



NBP FUNDS

Managing Your Savings

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NBP SARMAYA IZAFI 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	59
PROXY ISSUED BY THE FUND	60

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



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

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
National Bank of Pakistan
Zarai Taraqiat Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
Soneri Bank Limited
Dubai Islamic Bank Limited
Telenor Microfinance Bank Limited
Bank Islami Pakistan Limited
U Microfinance Bank Limited
The Bank of Punjab

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan.

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



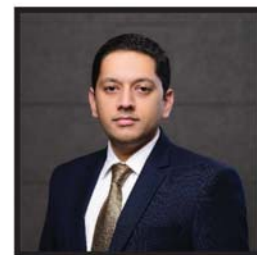
Mr. Salman Ahmed, CFA
Head Of Risk Management



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 Ninth Annual Report of NBP Sarmaya Izafa Fund (Formerly: NAFA Asset Allocation 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 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.

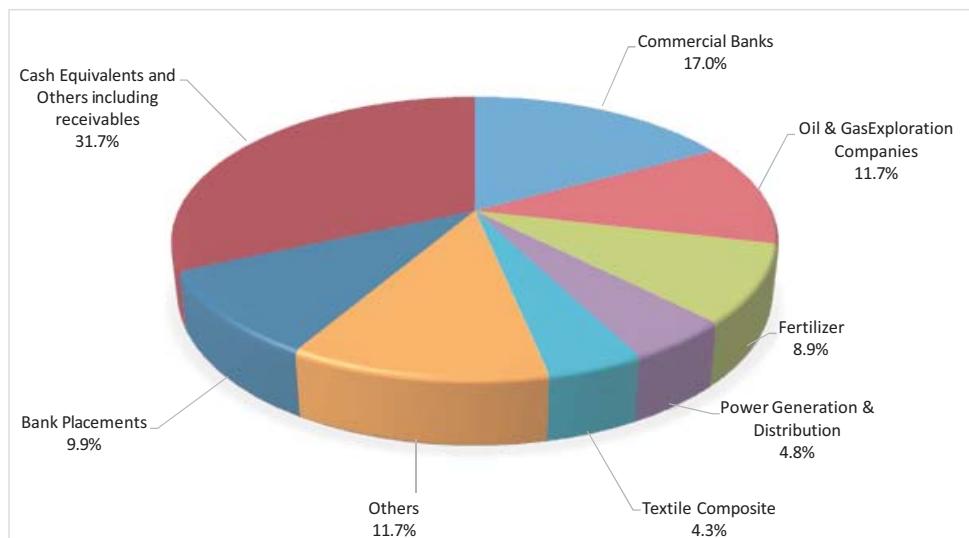
During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured 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 fiscal year, NBP Sarmaya Izafa Fund decreased by 8.7% versus 3.9% decline in the benchmark. Thus, the Fund underperformed the benchmark by 4.8% 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 (August 20, 2010), the Fund has risen by 204.0%, versus the benchmark return of 103.7%, thus to date outperformance is 100.3%. This outperformance is net of management fee and all other expenses. The Fund size is 1,769 million as of June 30, 2019.

NBP Sarmaya Izafa Fund has incurred a total loss of Rs.122.582 million during the year. After deducting total expenses of Rs. 86.293 million, the net loss is Rs. 208.875 million. During the year, the unit price of NBP Sarmaya Izafa Fund has decreased from Rs. 15.8337 (Ex-Div) on June 30, 2018 to Rs. 14.4623 on June 30, 2019. The resultant per unit loss is Rs. 1.3714 (-8.66%).

The asset allocation of NBP Sarmaya Izafa 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 Deloitte Yousuf Adil & Co., Chartered Accountants, retired 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 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 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 20 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

Category	Names
Independent Directors	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

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP سرمایہ اضافہ فنڈ (سابقہ: NAFA) ایسٹ ایلیکشن فنڈ) کی نوے سالانہ رپورٹ برائے نختہ سال 30 جون 2019 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% کی 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 سرمایہ کاروں کا خراب معیشت کی طرف متوجہ ہونا تھا۔ یہ صورتحال دو ہرے خسارے، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) سے صاف ظاہر ہو رہی تھی۔

