



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NBP BALANCED FUND



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.**



Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	07
TRUSTEE REPORT TO THE UNIT HOLDERS	13
FUND MANAGER REPORT	14
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	17
STATEMENT OF ASSETS AND LIABILITIES	20
INCOME STATEMENT	21
STATEMENT OF COMPREHENSIVE INCOME	22
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	23
CASH FLOW STATEMENT	24
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	25
PERFORMANCE TABLE	63
PROXY ISSUED BY THE FUND	64

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 Murtaza 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
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan

NBP BALANCED FUND (FORMERLY ; NAFA MULTI ASSET FUND)



Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited
Zarai Taraqati Bank Limited

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 4, 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
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



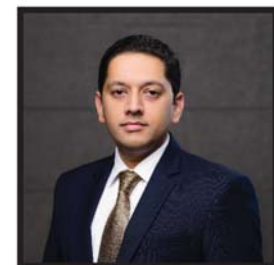
Mr. Salman Ahmed, CFA
Head Of Risk Management



Mr. Zaheer Iqbal, ACA, FPFA
Head Of Operations



Mr. Raheel Rehman, ACA
Head Of Compliance



Mr. Shahbaz Umer
Head Of Human Resource

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Thirteen Annual Report of NBP Balanced Fund (NBF) (Formerly: NAFA Multi Asset Fund) for the year ended June 30, 2019.

Fund's Performance

After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KSE-100 Index fell sharply by 19.1% 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).

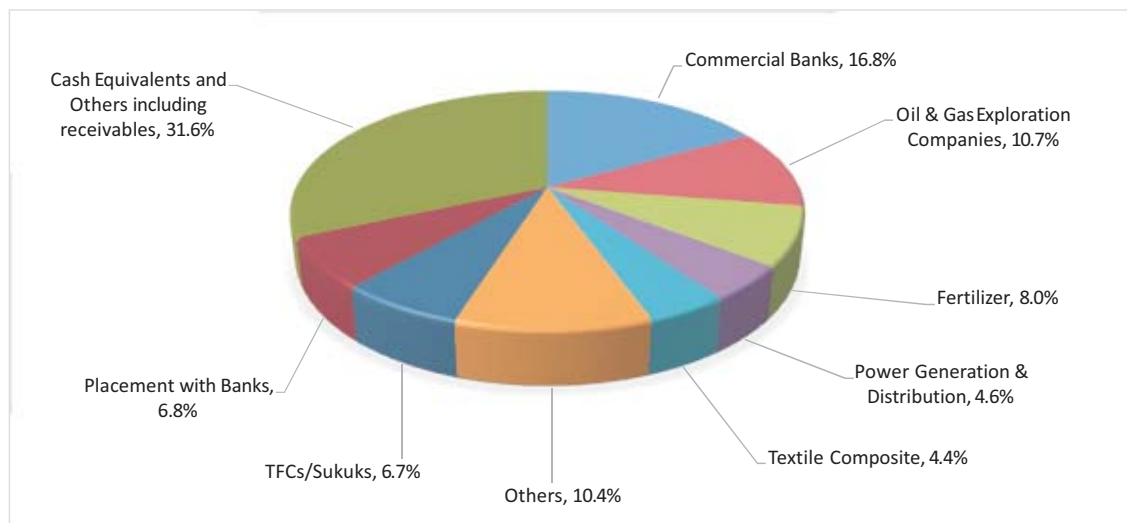
Faced with the challenging economic conditions, with the objectives to contain inflation and curtail external account imbalances, the incumbent government embarked on tightening policies including massive devaluation of overvalued Pak Rupee against the US Dollar, sharp hike in the Policy Rate, increasing/expanding 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.

The trading activity in TFCs / Sukuks remained thin during FY2019 with the cumulative traded value of around Rs. 16 billion compared to Rs. 21 billion in FY2018. We have seen surge in the primary issuance as the demand for long-term credit increased, notably in the power sector. 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 sovereign yields also responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bill yields went up by 597 bps, 595 bps, and 593 bps, respectively.

During the fiscal year, NBP Balanced Fund decreased by 8.5% versus the benchmark decreased by 3.6% translating into an underperformance of 4.9% during the year. The drag on the Fund performance was lagged performance of its key holdings belonging to some cyclical sectors, which were indiscriminately sold-off during the risk-off period under review. We expect these stocks to regain the lost ground with the improvement of market sentiments in the due course of time given their undemanding valuations. Since its launch (January 19, 2007), the Fund has risen by 336.8%, versus the benchmark return of 149.6%, thus to date outperformance is 187.2%. This outperformance is net of management fee and all other expenses. The Fund size is 1,404 mln as of June 30, 2019

NBP Balanced Fund has incurred a total loss of Rs.82.734 million during the year. After accounting for expenses of Rs.50.913 million, the net loss is Rs. 133.647 million. The asset allocation of NBP Balanced Fund 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 Fund.

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 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 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 26 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 23 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:

NBP BALANCED FUND

(FORMERLY ; NAFA MULTI ASSET FUND)



Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	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

این پی ٹی فنڈ میٹجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این پی ٹی بیلنسڈ فنڈ (NBF) (سابقہ: NAFA ملٹی ایسیٹ فنڈ) کی تیرہویں سالانہ رپورٹ برائے پچھترہ سال 30 جون 2019ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

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% کمی واقع ہوئی اگرچہ اس سال مارکیٹ کا آغاز مثبت انداز سے ہوا جیسا کہ سرمایہ کاروں نے دو منتخب جمہوری حکومتوں کے پُر امن 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 دوہرے 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 روپیہ کی قدر میں خاطر خواہ کمی، پالیسی شرح میں تیز ترین اضافہ، غیر ضروری پر تعیش 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 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 لاگتوں میں اضافے کے باعث ہوا جس کے نتیجے میں سرمایہ کاروں کے جذبات مزید مدہم پڑ 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 پلامنٹھلے کے بعد پاکستان اور بھارت کے درمیان کشیدگی بڑھ گئی جس سے سرمایہ کاروں کے جذبات بھی مدہم ہوئے۔ فنانشل ایکشن ٹاسک فورس (ایف اے ٹی ایف) کی جاری کارروائی سے متعلق منفی خبروں نے آپریشنل 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 قلیل مدت پریشانی کا حامل رہا جس کے منفی اثرات اقتصادی ترقی، کاروباری منافع، صارفین کے اعتماد اور سرمایہ کاروں کے مدہم جذبات کی شکل میں ظاہر ہوئی۔

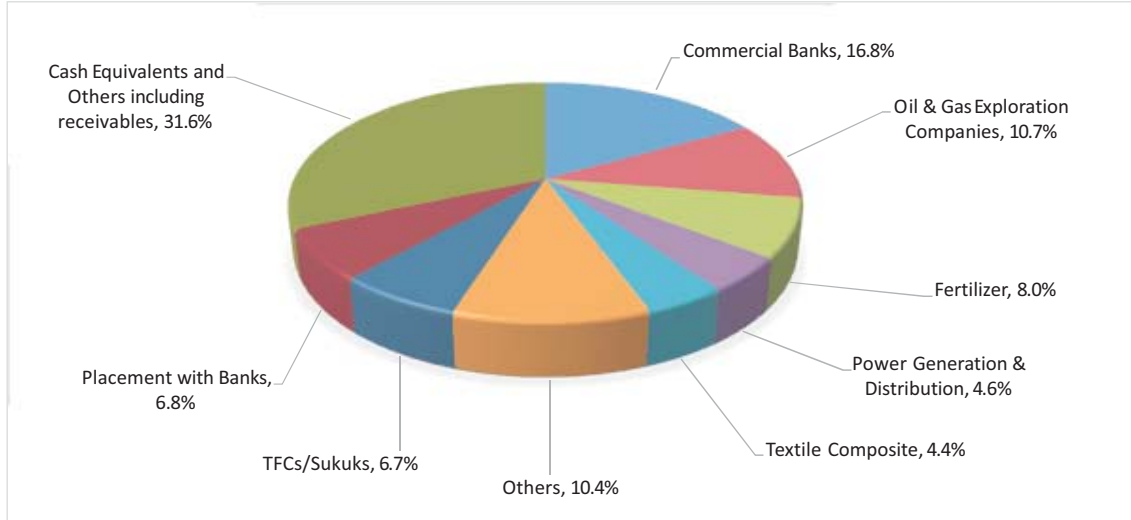
TFCs / سکوک میں تجارتی سرگرمی مالی سال 2018 میں 21 بلین روپے کے مقابلے میں مالی سال 2019 کے دوران تقریباً 16 بلین روپے کی مجموعی تجارتی قیمت کے ساتھ کم رہی۔ بنیادی اجراء میں اضافہ دیکھا گیا کیونکہ طویل مدتی کریڈٹ کی طلب خاص طور پر بجلی کے شعبے میں قابل ذکر حد تک بڑھ گئی۔

