribution as % of Ex nav				1.61%					0.36%	0.57%	-	-
Income distribution as % of Par nav				1.62%					0.36%	0.57%	-	-
Distribution												
Interim distribution per unit												
Final distribution per unit				1.6178				0.3642	0.5747	-	-	
Distribution Dates												
Interim												
Final				19-Jul-19				4-Jul-18	4-Jul-18	-	-	
Average annual return of the fund (launch date May 26, 2015)												
(Since inception to June 30, 2019)	-10.58%	-7.91%	-2.31%	1.65%	0.59%							
(Since inception to June 30, 2018)						-11.87%	-6.50%	0.31%	0.37%	0.56%		
(Since inception to June 30, 2017)											-5.54%	-0.02%
(Since inception to June 30, 2016)												
Portfolio Composition (Please see Fund Manager Report)												

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

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