مہنگائی پر قابو پانے اور بیرونی اکاؤنٹ کے عدم توازن کو کم کرنے کے مقاصد کے ساتھ مشکل اقتصادی حالات سے دوچار موجودہ حکومت نے امریکی ڈالر کے برعکس روپیہ کی قدر میں خاطر خواہ کمی، پالیسی شرح میں تیز ترین اضافہ، غیر ضروری پریشانی کو ختم کیا، حکومتی کوششوں کے باعث کرنٹ اکاؤنٹ خسارہ گزشتہ سال میں 19.9 امریکی ڈالر سے کم ہو کر دو سال 13.6 امریکی ڈالر کی غیر مستحکم اعلیٰ سطح پر پہنچ گیا۔ بد قسمتی سے پلواہہ حملے کے بعد پاکستان اور بھارت کے درمیان کشیدگی بڑھ گئی جس سے سرمایہ کاروں کے جذبات بھی معدوم ہوئے۔ فنانشل ایکشن ناسک فورس (ایف اے 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 معدوم جذبات کی شکل میں ظاہر ہوئی۔

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 دو سال 13.6 امریکی ڈالر کی غیر مستحکم اعلیٰ سطح پر پہنچ گیا۔ بد قسمتی سے پلواہہ حملے کے بعد پاکستان اور بھارت کے درمیان کشیدگی بڑھ گئی جس سے سرمایہ کاروں کے جذبات بھی معدوم ہوئے۔ فنانشل ایکشن ناسک فورس (ایف اے 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 معدوم جذبات کی شکل میں ظاہر ہوئی۔

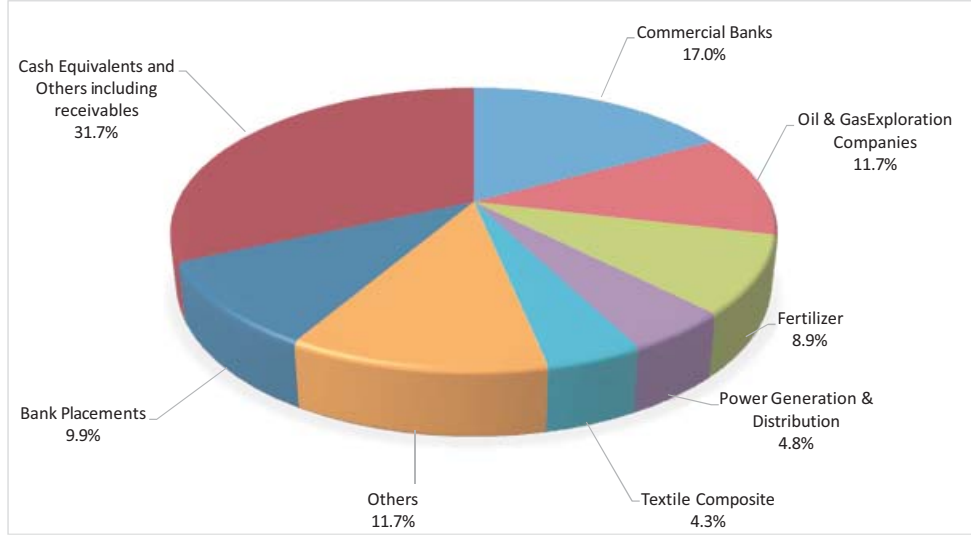
مالی سال 2019 کے دوران، بینک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ ماہی پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور درپیش افراط زر کے دباؤ کو دور کرنے کے رجحان SBP نے پالیسی کی شرح 6.50% سے 12.25% تک بڑھادی، بجلی اور ایندھن کی قیمتوں میں اضافہ، کرنسی کی قدر میں کمی کے باعث درآمدی افراط زر اور SBP سے بلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پیمائش کردہ افراط زر جون 2018 میں 5.2% سے بڑھ کر جون 2019 میں 8.9% ہو گیا۔ حکومت کی طرف سے ضرورت سے زائد قرضہ لینے، ایشیائی خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، بوٹی لیٹیو کے نرخوں 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 بااثر تیب 3 ماہ، 6 ماہ اور 12 ماہ کے 597T-Bills اور 595 bps اور 593 bps تک بڑھ گئے۔

سٹاک/ TFCs میں تجارتی سرگرمی مالی سال 2018 میں 21 بلین روپے کے مقابلے 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 شعبہ میں قابل ذکر حد تک بڑھ گئی۔