مالی سال 2019 کے دوران، بینک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ مائٹری پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور روپیہ 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 بلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پیکش 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، اشیائے خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، یوٹی لیبٹیز کے نزخوں 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۔ گورنمنٹ بونڈ کے منافع بھی پالیسی کی شرح میں اضافے کے جواب میں بالترتیب 3 ماہ، 6 ماہ اور 12 ماہ کے T-Bills 597 bps اور 593 bps تک بڑھ گئے۔

مالی سال کے دوران، NBP بیلنسڈ فنڈ 3.6% منج مارک کمی کے بخلاف 8.5% تک کم ہوا جس کے نتیجے میں سال کے دوران 4.9% کی ایتر کارکردگی ظاہر کی۔ فنڈ کی کارکردگی پرست روی چند گردش شعبوں سے متعلقہ کلیدی ہولڈنگز کی سست کارکردگی تھا، جسے زیر جائزہ رسک آف مدت کے دوران بلا امتیاز فروخت کر دیا گیا۔ ہم توقع کرتے ہیں کہ ان ذخائر کی وجہ سے مارکیٹ جذبات کی بہتری کے ساتھ کھولے ہوئے مقام کو دوبارہ حاصل کریں گے جبکہ ان کی غیر متزلزل قیمتوں کا اندازہ ہوگا۔ اپنے آغاز (19 جنوری 2007) سے، فنڈ میں 149.6 فیصد منج مارک ریٹرن کے مقابلے میں 336.8 فیصد اضافہ ہوا ہے، چنانچہ آج تک بہتر کارکردگی 187.2 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ حاصل ہے۔ فنڈ کا سائز 30 جون 2019 کو 1,404 بلین ہے۔

NBP بیلنسڈ فنڈ نے سال کے دوران 82.734 بلین روپے کا کل نقصان برداشت کیا ہے۔ 50.913 بلین روپے کے اخراجات کے شمار کے بعد، خالص نقصان 133.647 بلین روپے ہے۔

30 جون 2019 کے مطابق NBP بیلنسڈ فنڈ کی ایسٹ ایبلٹیشن حسب ذیل ہے:



آمدنی کی تقسیم

سال کے لئے خالص نقصان کی وجہ سے، کوئی ڈسٹری بیوشن نہیں کی گئی ہے۔

ٹیکسیکیشن

خالص نقصان کے اکاؤنٹ پر، فنڈ کے مالی حسابات میں ٹیکس کے لئے کوئی پروویژن نہیں کی گئی۔

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 پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ 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 پیروی کی گئی ہے۔ شماراتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیلی / اہم مالیاتی ڈیٹا اس سال سے رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں کی گئی ہے۔

- 11 پونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی بیکٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یوٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کی گئی ہے۔
- 13 مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان 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	کیٹیگری
•1 جناب کمال عامر چنائے	غیر جانبدار ڈائریکٹرز
•2 جناب شہیر یار فاروق	
•3 جناب ہمایوں بشیر	
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیرمین)	نان ایگزیکٹو ڈائریکٹرز
•2 جناب ناصر حسین	
•3 جناب عبدالہادی پالیکر	
•4 جناب علی سیگل	
•5 جناب عمران ظفر	

اظہار تشکر

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

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

منیاب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹرز

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 NBP Balanced Fund (formerly NAFA Multi Asset Fund) (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 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

Investment Objective of the Fund

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

Benchmark

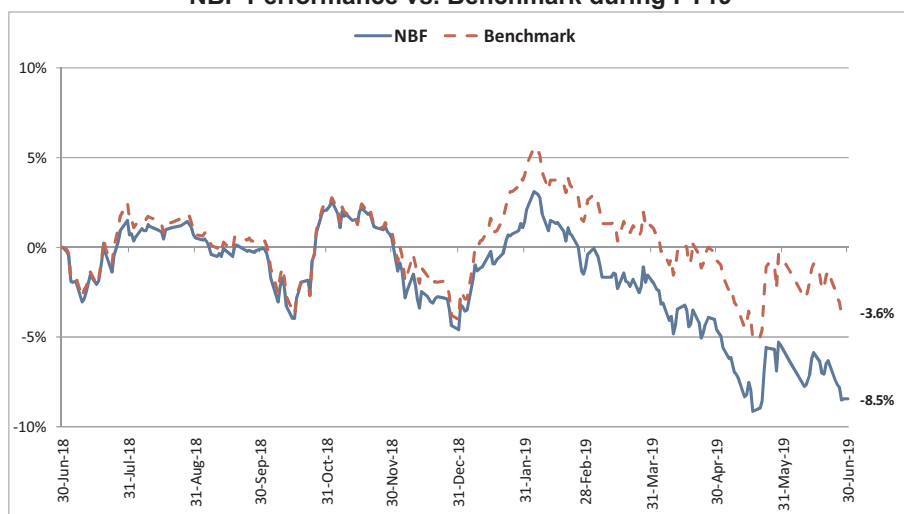
Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 50% KSE-30 Total Return Index & 50% 3-Month KIBOR.

Fund Performance Review

This is the thirteenth annual report of the Fund. During the fiscal year, NAFA Balanced Fund decreased by 8.5% versus the benchmark decreased by 3.6% translating into an underperformance of 4.9% during the year. Since its launch (January 19, 2007), the Fund has risen by 336.8%, versus the benchmark return of 149.6%, thus to date outperformance is 187.2%. This outperformance is net of management fee and all other expenses. Thus, NBF has met its investment objective. During the year, the fund size of NMF decreased by 15% to Rs. 1,404 mn.

NMF underperformed during the year as the Fund was overweight in key stocks in Engineering, Cement, Paper & Board, and Vanaspati & Allied Industries sectors that underperformed the market and underweight in key stocks in Commercial Banks, Tobacco, and Fertilizer sectors that outperformed the market, thereby contributing to the underperformance. The chart below shows the performance of NMF against the Benchmark for the year.

NBF Performance vs. Benchmark during FY19



At the start of the year, NBF was around 45.0% invested in equities. During the year, we altered the allocation of the Fund based on the expected performance of different asset classes. Towards the end of the year, the allocation in equities was around 54.9%.

After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KSE-100 Index fell sharply by 19.1% 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 sovereign yields also responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bill yields went up by 597 bps, 595 bps, and 593 bps, respectively.

The trading activity in TFCs / Sukuks remained thin during FY2019 with the cumulative traded value of around Rs. 16 billion compared to Rs. 21 billion in FY2018. We have seen surge in the primary issuance as the demand for long-term credit increased, notably in the power sector.

During the period under question:

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs.12.2129 million. If the same were not made the NAV per unit/FY19 return of scheme would be higher by Rs. 0.1434/0.8698%. For details investors are advised to read note 14.1 of the Financial Statement of the Scheme for the year ended June 30, 2019.