زیر جائزہ مالی سال کے دوران، NBP سرمایہ اضافہ فنڈ (سابقہ: NAFA) ایسٹ ایلیکشن فنڈ) 3.9% سٹاک مارکیٹ میں کمی کے مقابلے میں 8.7% تک کم ہوا۔ لہذا زبر جائزہ مالی سال کے دوران فنڈ نے اپنے سٹاک مارکیٹ سے 4.8% کی اہتر کارکردگی دکھائی۔ فنڈ کی یہ خراب کارکردگی اس کے گزشتہ شعبوں میں کلیدی ہولڈنگز کی خراب کارکردگی کے باعث رہی جسے زبر جائزہ خطرناکی مدت کے دوران بلا امتیاز فروخت کر دیا گیا۔ ہم توقع کرتے ہیں کہ جب ان حصص کی غیر متنزول قیمتوں کا اندازہ ہوگا تو یہ سرمایہ کاروں کے جذبات میں بہتری کے ساتھ کھولے ہوئے مقام کو دوبارہ حاصل کر لیں گے۔ اپنے آغاز (20 اگست 2010) سے، فنڈ نے 103.7% سٹاک مارکیٹ منافع کے مقابلے میں 204.0% کا منافع کمایا، چنانچہ زبر جائزہ سال تک فنڈ نے 100.3% کی بہتر کارکردگی دیکھائی۔ یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا ساٹھ جون 2019 کو 1,769 ملین ہے۔

این بی پی سرمایہ اضافہ فنڈ (سابقہ: NAFA) ایسٹ ایلیکشن فنڈ) کو سال کے دوران 122.582 ملین روپے کا مجموعی خسارہ ہوا۔ 86.293 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص خسارہ 205.875 ملین روپے ہے۔ سال کے دوران این بی پی سرمایہ اضافہ فنڈ (سابقہ: NAFA) ایسٹ ایلیکشن فنڈ) کے پونٹ کی قیمت 30 جون 2019 کو 15.8337 روپے (EX-Div) سے کم ہو کر 30 جون 2019 کو 14.4623 روپے ہو گئی، جس کے نتیجے میں پونٹ خسارہ 1.3714% روپے ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

30 جون 2019 کو این پی سی سرمایہ اضافہ فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

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

ٹیکس

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

آڈیٹرز

موجودہ آڈیٹرز، میسرز Deloitte ایسٹ عادل 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 کارپوریشن گورننس ریگولیشنز 2017 ("CCG") کی بیرونی میں ڈائریکٹرز اسٹیٹمنٹ

1. منجمنت کمیٹی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کمپنیز ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شماراتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاریوں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریشن گورننس کی اعلیٰ ترین روایات سے کوئی پہلو نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ جھولت اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

- 10 اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پینن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے بزنس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔
- 13 مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ مینجمنٹ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریٹ نہیں رکھتی۔ 30 جون 2019 کو بورڈ آف ڈائریکٹرز دوجذیل ارکان پر مشتمل ہیں:

کیٹگری	نام
غیر جانبدار ڈائریکٹرز	•1 جناب کمال عامر چنائے
	•2 جناب شہر یار فاروق
	•3 جناب ہمایوں بشیر
ایگزیکٹو ڈائریکٹر	ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)
نان ایگزیکٹو ڈائریکٹرز	•1 جناب شیخ محمد عبدالواحد سیٹھی (چیئر مین)
	•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 یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مجلس رویہ کا بھی اعتراف کرتا ہے۔

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

مخائب بورڈ آف ڈائریکٹرز

NBP فونڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 30 اگست 2019

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Sarmaya Izafa Fund (formerly NAFA Asset Allocation 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

NBP Sarmaya Izafa Fund (Formerly: NAFA Asset Allocation Fund)

NBP Sarmaya Izafa Fund (NSIF) (Formerly: NAFA Asset Allocation Fund) (NAAF) is an Open-ended Asset Allocation Fund.

Investment Objective of the Fund

Objective of NBP Sarmaya Izafa Fund (NSIF) (Formerly: NAFA Asset Allocation Fund) (NAAF) is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

Benchmark

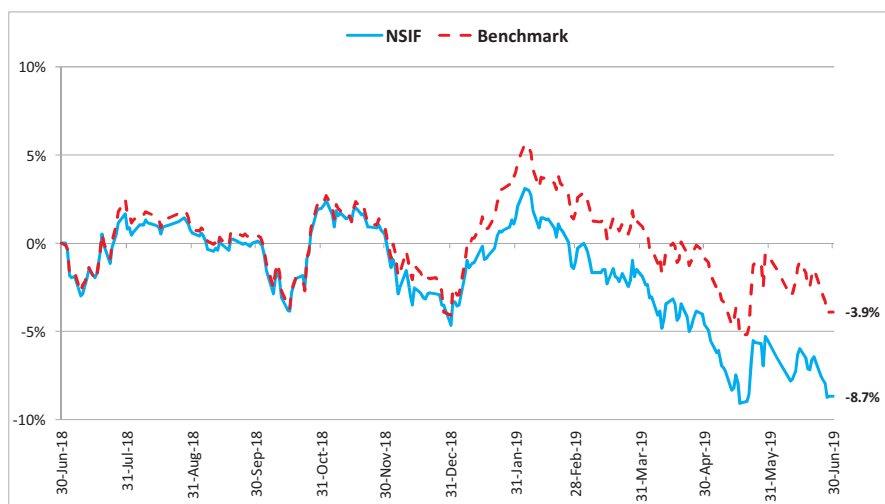
Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE-30 Index Total Return.