Particulars	30-Jun-19	30-Jun-18
Equities / Stocks	54.9%	45.0%
TFCs / Sukuks	6.7%	7.1%
Placement with Banks	6.8%	5.2%
Cash Equivalents	33.1%	44.1%
Other Net Liabilities	(1.5%)	(1.4%)
Total	100.0%	100.0%

Details of Non-Compliant Investments

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

Income Distribution

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

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
1-1000	150
1001-5000	120
5001-10000	54
10001-50000	100
50001-100000	27
100001-500000	31
500001-1000000	1
1000001-5000000	3
5000001-10000000	1
10000001-100000000	2
Total	489

INDEPENDENT AUDITORS' REPORT

To the Unit Holders of the NBP Balanced Fund (Formerly; NAFA Multi Asset Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Balanced Fund (Formerly; NAFA Multi Asset Fund) ("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: 27 September 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	2019 (Rupees in '000)	2018
Assets			
Bank Balances	7	464,789	729,754
Investments	8	960,831	947,249
Dividend and profit receivables	9	9,173	6,007
Advance, deposits and prepayments	10	3,842	3,732
Total assets		1,438,635	1,686,742
Liabilities			
Payable to NBP Fund Management Limited - Management Company	11	6,510	4,535
Payable to Central Depository Company of Pakistan Limited - Trustee	12	270	353
Payable to Securities and Exchange Commission of Pakistan	13	1,352	1,476
Accrued expenses and other liabilities	14	26,369	26,354
Total liabilities		34,501	32,718
Net assets		1,404,134	1,654,024
Unit holders' fund (as per statement attached)		1,404,134	1,654,024
Contingency and commitment	15		
		(Number of units)	
Number of units in issue	16	85,168,283	91,847,605
		(Rupees)	
Net assets value per unit		16.4866	18.0084

The annexed notes 1 to 31 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 ENDED 30 JUNE 2019

	Note	2019 (Rupees in '000)	2018
Income			
Income from term finance certificates and sukuks		11,290	9,291
Discount income on Treasury bills		8,862	4,193
Profit on bank deposits		58,574	35,084
Dividend income		41,410	51,430
Loss on sale of investments at fair value through profit or loss (FVTPL) - net		(52,355)	(84,713)
Net unrealised diminution on re-measurement of investments at FVTPL		(150,515)	(86,533)
Total loss		(82,734)	(71,248)
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	11.1	31,809	34,736
Sindh Sales Tax on remuneration to Management Company	11.2	4,135	4,516
Remuneration to Central Depository Company of Pakistan Limited - Trustee	12.1	2,590	2,737
Sindh Sales Tax on remuneration to Trustee	12.2	337	356
Selling and marketing expenses	11.3	5,455	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	11.4	1,590	1,737
Annual fee - Securities and Exchange Commission of Pakistan	13	1,352	1,476
Securities transaction cost		1,926	820
Auditors' remuneration	17	717	609
Settlement and bank charges		646	376
Mutual fund rating fee		212	190
Legal and professional charges		76	86
Printing charges		40	55
Annual listing fee		28	28
Total expenses		50,913	47,722
Net loss from operating activities		(133,647)	(118,970)
Provision for Sindh Workers' Welfare Fund	14.1	-	-
Net loss for the year before taxation		(133,647)	(118,970)
Taxation	18	-	-
Net loss for the year		(133,647)	(118,970)

The annexed notes 1 to 31 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 ENDED 30 JUNE 2019

	<i>Note</i>	2019	2018
		(Rupees in '000)	
Net loss for the year		(133,647)	(118,970)
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(133,647)</u>	<u>(118,970)</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2019			2018		
	Value	Undistributed income	Total	Value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	1,010,443	643,581	1,654,024	1,077,061	770,053	1,847,114
Issue of 4,517,756 units (2018: 12,381,712 units)						
- Capital value	81,358	-	81,358	238,080	-	238,080
- Element of loss	(653)	-	(653)	(8,618)	-	(8,618)
Total proceeds on issuance of units	80,705	-	80,705	229,462	-	229,462
Redemption of 11,197,078 units (2018:16,384,380 units)						
- Capital value	(201,642)	-	(201,642)	(314,739)	-	(314,739)
- Element of income	4,694	-	4,694	18,659	-	18,659
Total payments on redemption of units	(196,948)	-	(196,948)	(296,080)	-	(296,080)
Total comprehensive loss for the year	-	(133,647)	(133,647)	-	(118,970)	(118,970)
Interim Distribution for the year ended 30 June 2019: Nil [2018: 0.765% (Date of distribution: 15 September 2017)]						
- Cash distribution	-	-	-	-	(7,502)	(7,502)
Net assets at end of the year	894,200	509,934	1,404,134	1,010,443	643,581	1,654,024
Undistributed income brought forward						
- Realised		730,114			528,024	
- Unrealised		(86,533)			242,029	
		643,581			770,053	
Net loss for the year		(133,647)			(118,970)	
Interim Distribution for the year ended 30 June 2019: Nil [2018: 0.765% (Date of distribution: 15 September 2017)]						
- Cash distribution		-			(7,502)	
Undistributed income carried forward		509,934			643,581	
Undistributed income carried forward						
- Realised		660,449			730,114	
- Unrealised		(150,515)			(86,533)	
		509,934			643,581	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		18.0084			19.2708	
Net assets value per unit at end of the year		16.4866			18.0084	

The annexed notes 1 to 31 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 ENDED 30 JUNE 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES			
Net loss for the year		(133,647)	(118,970)
Adjustments:			
Net unrealised diminution on re-measurement of investments at FVTPL		150,515	86,533
		<u>16,868</u>	<u>(32,437)</u>
(Increase) / decrease in assets			
Investments		(164,097)	141,648
Dividend and profit receivables		(3,166)	(3,040)
Advance, deposits and prepayments		(110)	-
		<u>(167,373)</u>	<u>138,608</u>
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		1,975	(696)
Payable to Central Depository Company of Pakistan Limited - Trustee		(83)	(51)
Payable to Securities and Exchange Commission of Pakistan		(124)	59
Accrued expenses and other liabilities		15	(4,306)
		<u>1,783</u>	<u>(4,994)</u>
Net cash (used in) / generated from operating activities		<u>(148,722)</u>	<u>101,177</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
	20		
Amounts received against issuance of units		80,705	229,462
Payment against redemption of units		(196,948)	(296,080)
Distributions paid		-	(35,746)
Net cash used in financing activities		<u>(116,243)</u>	<u>(102,364)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(264,965)</u>	<u>(1,187)</u>
Cash and cash equivalents at beginning of the year		729,754	730,941
Cash and cash equivalents at end of the year	7	<u><u>464,789</u></u>	<u><u>729,754</u></u>

The annexed notes 1 to 31 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 ENDED 30 JUNE 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Balanced Fund (Formerly; NAFA Multi Asset Fund) 'the Fund' was established under a Trust Deed executed between the NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed on 06 December 2006 and was authorised by the Securities and Exchange Commission of Pakistan (SECP) on 20 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The effective date of change of name of the Fund is 5 April 2019.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as a "balanced scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund is to provide its investors with a combination of capital growth and income. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments etc.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company, long term and short term performance ranking of '4 star' to the Fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the 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 5.3)
- (b) Element of income (Note 5.6)

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' where as for debt securities measured at amortised cost there are impairment requirements. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

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 and (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 needs for liquidity or changes in prices.

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 includes only cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt and equity securities. These financial assets are managed and their performances 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 as 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 Debt Securities (other than government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates,

MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of government securities

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

c) Basis of valuation of equity securities

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

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

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

d) Loans and receivables

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

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:

a) Debt securities (other than Government securities)

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

b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Basis of valuation of equity securities

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

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

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

a) Debt securities

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

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

b) Equity Securities

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

c) Loans and receivables

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

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.

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund Manager.

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 Securities purchased under repurchased agreement

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

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

5.1.13 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 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.

5.4 Taxation

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

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

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

5.5 Issue and redemption of units

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

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

5.6 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.