Fund Performance Review

This is the ninth annual report of the Fund. During the fiscal year, NBP Sarmaya Izafa Fund (Formerly: NAFA Asset Allocation Fund) (decreased by 8.7% versus the benchmark decreased by 3.9%. Thus the Fund underperformed by 4.8% during the year. Since its launch (August 20, 2010), the Fund has risen by 204.0%, versus the benchmark return of 103.7%, thus to date outperformance is 100.3%. This outperformance is net of management fee and all other expenses. Thus, NSIF has met its investment objective. During the year, the fund size of NSIF decreased by 44% to Rs. 1,769mn.

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

NSIF Performance vs. Benchmark during FY19



At the start of the year, NSIF (NAAF) was around 44.7% invested in equities. During the year, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. Towards the end of the year, the allocation in equities was around 58.4%.

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.

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Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-19	30-Jun-18
Equities / Stocks	58.4%	44.7%
Placement with Banks	9.9%	9.0%
Cash Equivalents	29.8%	47.4%
Other Net Liabilities	1.9%	(1.1%)
Total	100.0%	100.0%

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



Distribution for the Financial Year 2019

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

Unit Holding Pattern of NBP Sarmaya Izafa Fund (Formerly:NAFA Asset Allocation Fund) as on June 30, 2019

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	106
1-1000	323
1001-5000	192
5001-10000	144
10001-50000	296
50001-100000	140
100001-500000	127
500001-1000000	11
1000001-5000000	16
5000001-10000000	5
Total	1360

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.18.47m. If the same were not made the NAV per unit/FY19 return of scheme would be higher by Rs. 0.151 / 0.95%. For details investors are advised to read note 16 of the Financial Statement of the Scheme for the year ended June 30, 2019.

INDEPENDENT AUDITOR'S REPORT

To the unit holders of NBP Sarmaya Izafa Fund (Formerly NAFA Asset Allocation Fund)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NBP Sarmaya Izafa Fund (formerly NAFA Asset Allocation Fund) (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Key audit matter

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investment</p> <p>Investments held at fair value through profit or loss are disclosed in note 5 to the financial statements and represent significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in equity securities and term deposits which is the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> obtained understanding of relevant controls placed by the Management Company applicable to the balance; independently verified existence of investments from the Central Depository Company (CDC), and bank account statements; performed test of details on sale, purchase and maturity (where applicable) of investments on a sample basis; tested valuation of investments; and any differences identified during our testing that were over our acceptable threshold were investigated further.

Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's 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.

Responsibilities of Management Company and Those Charged with Governance for the financial statements

Management Company 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 the Management Company 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 Company 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 Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.

- 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 auditor's 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 auditor's 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 of Management Company 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 of Management Company 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 of Management Company, 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 auditor's 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 auditor's report is Mr. Naresh Kumar.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 29, 2019
Place: Karachi

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	2019 -----Rupees in '000 -----	2018
ASSETS			
Bank balances	4	526,947	1,487,039
Investments	5	1,208,399	1,686,486
Mark-up accrued and dividend receivable	6	3,547	4,940
Receivable against sale of investments		80,315	19,736
Deposits, prepayments and other receivables	7	3,393	3,282
Total assets		1,822,601	3,201,483
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	8	14,710	22,411
Payable to Central Depository Company of Pakistan Limited - Trustee	9	282	392
Payable to the Securities and Exchange Commission of Pakistan	10	2,551	3,167
Accrued expenses and other liabilities	11	35,661	35,959
Total liabilities		53,204	61,929
NET ASSETS		1,769,397	3,139,554
UNIT HOLDERS' FUND (as per statement attached)		1,769,397	3,139,554
Contingencies and commitments	12		
		-----Number of units-----	
Number of units in issue	13	122,345,244	198,283,591
		-----Rupees-----	
Net asset value per unit	14	14.4623	15.8337