5.7 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.

5.8 Net assets value per unit

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

5.9 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.

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

5.10 Distributions

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.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Listed Equity Securities	(a)	Held for trading	Mandatorily at FVTPL	744,286	744,286
Term finance certificates	(a)	Held for trading	Mandatorily at FVTPL	116,869	116,869
Sukuk bonds	(b)	Available for sale	Mandatorily at FVTPL	-	-
Term deposit receipt	(c)	Loans and receivables	at FVTPL	86,094	86,094
Bank balances	(d)	Loans and receivables	Amortised cost	729,754	729,754
Dividend and profit receivables	(d)	Loans and receivables	Amortised cost	6,007	6,007
Deposits and other receivable	(d)	Loans and receivables	Amortised cost	2,850	2,850
				<u>1,685,860</u>	<u>1,685,860</u>
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company		Amortised cost	Amortised cost	4,535	4,535
Payable to Central Depository Company of Pakistan - Trustee		Amortised cost	Amortised cost	353	353
Accrued expenses and other liabilities		Amortised cost	Amortised cost	1,604	1,604
				<u>6,492</u>	<u>6,492</u>

The reclassifications set out in the table above are explained below.

- (a) Listed Equity Securities and Term Finance Certificates 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) Sukuk bonds are fully provided, however also classified from available for sale to at fair value through profit or loss.
- (c) Term deposit receipt classified as 'loans and receivables' have been classified at fair value through profit or loss.
- (d) The financial assets classified as 'loans and receivables' have been classified as amortised cost.

7 BANK BALANCES		2019	2018
		(Rupees in '000)	
In current accounts		6,163	5,989
In savings accounts	7.1 & 7.2	<u>458,626</u>	<u>723,765</u>
		<u>464,789</u>	<u>729,754</u>

7.1 These carry a rate of return ranging from 3.75% to 13.85% (2018: 3.75% to 7.50%) per annum.

7.2 This includes cheques amounting to Rs. 0.55 million (2018: Rs. Nil) issued on account of redemption of units and the cheques amounting to Rs. Nil (2018: Rs. 12 million) received on account of issuance of units as at year end.

8 INVESTMENTS

Investments by category

At fair value through profit or loss

- Listed equity securities	8.1	770,498	744,286
- Term finance certificates - listed	8.2	-	-
- Term finance certificates - unlisted	8.3	94,588	116,869
- Sukuk bonds	8.5	-	-
- Term deposit receipt	8.6	95,745	-

Available for sale

- Sukuk bonds	8.5	-	-
---------------	-----	---	---

Loans and receivables

- Term deposit receipt	8.6	-	86,094
		<u>960,831</u>	<u>947,249</u>

8.1 Equity securities - Listed - at fair value through profit or loss

All shares have a nominal face value of Rs 10 each, except for shares of Thal Limited and Shabbir Tiles and Ceramics Limited which have a face value of Rs 5 and K Electric Limited which has a face value of Rs 4.

NBP BALANCED FUND (FORMERLY ; NAFA MULTI ASSET FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company	As at 1 July 2018	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales 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 investments held	Percentage of paid-up capital of the investee company held
	(Number of Shares)					(Rupees in '000)				
Oil & Gas Exploration Companies										
Oil and Gas Development Company Limited (Refer 8.1.1)	220,096	446,600	-	-	253,300	413,396	54,357	3.87	7.05	0.01
Pakistan Oilfields Limited (Refer 8.1.1)	32,369	82,600	5,954	-	59,300	61,623	25,012	1.78	3.25	0.02
Pakistan Petroleum Limited (Refer 8.1.1)	181,084	242,500	27,868	-	147,000	304,452	43,972	3.13	5.71	0.01
Mari Petroleum Limited	27,200	5,500	2,116	-	8,440	26,376	26,622	1.90	3.46	0.02
	460,749	777,200	35,938	-	468,040	805,847	149,963	10.68	19.47	
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited (Refer 8.1.2)	41,182	106,200	8,237	-	60,300	95,319	16,169	1.15	2.10	0.02
Attock Petroleum Limited	18,951	5,200	2,310	-	10,200	16,261	4,691	0.33	0.61	0.02
Shell Pakistan Limited	36,300	-	-	-	36,300	-	-	-	-	-
Hascol Petroleum Limited (Refer 8.1.2)	565	11,000	4,337	-	13,750	2,152	148	0.01	0.02	-
Sui Northern gas Pipelines	108,500	213,500	-	-	161,000	161,000	11,188	0.80	1.45	0.03
	205,498	335,900	14,884	-	281,550	274,732	32,196	2.29	4.18	
Refinery										
Attock Refinery Limited	2,100	-	-	-	2,100	-	-	-	-	-
National Refinery Limited	-	16,000	-	-	16,000	-	-	-	-	-
	2,100	16,000	-	-	18,100	-	-	-	-	-
Fertilizer										
Engro Fertilizers Limited	479,001	311,500	-	-	341,500	449,001	28,722	2.05	3.72	0.03
Fauji Fertilizer Bin Qasim Limited	37,500	270,000	-	-	307,500	-	-	-	-	-
Engro Corporation Limited	148,018	93,100	13,002	-	97,900	156,220	41,492	2.95	5.39	0.03
Fauji Fertilizer Company Limited	203,001	530,000	-	-	257,500	475,501	41,464	2.95	5.38	0.04
	867,520	1,204,600	13,002	-	1,004,400	1,080,722	111,678	7.95	14.49	

NBP BALANCED FUND (FORMERLY ; NAFA MULTI ASSET FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company	As at 1 July 2018	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2019 value / carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
Chemical									
Akzo Nobel Pakistan Limited	27,800	-	-	-	27,800	-	-	-	-
Descon Oxychem Limited	-	1,046,000	-	-	1,046,000	-	-	-	-
Engro Polymer & Chemicals Limited	149,000	973,500	-	55,123	724,000	453,623	0.88	1.59	0.05
Engro Polymer & Chemicals Limited -Right	55,123	-	-	(55,123)	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	1,333,500	-	-	908,500	425,000	0.47	0.84	0.03
	231,923	3,353,000	-	-	2,706,300	878,623	1.35	2.43	
Cement									
Attock Cement Pakistan Limited	124,100	-	-	-	124,100	-	-	-	-
Cherat Cement Company Limited	82,800	-	-	-	34,000	48,800	0.11	0.20	0.03
D.G. Khan Cement Pakistan Limited	58,100	26,500	-	-	84,600	-	-	-	-
Fauji Cement Company Limited	50,500	-	-	-	50,500	-	-	-	-
Kohat Cement Company Limited	17,500	79,500	5,250	-	-	102,250	0.38	0.70	0.05
Lucky Cement Limited Refer (8.1.1)	22,764	79,300	-	-	60,700	41,364	1.12	2.04	0.01
Maple Leaf Cement Cement Factory Limited	44,000	745,000	-	-	744,000	45,000	0.08	0.14	0.01
Pioneer Cement Limited	-	377,000	-	-	377,000	-	-	-	-
	399,764	1,307,300	5,250	-	1,474,900	237,414	1.69	3.08	
Automobile Parts & Accessories									
Thal Limited	13,186	-	-	-	13,175	11	4	-	-
	13,186	-	-	-	13,175	11	4	-	-
Cable & Electrical Goods									
Pak Elektron Limited	-	210,500	-	-	210,500	-	-	-	-
	-	210,500	-	-	210,500	-	-	-	-
Textile Composite									
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	0.40	0.73	14.61
Gul Ahmed Textile Mills Limited	-	654,500	-	-	75,000	579,500	1.94	3.54	0.16
Interloop Limited	-	105,918	-	-	-	105,918	0.33	0.61	0.01
Kohinoor Textile Mills Limited (Refer 8.1.2)	245,613	-	-	-	66,500	179,113	0.32	0.58	0.06
Nishat (Chunian) Limited	324,500	347,000	-	-	477,500	194,000	0.48	0.88	0.08
Nishat Mills Limited (Refer 8.1.1)	98,700	83,500	-	-	47,500	134,700	0.90	1.63	0.04
	1,475,813	1,190,918	-	-	666,500	2,000,231	4.37	7.97	

NBP BALANCED FUND (FORMERLY ; NAFA MULTI ASSET FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company	As at 1 July 2018	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales 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 investments	Percentage of paid-up capital of the investee company held
Transport										
Pakistan National Shipping Corporation	7,000	-	-	-	7,000	-	-	-	-	-
	7,000				7,000					
Technology & Communication										
Avanceon Limited	-	48,000	19,200	-	44,000	23,200	1,138	0.08	0.15	0.01
Netsol Technologies Limited	-	215,800	-	-	30,000	185,800	12,242	0.87	1.59	0.21
P.T.C.L. "A"	-	480,000	-	-	-	480,000	3,970	0.28	0.52	0.01
Systems Limited	-	77,200	6,350	-	-	83,550	8,018	0.57	1.04	0.07
	-	821,000	25,550	-	74,000	772,550	25,368	1.80	3.30	
VANASPATI AND ALLIED INDUSTRIES										
Unity Foods Limited	-	642,500	-	-	642,500	-	-	-	-	-
Unity Foods Limited - Right	-	-	1,425,258	1,425,244	-	14	-	-	-	-
	-	642,500	-	1,425,258	2,067,744	14	-	-	-	-
Engineering										
Amreli Steels Limited	66,600	-	-	-	66,600	-	-	-	-	-
Aisha Steel Limited	-	220,000	-	-	220,000	-	-	-	-	-
International Industries Limited	61,000	54,300	-	-	83,300	32,000	2,466	0.18	0.32	0.03
International Steels Limited	143,500	182,600	-	-	221,000	105,100	4,174	0.30	0.54	0.02
Itifaq Iron Industries	-	295,000	-	-	295,000	-	-	-	-	-
Mughal Iron & Steel Industries	-	638,500	-	-	257,500	381,000	9,586	0.68	1.24	0.15
	271,100	1,390,400	-	-	1,143,400	518,100	16,226	1.16	2.10	
Power Generation & Distribution										
The Hub Power Company Limited	269,748	472,000	-	56,168	224,000	573,916	45,196	3.22	5.87	0.05
Kot Addu Power Company Limited	108,000	-	-	-	108,000	-	-	-	-	-
K-Electric Limited	250,000	2,268,000	-	-	1,618,000	900,000	3,951	0.28	0.51	-
Lalpir Power Limited	-	644,000	-	-	-	644,000	8,372	0.60	1.09	0.17
Paikgen Power Limited	-	373,000	-	-	-	373,000	5,289	0.38	0.69	0.10
Saif Power Limited	130,000	-	-	-	-	130,000	2,439	0.17	0.32	0.03
	757,748	3,757,000	-	56,168	1,950,000	2,620,916	65,247	4.65	8	

NBP BALANCED FUND (FORMERLY ; NAFA MULTI ASSET FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company	As at 1 July 2018	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2019 value	Market value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
Commercial Banks										
Allied Bank Limited	319,300	14,000	-	-	79,000	254,300	26,707	1.90	3.46	0.02
Askari Bank Limited	562,500	2,500	-	-	435,000	130,000	2,458	0.18	0.32	0.01
Bank Al-Falah Limited	740,500	437,500	81,550	-	217,500	1,042,050	45,423	3.23	5.90	0.06
Bank Al-Habib Limited (Refer 8.1.1)	222,900	210,500	-	-	-	433,400	33,970	2.42	4.41	0.04
Bank of Punjab	-	1,159,500	-	-	422,000	737,500	6,748	0.48	0.88	0.03
Faysal Bank Limited (Refer 8.1.2)	846,597	-	-	-	618,500	228,097	4,909	0.35	0.64	0.02
Habib Bank Limited	243,380	247,300	-	-	141,000	349,680	39,605	2.82	5.14	0.02
Habib Metropolitan Bank Limited	81,000	-	-	-	81,000	-	-	-	-	-
MCB Bank Limited	86,500	45,100	-	-	40,000	91,600	15,980	1.14	2.07	0.01
Meezan Bank Limited	655	17,000	138	-	-	17,793	1,551	0.11	0.20	-
National Bank of Pakistan	-	137,000	-	-	67,000	70,000	2,356	0.17	0.31	-
United Bank Limited	152,191	256,900	-	-	26,000	383,091	56,460	4.02	7.33	0.03
	3,255,523	2,527,300	81,688	-	2,127,000	3,737,511	236,167	16.82	30.66	
Insurance										
Adamjee Insurance Company Limited	-	90,500	-	-	-	90,500	3,172	0.23	0.41	0.03
	-	90,500	-	-	-	90,500	3,172	0.23	0.41	
Glass and Ceramics										
Tariq Glass Industries Limited	171,000	30,000	-	-	81,500	119,500	9,157	0.65	1.18	0.16
Shabbir Tiles & Ceramics Limited	51,500	100,000	-	-	51,500	100,000	1,029	0.07	0.13	0.03
	222,500	130,000	-	-	133,000	219,500	10,186	0.72	1.31	
Paper & Board										
Century Paper & Board Mills Limited	255,400	-	-	-	110,000	145,400	4,529	0.32	0.59	0.10
Cherat Packaging Limited	-	96,200	-	-	17,100	79,100	6,379	0.45	0.83	0.20
	255,400	96,200	-	-	127,100	224,500	10,908	0.77	1.42	
Food and Personal Care Products										
Al Shaheer Corporation Limited	-	55,000	-	-	55,000	-	-	-	-	-
Fauji Foods Limited	-	254,000	-	-	243,500	10,500	138	0.01	0.02	-
Matco Foods Limited	-	337,000	7,000	-	213,000	131,000	3,540	0.26	0.45	0.11
	-	646,000	7,000	-	511,500	141,500	3,678	0.27	0.47	

NBP BALANCED FUND (FORMERLY ; NAFA MULTI ASSET FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company	As at 1 July 2018	Purchases during the year	Bonus issue during the year	Right shares purchased/ subscribed during the year	Sales 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 investments	Percentage of paid-up capital of the investee company held
Automobile Assembler										
Honda Atlas Cars (Pakistan) Limited	-	38,000	-	-	38,000	-	-	-	-	-
Indus Motor Company Limited	6,820	-	-	-	5,600	1,220	1,469	0.10	0.19	-
Milfat Tractors Limited	5,250	4,700	-	-	9,950	-	-	-	-	-
	12,070	42,700	-	-	53,550	1,220	1,469	0.10	0.19	
Pharmaceuticals										
Abbott Lab (Pakistan) Limited.	7,700	-	-	-	7,700	-	-	-	-	-
GlaxoSmithKline (Pakistan) Limited	16,600	40,500	-	-	57,100	-	-	-	-	-
Highnoon Laboratories Limited	-	4,400	440	-	3,700	1,140	289	0.02	0.03	-
The Searle Company Limited	-	16,000	2,400	-	18,400	-	-	-	-	-
	24,300	60,900	2,840	-	86,900	1,140	289	0.02	0.03	
Inv. Banks / Inv. Cos. / Securities Cos.										
Pakistan Stock Exchange Limited	148,454	-	-	-	148,454	-	-	-	-	-
Dawood Hercules Corporation Limited	9,000	-	-	-	9,000	-	-	-	-	-
	157,454	-	-	-	157,454	-	-	-	-	
Miscellaneous										
Synthetic Products Limited	2,500	2,000	-	-	2,500	2,000	44	-	0.01	-
	2,500	2,000	-	-	2,500	2,000	44	-	0.01	
Total - 30 June 2019	8,622,148	18,601,918	186,152	1,481,426	15,284,613	13,607,031	770,498	54.87	100.00	

8.1.1 Investments include shares with market value of Rs. 33.86 million (30 June 2018: Rs. 42.15 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no.11 dated 23 October 2007 issued by the SECP.