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 ----- Rupees in '000 -----	2018 -----
INCOME			
Return / mark-up on;			
- bank balances and term deposits		110,751	83,877
- government securities		21,130	7,642
Net loss on sale of investments		(123,516)	(174,424)
Dividend income		70,434	97,698
Net unrealized loss on re-measurement of investments at fair value through profit or loss	5.4	(201,381)	(158,090)
Total loss		(122,582)	(143,297)
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	8.1	53,702	66,680
Sindh Sales Tax on remuneration of the Management Company	8.2	6,981	8,668
Reimbursement of operational expenses to the Management Company	8.3	2,685	3,334
Selling and marketing expenses - Management Company	8.4	10,740	13,336
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,685	4,334
Sindh Sales Tax on remuneration of the Trustee	9.2	479	563
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	2,551	3,167
Securities transaction cost		3,490	2,833
Settlement and bank charges		862	1,134
Auditors' remuneration	15	728	562
Fund rating fee		221	181
Legal and professional charges		67	37
Annual listing fee		28	28
Printing charges		74	48
Total expenses		86,293	104,905
Net loss from operating activities		(208,875)	(248,202)
Provision for Sindh Workers' Welfare Fund	16	-	-
Net loss for the year before taxation		(208,875)	(248,202)
Taxation	17	-	-
Net loss for the year after taxation		(208,875)	(248,202)
Earnings per unit	18		
Allocation of net income for the year			
Net loss for the year after taxation		(208,875)	(248,202)
Income already paid on units redeemed		-	-
		(208,875)	(248,202)
Accounting income available for distribution:			
- Relating to capital gain		-	-
- Excluding capital gain		-	-
		-	-

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	----- Rupees in '000 -----	
Net loss for the year after taxation	(208,875)	(248,202)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(208,875)</u>	<u>(248,202)</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2019			2018		
	(Rupees in '000)					
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at beginning of the year	2,378,378	761,176	3,139,554	2,269,232	1,020,886	3,290,118
Issuance of 28,593,326 units (2018:130,739,536 units)						
- Capital value	452,738	-	452,738	2,223,575	-	2,223,575
- Element of loss	(3,323)	-	(3,323)	(99,045)	-	(99,045)
Total proceeds on issuance of units	449,415	-	449,415	2,124,530	-	2,124,530
Redemption of 104,531,673 units (2018: 125,461,693 units)						
- Capital value	(1,655,123)	-	(1,655,123)	(2,133,030)	-	(2,133,030)
- Element of income	44,426	-	44,426	117,646	-	117,646
Total payments on redemption of units	(1,610,697)	-	(1,610,697)	(2,015,384)	-	(2,015,384)
Total comprehensive (loss) / income for the year	-	(208,875)	(208,875)	-	(248,202)	(248,202)
Distribution during the year	-	-	-	-	(11,508)	(11,508)
Net assets at end of the year	1,217,096	552,301	1,769,397	2,378,378	761,176	3,139,554
Undistributed income brought forward						
- Realised		919,266			692,762	
- Unrealised		(158,090)			328,124	
		761,176			1,020,886	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		-			-	
		-			-	
Net loss for the year after taxation		(208,875)			(248,202)	
Distribution during the year		-			(11,508)	
Undistributed income carried forward		552,301			761,176	
Undistributed income carried forward						
- Realised		753,682			919,266	
- Unrealised		(201,381)			(158,090)	
		552,301			761,176	
			- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the year			15.8337			17.0467
Net assets value per unit at end of the year			14.4623			15.8337

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(208,875)	(248,202)
Adjustments:		
Return / mark-up on;		
- bank balances and term deposits	(110,751)	(83,877)
- government securities	(21,130)	(7,642)
Dividend income	(70,434)	(97,698)
Loss on sale of investment	123,516	174,424
Net unrealized loss on re-measurement of investments at fair value through profit or loss	201,381	158,090
	122,582	143,297
	(86,293)	(104,905)
(Increase) / decrease in assets		
Investments - net	328,190	96,015
Receivable against sale of investments	(60,579)	(19,736)
Deposits, prepayments and other receivables	(111)	66
	267,499	76,345
Increase / (decrease) in liabilities		
Payable to the Management Company	(7,701)	4,535
Payable to the Trustee	(110)	(42)
Payable to the Securities and Exchange Commission of Pakistan	(616)	968
Accrued expenses and other liabilities	(298)	(37,210)
	(8,725)	(31,749)
Mark-up on bank balances and term deposits received	109,408	82,306
Mark-up on government securities received	21,130	7,648
Dividend received	73,170	100,424
Net cash generated from operating activities	376,190	130,069
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	449,415	2,124,530
Amounts paid on redemption of units	(1,610,697)	(2,017,031)
Dividend paid	-	(18,789)
Net cash generated from financing activities	(1,161,282)	88,710
Net increase in cash and cash equivalents during the year	(785,092)	218,779
Cash and cash equivalents at the beginning of the year	1,487,039	1,268,260
Cash and cash equivalents at the end of the year	701,947	1,487,039
	4.2	