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

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 0.92 million (30 June 2018: Rs. 1.093 million) and not yet deposited in CDC account of department of Income Tax.

8.2 Term finance certificates - listed - at fair value through profit or loss

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

Name of the investee company	Number of certificates				As at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2018	Purchases during the year	Disposals during the year	As at 30 June 2019	Market value / carrying value	(Rupees in '000)	(%)
Saudi Pak Leasing Company Limited (note 8.2.1)	10,000	-	-	10,000	-	-	-

8.2.1 This represents investment in term finance certificates with original term of nine years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on 26 December 2011 with a new maturity in March 2017. The said TFCs complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as Non Performing Asset (NPA) since 30 April 2014. The amount of provision of Rs. 27.547 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

8.3 Term finance certificates - unlisted - at fair value through profit or loss

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

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2019 (Rupees in '000)	Market value as a percentage of net assets ----- (%) -----	Market value as a percentage of total investments -----
	As at 01 July 2018	Purchases during the year	Disposals during the year	As at 30 June 2019			
Jahangir Siddiqui and Company Limited	8,000	-	-	8,000	20,000	1.42	2.08
Jahangir Siddiqui and Company Limited	17,100	-	-	17,100	74,588	5.31	7.76
					<u>94,588</u>		

8.4 Significant terms and conditions of term finance certificates and sukuks outstanding at the year end are as follows

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

8.5 Sukuk bonds - unlisted - at fair value through profit or loss

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

Name of the investee company	Number of certificates				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 -----
	As at 01 July 2018	Purchases during the year	Disposals during the year	As at 30 June 2019			
New Allied Electronics Industries (Private) Limited (note 8.5.1)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 8.5.2)	10,000	-	-	10,000	-	-	-
Total as at 30 June 2017	42,000	-	-	42,000	-	-	-

- 8.5.1** This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since 9 January 2009. The amount of provision of Rs. 19,844 as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular. This has been classified as 'fair value through profit and loss' as per IFRS 09 from this year.
- 8.5.2** This represents investment in privately placed sukuk bonds with a term of five years. On 06 May 2011, the issuer has defaulted its scheduled principal and profit payment and therefore it was classified as NPA by MUFAP. The amount of provision of Rs. 19.844 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular. This has been classified as 'fair value through profit and loss' as per IFRS 09 from this year.
- 8.5.3** The sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

8.5.4 Significant terms and conditions of sukuks bonds outstanding at the year end are as follows:

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

- 8.6** This represents TDR placed with JS Bank Limited carrying mark-up at the rate of 13.20% per annum (2018: 7.4% per annum) and matures on 27 September 2019 (2018: 27 September 2018).

9 DIVIDEND AND PROFIT RECEIVABLES

Note

**30 June
2019**

**30 June
2018**

(Rupees in '000)

Profit receivables on savings accounts	4,758	423
Dividend receivables	132	2,143
Profit receivable on term deposit receipts	139	471

Accrued Markup on Term finance certificates and sukuks

Less: Income suspended over non-performing term finance certificates and sukuks *8.2.1 & 8.5.2*

13,332	12,158
(9,188)	(9,188)
4,144	2,970
9,173	6,007

10 ADVANCE, DEPOSITS AND PREPAYMENTS

Advance tax	882	882
Security deposits with:		
- Central Depository Company of Pakistan Limited	100	100
- National Clearing Company of Pakistan Limited	2,750	2,750
Prepayment of Mutual Fund Rating Fee	110	-
	3,842	3,732

11	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	<i>Note</i>	30 June 2019	30 June 2018
			(Rupees in '000)	
	Management remuneration	11.1	2,381	2,742
	Sindh Sales Tax on management remuneration	11.2	310	356
	Sales and transfer load		8	524
	Sindh Sales Tax on sales load		1	67
	Selling and marketing expense	11.3	3,048	-
	Allocation of expenses related to registrar services, accounting, operation and valuation services	11.4	762	846
			<u>6,510</u>	<u>4,535</u>

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 2% of average annual net assets. Accordingly, the Management Company has charged its remuneration at the rate of 2% (30 June 2018: 2%) of the average annual net assets of the Fund.

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 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company is entitled to charge selling and marketing expense to Collective Investment Scheme at the rate of 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Accordingly, such expense has been charged effective from 20 August 2018 at the rate of 0.4% of the average annual net assets of the Fund.

11.4 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

12	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		2019	2018
			(Rupees in '000)	
	Trustee remuneration	12.1	204	222
	Sindh Sales Tax on Trustee remuneration	12.2	26	28
	Settlement charges		40	103
			<u>270</u>	<u>353</u>

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 the daily net assets value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

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

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

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

14 ACCRUED EXPENSES AND OTHER LIABILITIES

2019 **2018**
(Rupees in '000)

Provision for Sindh Workers' Welfare Fund	14.1	12,213	12,213
Federal Excise Duty on management remuneration	14.2	11,587	11,587
Federal Excise Duty on sales load		818	818
Dividend payable		493	493
Auditors' remuneration		531	434
Brokerage fee		176	195
Settlement charges		45	31
Withholding tax		215	132
Legal fee		20	60
Mutual fund rating fee		-	99
Others		271	292
		26,369	26,354

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

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014.

MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

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

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and

- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 20.023 million and a provision for SWWF of Rs. 11.619 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.1434 per unit (2018: Rs 0.1330).

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 11.942 million out of which Rs. 0.355 million have been paid to the Management Company (30 June 2018: Rs. 11.942 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.1402 (30 June 2018: Rs. 0.1300) per unit.

15 CONTINGENCY AND COMMITMENT

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

16 NUMBER OF UNITS IN ISSUE

	2019	2018
	(Number of units)	
Total units in issue at beginning of the year	91,847,605	95,850,273
Add: units issued	4,517,756	12,381,712
Less: units redeemed	<u>(11,197,078)</u>	<u>(16,384,380)</u>
Total units in issue at end of the year	<u><u>85,168,283</u></u>	<u><u>91,847,605</u></u>

- 16.1** There were no units issued against Dividend Reinvestment Plan during the year (2018: 241,330 units, amounting to Rs. 4.38 million, net of taxation).

17 AUDITORS' REMUNERATION

	2019	2018
	(Rupees in '000)	
Audit fee	390	395
Half yearly review	191	154
Out of pocket expenses and others including government levy	<u>136</u>	<u>60</u>
	<u><u>717</u></u>	<u><u>609</u></u>

18 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. 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 During the year ended 30 June 2019, the Fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2019.

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

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

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

The following are the details of non-compliant investments:

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

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

19.2 The management is taking steps to ensure compliance with the above requirements.

NBP BALANCED FUND (FORMERLY ; NAFA MULTI ASSET FUND)



20 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against sale of units	Payable against redemption of units	Dividend payable	Total
	----- (Rupees in '000) -----			
Opening balance as at 1 July 2018	-	-	-	-
Receivable against issuance of units	80,705	-	-	(80,705)
Payable against redemption of units	-	196,948	-	196,948
Dividend Payable	-	-	-	-
	80,705	196,948	-	116,243
Amount received on issuance of units	(80,705)	-	-	80,705
Amount paid on redemption of units	-	(196,948)	-	(196,948)
Dividend paid	-	-	-	-
	(80,705)	(196,948)	-	(116,243)
Closing balance as at 30 June 2019	-	-	-	-

21 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 3.20% per annum. Total expense ratio (excluding government levies) is 2.84% per annum.