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

NBP Sarmaya Izafa Fund (Formerly NAFA Asset Allocation Fund) (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 14, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

During the year on May 29, 2019, the name of the Fund was changed from NAFA Asset Allocation Fund to NBP Sarmaya Izafa Fund. The change of name was made effective vide Fund's Eleventh Supplemental Offering Document which was approved by SECP vide its letter no. SCD/AMCW/NAFA/362/2019 dated April 04, 2019.

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 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 Fund is an open-ended mutual fund categorised as "asset allocation scheme" and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned performance ranking of "4 star" to the Fund.

Title of the assets of the Fund is held in the name of CDC as a 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) 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 VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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 and requirements of the Trust Deed differ from the IFRS, 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 and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

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

2.4 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than IFRS 9 and certain additional disclosures.

"Effective from accounting period beginning on or after:"

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions

January 01, 2018

IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.

January 01, 2018

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date. Refer Note: 3.2

January 01, 2018

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

January 01, 2018

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.

January 01, 2018

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 01, 2018

Certain annual improvements have also been made to a number of IFRSs, which are also not relevant to the Fund.

2.4.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

"Effective from accounting period beginning on or after:"

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.5 Critical accounting estimates and judgments

"The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying Fund's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates. "

In the process of applying Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) classification of financial assets (Note 3.2.1)
- b) impairment of financial assets (Note 3.2.5)
- c) provisions (Note 3.6)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019 except for the changes in accounting policies as explained in note 3.2.

3.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment and other purposes.

3.2 Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Fund. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

"IFRS 9 introduces new requirements for:

- 1) IFRS 9 introduces new requirements for:, and
- 2) The classification and measurement of financial assets and financial liabilities,
- 3) General hedge accounting."

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

3.2.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

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

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

Financial Asset at FVOCI

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

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

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

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

"All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI)."

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Business Model Assessment

"The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model"

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio

of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost. Further, the Fund has investment in term deposit receipts which were previously classified as loans and receivables and carried at amortized cost, however, would now be classified as 'at fair value through profit or loss'.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The Amount of change in The fair value of a financial liability that is attributable to changes in The credit risk of that liability is presented in other comprehensive income, unless The recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk

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 Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per old framework	New classification as per IFRS 9	Original carrying value as per old framework	New carrying as per IFRS 9
--------------------------------------------	----------------------------------------------	----------------------------------	----------------------------------------------	----------------------------

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

Financial assets

Bank balances	LR	AC	1,487,039	1,487,039
Term deposits	LR	FVTPL	283,602	283,602
Dividend receivable	LR	AC	2,939	2,939
Deposits and other receivables	LR	AC	2,850	2,850
Shares of listed companies	HFT	FVTPL	1,402,884	1,402,884

Financial assets and financial liabilities	Original classification as per old framework	New classification as per IFRS 9	Original carrying value as per old framework	New carrying as per IFRS 9
--------------------------------------------	----------------------------------------------	----------------------------------	----------------------------------------------	----------------------------

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

Financial liabilities

Payable to NBP Fund Management Limited - Management Company	OFL	AC	14,710	14,710
Payable to Central Depository Company of Pakistan Limited - Trustee	OFL	AC	282	282
Net assets attributable to redeemable units	OFL	AC	3,140	3,140
Accrued expenses and other liabilities	OFL	AC	35,661	35,661

"LR" is loans and receivables

"AC" is ammortised cost

"HFT" is held for trading

"FVTPL" is fair value through profit or loss

"OFL" is other financial liabilities

3.3 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). 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 aforementioned 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.

Basis of valuation of government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

3.4 Impairment of non-financial assets

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

3.5 Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially recognized at fair value and subsequently stated at amortized cost. Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

3.6 Derecognition

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.7 Offsetting of financial assets and financial liabilities

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

3.8 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the assets.

3.9 Financial Liabilities

All financial liabilities are recognized at the time when the Fund becomes party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortized cost.

3.10 Issuance and redemption of units

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

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset 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.

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

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the 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 the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

3.12 Provisions

Provisions are recognized 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.

3.13 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised capital gains / (losses) 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.
- Mark-up / return on government securities and bank balances are recognised on a time apportionment basis using the effective interest method.
- Dividend income is recognised when the right to receive the dividend is established.

3.14 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

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.

3.15 Distributions to the unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.16 Expenses

All expenses including remuneration of the Fund Manager, Trustee and annual fee to the the Securities and Exchange Commission of Pakistan are recognized in the Income Statement as and when incurred.

3.17 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.

3.18 Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018 which are no longer applicable are as follows:

3.18.1 Classification

The management of the Fund determines appropriate classification of investments at the time of purchase and classifies these investments at fair value through profit or loss, loans and receivables or available-for-sale.

a) Investments as 'at fair value through profit or loss' - held-for-trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short term profit making exists.

b) Loans and receivables

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

c) Available for sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit and loss.

3.18.2 Initial recognition and measurement

Financial assets are initially recognized 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 recognized at fair value and transaction costs are recognized in the 'income statement'.

3.18.3 Subsequent measurement

a) Financial assets designated by the management as 'at fair value through profit or loss'

1) Debt securities (other than government securities)

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012. In the determination of valuation rates, the MUFAP takes into account the holding pattern of these securities and categorizes 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.

2) 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.

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 derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

b) Loans and receivables

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortized cost using the effective interest method. Gains or losses are also recognized in the 'income statement' when financial assets carried at amortized cost are derecognised or impaired, and through the amortization process.

3.18.4 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever, the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized 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 no. 33 of 2012 dated October 24, 2012 issued by the SECP. Impairment losses recognized on debt securities can be reversed through the 'income statement'.

As allowed under circular no. 13 of 2009 dated May 4, 2009 issued by the 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 the provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the impairment is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

4. BANK BALANCES	Note	2019	2018
		----- Rupees in '000 -----	
Current accounts		18,150	9,783
Savings accounts	4.1	508,797	1,477,256
		526,947	1,487,039

4.1 These savings accounts carry markup at rates ranging from 4.5% to 13% per annum (2018: 2.4% to 7.5% per annum).

4.2 Cash and cash equivalents	Note	2019	2018
		----- Rupees in '000 -----	
Current accounts		18,150	9,783
Savings accounts		508,797	1,477,256
Term deposits		175,000	-
		701,947	1,487,039

5 INVESTMENTS

Financial assets at fair value through profit or loss

Listed equity securities	5.2	1,033,399	1,402,884
Term deposits	5.1	175,000	283,602
		1,208,399	1,686,486

5.1 This represents short term deposit having original maturity period of three months. These carry mark-up rate of 13.2% per annum (2018: 7.40%) and will mature on September 27, 2019.

NBP SARMAYA IZAF A FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



NBP FUNDS
Managing Your Savings

5.2 Listed equity securities

Name of the investee company and sector	Number of shares				Market value as at June 30, 2019	Investment as a percentage of			
	As at July 01, 2018	Purchased during the year	Bonus / Right issue	Sold during the year		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company	
(Rupees in '000)									
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	23,500	-	4,700	12,800	15,400	4,443	0.25	0.37	0.00
Hascol Petroleum Limited	1,354	-	507	-	1,861	128	0.01	0.01	0.00
Shell Pakistan Limited	62,900	-	-	62,900	-	-	-	-	-
Pakistan State Oil Company Limited	67,964	179,700	18,193	123,600	142,257	24,131	1.36	2.00	0.02
Sui Northern Gas Pipelines Limited	169,700	458,500	-	365,500	262,700	18,255	1.03	1.51	0.00
							2.65	3.89	
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	52,950	6,500	4,041	25,840	37,651	38,002	2.15	3.14	0.00
Oil and Gas Development Company Limited	403,200	757,700	-	577,000	583,900	76,777	4.34	6.35	0.00
Pakistan Oilfields Limited	69,250	128,800	12,370	130,600	79,820	32,398	1.83	2.68	0.01
Pakistan Petroleum Limited	349,360	430,800	49,914	413,600	416,474	60,151	3.40	4.98	0.00
							11.72	17.15	
REFINERY									
National Refinery Limited	-	27,000	-	27,000	-	-	-	-	-
FERTILIZER									
Engro Corporation Limited	229,800	197,800	19,170	231,500	215,270	57,176	3.23	4.73	0.01
Engro Fertilizers Limited	957,000	553,500	-	879,000	631,500	40,397	2.28	3.34	0.01
Fauji Fertilizer Bin Qasim Limited	-	710,500	-	710,500	-	-	-	-	-
Fauji Fertilizer Company Limited	315,500	945,500	-	572,000	689,000	60,081	3.40	4.97	0.01
							8.91	13.04	
CHEMICALS									
Descon Oxychem Limited	-	2,027,500	-	2,027,500	-	-	-	-	-
Engro Polymer and Chemicals Limited	717,857	1,614,500	-	1,687,000	645,357	17,399	0.98	1.44	0.00
Lotte Chemical Pakistan Limited	-	1,913,500	-	1,293,500	620,000	9,455	0.93	0.78	0.00
							1.91	2.22	
TRANSPORT									
Pakistan National Shipping Corporation	59,000	-	-	59,000	-	-	-	-	-

All shares have a nominal face value of Rs. 10 each except for shares of Thal Limited and K-Electric which have a face value of Rs. 3.5 each respectively.

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company and sector	Number of shares				Market value as at June 30, 2019	Investment as a percentage of		
	As at July 01, 2018	Purchased during the year	Bonus / Right issue	Sold during the year		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
FOOD AND PERSONAL CARE PRODUCTS								
Fauji Foods Limited	-	438,000	-	438,000	-	-	-	-
Rafhan Maize Products Limited	1,580	-	-	740	5,040	0.28	0.42	0.05
Al-Shaheer Corporation Limited	146,500	-	-	146,500	-	-	-	-
Matco Foods Limited	25,000	-	1,250	25,000	34	-	-	0.00
Unity Foods Limited	-	968,000	-	968,000	-	-	-	-
						0.28	0.42	
ENGINEERING								
International Steels Limited	259,500	384,300	-	461,500	7,239	0.41	0.60	0.08
International Industries Limited	128,800	86,000	-	214,800	-	-	-	-
Mughal Iron and Steel Industries Limited	64,000	1,129,000	-	784,000	10,290	0.58	0.85	0.11
Amreli Steels Limited.	82,300	-	-	82,300	-	-	-	-
Ittefaq Iron Industries Limited	-	533,000	-	533,000	-	-	-	-
						0.99	1.45	
CEMENT								
D. G. Khan Cement Company Limited	88,500	48,000	-	135,400	62	-	0.01	0.00
Lucky Cement Limited	38,200	148,800	-	122,800	24,426	1.38	2.02	0.01
Maple Leaf Cement Factory Limited	115,450	1,302,000	-	1,409,500	190	0.01	0.02	0.00
Attock Cement (Pakistan) Limited	183,701	-	-	183,700	0	-	-	0.00
Pioneer Cement Limited	-	605,500	-	605,500	-	-	-	-
Cherat Cement Company Limited	181,900	141,500	-	273,900	1,533	0.09	0.13	0.00
Kohat Cement Limited	36,500	115,000	10,950	10,500	7,982	0.45	0.66	0.01
Fauji Cement Company Limited	16,500	-	-	-	260	0.01	0.02	0.00
						1.94	2.86	
TEXTILE COMPOSITE								
Nishat Mills Limited	150,700	248,700	-	235,900	15,261	0.86	1.26	0.01
Gui Ahmed Textile Mills Limited	558,800	531,500	-	268,000	38,747	2.19	3.21	-
Crescent Textile Mills Limited	132,500	-	-	132,500	-	-	-	-
Nishat Chunian Limited	436,500	693,500	-	859,000	9,490	0.54	0.79	-
Dawood Lawrancepur Limited	73,000	-	-	73,000	-	-	-	-
Kohinoor Textile Mills Limited	470,194	-	-	224,000	6,167	0.35	0.51	0.00
Interloop Limited	-	162,177	-	162,177	7,180	0.41	0.59	-
						4.35	6.36	
POWER GENERATION AND DISTRIBUTION								
The Hub Power Company Limited	478,700	731,000	72,987	490,500	62,385	3.53	5.16	0.02
Kot Addu Power Company Limited	166,000	-	-	166,000	-	-	-	-
Saif Power Limited	100,500	-	-	7,500	1,745	0.10	0.14	0.00
K-Electric Limited	195,000	3,406,000	-	2,476,000	4,939	0.28	0.41	0.00
Lalpir Power Limited	-	866,000	-	-	11,258	0.64	0.93	0.00
PAKGEN Power Limited	-	274,500	-	-	3,892	0.22	0.32	0.00

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company and sector	Number of shares				Market value as at June 30, 2019	Investment as a percentage of			
	As at July 01, 2018	Purchased during the year	Bonus / Right issue	Sold during the year		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company	
COMMERCIAL BANKS									
Allied Bank Limited