22 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2019			Total
	At Amortised Cost	At fair value through profit or loss	Mandatorily at fair value through profit or loss	
	----- (Rupees in '000) -----			
Assets				
Bank balances	464,789	-	-	464,789
Investments	-	95,745	865,086	960,831
Dividend and profit receivables	9,173	-	-	9,173
Deposits	2,850	-	-	2,850
	476,812	95,745	865,086	1,437,643
	30 June 2019			
	Mandatorily at fair value through profit or loss	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----			
Liabilities				
Payable to NBP Fund Management Limited - Management Company	-	-	6,510	6,510
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	270	270
Accrued expenses and other liabilities	-	-	1,536	1,536
	-	-	8,316	8,316

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

23 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 23.1** Connected persons include NBP Fund Management Limited (NBP Funds) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding 10 percent or more units of the Fund.
- 23.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 23.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 23.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

23.5 Transactions during the year:	2019	2018
	(Rupees in '000)	
NBP Fund Management Limited Management Company		
Management remuneration	31,809	34,736
Sindh Sales Tax on remuneration of Management Company	4,135	4,516
Selling and Marketing Expense	5,455	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,590	1,737
Sales Load	1,135	2,179

NBP BALANCED FUND

(FORMERLY ; NAFA MULTI ASSET FUND)



	2019	2018
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	2,590	2,737
Sindh Sales Tax on remuneration of Trustee	337	356
CDS charges	31	25
Employees of the Management Company		
Units issued: Nil units (2018: 17,272 units)	-	325
Units redeemed: Nil units (2018: 15,726 units)	-	287
Mr. Humayun Bashir - Director		
Units issued: Nil units (2018: 315 units)	-	6
Units redeemed: Nil units (2018: 85,779 units)	-	1,578
NBP Employees Pension Fund		
Units issued: Nil units (2018: 111,079 units)	-	2,016
International Industries Limited		
Shares purchased: 54,300 (2018: Nil shares)	8,920	-
Shares sold: 83,300 (2018: 23,500 shares)	14,230	5,909
International Steel Limited		
Shares purchased: 182,600 (2018: Nil shares)	12,620	-
Shares sold: 221,000 (2018: 37,500 shares)	16,074	4,616
Taurus Securities Limited		
Brokerage Charges	105	44
Askari Bank Limited		
Markup on balance	-	74
Shares purchased: 2,500 (2018: 562,500)	59	11,946
Shares sold: 435,000 (2018: Nil shares)	9,679	-
Summit Bank Limited		
Markup on balance	-	1
BYCO Petroleum Pakistan Limited - Employee Provident Fund		
Units issued: Nil (2018: 3,294 units)	-	60
Units redeemed: Nil (2018: 1,045,171 units)	-	18,562
NBP Money Market Fund (Formerly; NAFA Money Market Fund)		
Purchase of T-Bills	69,553	-
Sale of T-Bills	499,769	-

23.6 Amounts outstanding as at year end:	2019	2018
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Management remuneration payable	2,381	2,742
Sindh Sales Tax payable	310	356
Selling and marketing expense	3,048	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	762	846
Sales load and Sindh Sales Tax payable	9	591
Employees of the Management Company		
Units held: 18,252 units (2018: 18,252 units)	301	329
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	204	222
Sindh Sales Tax payable	26	28
Settlement charges payable	40	103
Askari Bank Limited		
Bank Balance in savings account	6,895	1,839
Ordinary shares held: 130,000 (2018: 562,500)	2,458	12,302
National Bank of Pakistan		
Bank Balance in current account	3,113	3,446
NBP Employees Pension Fund		
Units held: 26,464,902 units (2018: 26,464,902 units)	436,316	476,591
Karachi Electric Provident Fund		
Units held: 34,224,720 units (2018: 34,224,720 units)	564,249	616,332
Summit Bank		
Bank Balance in current account	3,094	2,579
Bank Islami Pakistan Limited		
Bank Balance in savings account	6	-
International Steel Limited		
Ordinary shares held: 105,100 (2018: 143,500 shares)	4,174	14,570
International Industries Limited		
Ordinary shares held: 32,000 (2018: 61,000 shares)	2,466	14,170

24 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 year
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	31
2	Mr. Sajjad Anwar	MBA and CFA	19
3	Mr. Hassan Raza	ACCA, BSC and CFA	8
4	Mr. Muhammad Ali Bhabha	CFA, FRM, MBA and MS(CS)	24
5	Mr. Taha Khan Javed*	MBA and CFA	13

*Mr. Taha Khan Javed is the Manager of the Fund. He is also managing NBP Sarmaya Izafa Fund (Formerly; NAFA Asset Allocation Fund), NBP Islamic Sarmaya Izafa Fund (Formerly; NAFA Islamic Asset Allocation Fund), NBP Stock Fund (Formerly; NAFA Stock Fund), NBP Financial Sector Income Fund (Formerly; NAFA Financial Sector Income Fund), NBP Islamic Energy Fund (Formerly; NAFA Islamic Energy Fund), NBP Islamic Active Allocation Equity Fund (Formerly; NAFA Islamic Active Allocation Equity Fund) and NBP Islamic Regular Income Fund (Formerly; NBP Aitemaad Regular Payment Fund).

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

List of brokers by percentage of commission paid during the year ended 30 June 2019:

Particulars	Percentage (%)
1 Taurus Securities Ltd.	6.64%
2 Arif Habib Securities Limited	5.83%
3 Alfalah Securities (Pvt) Limited	4.68%
4 Efg Hermes Pakistan Ltd. (Formerly Invest & Finance Securities Ltd.)	4.24%
5 Elixir Securities Pakistan (Pvt) Limited	4.21%
6 Optimus Capital Management Limited	4.16%
7 Foundation Securities	3.99%
8 Bma Capital Management Limited	3.85%
9 Aqeel Karim Dehdi Securities (Pvt) Limited	3.84%
10 Next Capital Limited	3.84%

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

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

26 PATTERN OF UNIT HOLDING

Category	As at 30 June 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	465	336,544	24%
Associated Companies and Directors	1	436,316	31%
Insurance Companies	1	167	0%
Retirement Funds	13	606,656	43%
Others	9	24,451	2%
	489	1,404,134	100%

Category	As at 30 June 2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	515	451,270	27%
Associated company and directors	1	476,591	29%
Insurance company	1	183	0%
Retirement funds	16	693,524	42%
Listed company	1	1,379	0%
Others	11	31,077	2%
	545	1,654,024	100%

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 68th, 69th, 70th and 71th Board meetings were held on 5 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	Attended	Leave granted	
Mr. Mudassir Husain Khan [note 27.4]	2*	1	1	69th meeting
Mr. Tariq Jamali [note 27.5]	2*	-	2	68th & 69th meeting
Mr. Abdul Hadi Palekar	4	3	1	70th meeting
Mr. FOO Chiah Shiung (Kelvin Foo) [note 27.2]	2*	1	1	69th meeting
Mr. Kamal Amir Chinoy	4	3	1	70th meeting
Mr. Shehryar Faruque	4	3	1	68th meeting
Mr. Humayun Bashir	4	4	-	-
Mr. Wajahat Rasul Khan [note 27.3]	2*	2	-	-
Dr. Amjad Waheed	4	4	-	-
Mr. Shaikh Muhammad Abdul Wahid Sethi [note 27.1]	2*	2	-	-
Mr. Nasir Husain [note 27.1]	2*	2	-	-
Mr. Ali Saigol [note 27.1]	2*	2	-	-
Mr. Imran Zaffar [note 27.1]	2*	2	-	-

- 27.1 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.
- 27.2 Mr. Foo Chiah Chiung (Dr. Kelvin Foo) resigned from the Board 08 October 2018.
- 27.3 Mr. Wajahat Rasul Khan resigned from the Board 08 October 2018.
- 27.4 Mr. Mudassir Husain Khan resigned from the Board 12 October 2018.
- 27.5 Mr. Tariq Jamali resigned from the Board 12 October 2018.

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

28 FINANCIAL RISK MANAGEMENT

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

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

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

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

28.1 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.

28.1.1 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.

28.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

As at 30 June 2019, the Fund holds KIBOR based interest bearing term finance certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2019, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.937 million (30 June 2018: Rs. 1.157 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

	30 June 2019					Total
	Yield / interest rate	Exposed to yield / interest rate 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	3.75 % - 13.85%	458,626	-	-	6,163	464,789
Investments	7.40%	95,745	-	94,588	770,498	960,831
Dividend and profit receivables		-	-	-	9,173	9,173
Deposits		-	-	-	2,850	2,850
		554,371	-	94,588	788,684	1,437,643
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	6,510	6,510
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	270	270
Accrued expenses and other liabilities		-	-	-	1,536	1,536
		-	-	-	8,316	8,316
On-balance sheet gap		554,371	-	94,588	780,368	1,429,327
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		554,371	-	94,588	780,368	1,429,327
Cumulative interest rate sensitivity gap		554,371	554,371	648,959		

30 June 2018

Yield / interest rate	Exposed to yield / interest rate risk				Total	
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	3.75 % - 7.50%	723,765	-	-	5,989	729,754
Investments	7.40%	86,094	-	116,869	744,286	947,249
Dividend and profit receivables		-	-	-	6,007	6,007
Deposits		-	-	-	2,850	2,850
		<u>809,859</u>	<u>-</u>	<u>116,869</u>	<u>759,132</u>	<u>1,685,860</u>
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	4,535	4,535
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	353	353
Accrued expenses and other liabilities		-	-	-	1,604	1,604
		<u>-</u>	<u>-</u>	<u>-</u>	<u>6,492</u>	<u>6,492</u>
On-balance sheet gap		<u>809,859</u>	<u>-</u>	<u>116,869</u>	<u>752,640</u>	<u>1,679,368</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>809,859</u>	<u>-</u>	<u>116,869</u>	<u>752,640</u>	<u>1,679,368</u>
Cumulative interest rate sensitivity gap		<u>809,859</u>	<u>809,859</u>	<u>926,728</u>		

28.1.3 Price risk

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

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

In case of 5% increase / decrease in PSX 100 index on 30 June 2019, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 38.524 million (2018: Rs. 37.214 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 index.

28.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Term Finance Certificates is limited as the counter parties are financial institutions with reasonably high credit ratings. While bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Fund's bank balances as at 30 June 2019 and 30 June 2018.

Bank Balances	2019	2018
	(Rupees in '000)	
AAA	409,178	10,287
AA+	21,446	43,292
AA	996	1,093
AA-	30,042	672,502
A+	34	1
A-	3,093	2,579
	<u>464,789</u>	<u>729,754</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 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.

28.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period

at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

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

	30 June 2019			Total
	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	6,510	-	-	6,510
Payable to Central Depository Company of Pakistan Limited - Trustee	270	-	-	270
Accrued expenses and other liabilities	1,536	-	-	1,536
	8,316	-	-	8,316
Unit holders' fund	1,404,134	-	-	1,404,134
----- (Rupees in '000) -----				
	30 June 2018			Total
	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	4,535	-	-	4,535
Payable to Central Depository Company of Pakistan Limited - Trustee	353	-	-	353
Accrued expenses and other liabilities	1,604	-	-	1,604
	6,492	-	-	6,492
Unit holders' fund	1,654,024	-	-	1,654,024

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		30 June 2019							
		Carrying value			Fair value				
		At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
		770,498	-	-	770,498	770,498	-	-	770,498
		94,588	-	-	94,588	-	94,588	-	94,588
	29.1	95,745	-	-	95,745	-	95,745	-	95,745
		<u>960,831</u>	<u>-</u>	<u>-</u>	<u>960,831</u>	<u>770,498</u>	<u>190,333</u>	<u>-</u>	<u>960,831</u>
Financial assets not measured at fair value									
	29.1	-	464,789	-	464,789	-	-	-	-
		-	9,173	-	9,173	-	-	-	-
		-	2,850	-	2,850	-	-	-	-
		<u>-</u>	<u>476,812</u>	<u>-</u>	<u>476,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
	29.1	-	-	6,510	6,510	-	-	-	-
		-	-	270	270	-	-	-	-
		-	-	1,536	1,536	-	-	-	-
		<u>-</u>	<u>-</u>	<u>8,316</u>	<u>8,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		30 June 2018							
		Carrying value			Fair value				
		At fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
		744,286	-	-	744,286	744,286	-	-	744,286
		116,869	-	-	116,869	-	116,869	-	116,869
		<u>861,155</u>	<u>-</u>	<u>-</u>	<u>861,155</u>	<u>744,286</u>	<u>116,869</u>	<u>-</u>	<u>861,155</u>
Financial assets not measured at fair value									
		-	729,754	-	729,754	-	-	-	-
		-	86,094	-	86,094	-	-	-	-
		-	6,007	-	6,007	-	-	-	-
		-	2,850	-	2,850	-	-	-	-
		<u>-</u>	<u>824,705</u>	<u>-</u>	<u>824,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
		-	-	4,535	4,535	-	-	-	-
		-	-	353	353	-	-	-	-
		-	-	1,604	1,604	-	-	-	-
		<u>-</u>	<u>-</u>	<u>6,492</u>	<u>6,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

29.2 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 the Fund 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 approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

30 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 Fund shall be one hundred million rupees at all time during the life of the Fund.

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

In accordance with the risk management policies stated in note 28, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management

Company on August 30, 2019.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the Year Ended Jun 30,2019	For the Year Ended Jun 30,2018	For the Year Ended Jun 30,2017	For the Year Ended Jun 30,2016	For the Year Ended Jun 30,2015	For the Year Ended Jun 30,2014
Net assets (Rs. '000')	1,404,134	1,654,024	1,847,113	1,327,842	1,487,299	1,026,396
Net (Loss)/Income (Rs. '000')	(133,647)	(118,970)	421,936	119,947	289,732	217,190
Net Asset Value per units (Rs.)	16.4866	18.0084	19.2708	15.6377	15.3058	12.4041
Selling price per unit	17.0446	18.6189	19.9241	16.2581	15.9183	12.9048
Redemption price per unit	16.4866	18.0084	19.2708	15.6377	15.3058	12.4041
Ex - Highest offer price per unit (Rs.)	19.2010	20.1548	22.3718	16.3672	16.0929	12.9048
Ex - Lowest offer price per unit (Rs.)	16.9231	17.4387	16.3820	14.2142	12.1036	10.3262
Ex - Highest redemption price per unit (Rs.)	18.5716	19.4940	20.6768	15.7427	15.4737	12.4041
Ex - Lowest redemption price per unit (Rs.)	16.3682	16.8669	15.0358	13.6718	11.6339	9.9255
Fiscal Year Opening Nav	18.0084	19.2708	15.0058	14.3873	12.0708	9.8904
Total return of the fund	-8.45%	-6.20%	28.42%	8.69%	26.80%	25.42%
Capital growth	-8.45%	-6.20%	22.99%	2.31%	23.35%	6.15%
Income distribution as % of Ex-NAV	-	0.00%	5.43%	6.38%	3.45%	19.27%
Income distribution as % of Par Value	-	0.00%	8.15%	9.77%	4.17%	19.05%
Distribution						
Interim Distribution per unit	-	-	0.8153	-	0.4168	1.9054
Final distribution per unit	-	-	0.0765	0.9771	-	-
Distribution dates						
Interim			19-Jun-17		29-Jun-15	13-Feb-14
Interim			-			30-Apr-14
Interim			-			26-Jun-14
Final			15-Sep-17	29-Jun-16	Nil	Nil
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2019)	12.57%					
(Since inception to June 30, 2018)		14.60%				
(Since inception to June 30, 2017)			16.83%			
(Since inception to June 30, 2016)				15.67%		
(Since inception to June 30, 2015)					16.50%	
(Since inception to June 30, 2014)						15.22%
Portfolio Composition (see Fund Manager report)						

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

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP BALANCED FUND				
Resolutions	For	Against	Abstain*	
Number	12	12	Nil	N/A
(%)	100%	100%	-	-

www.jamapunji.pk



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



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

jamapunji.pk

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

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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds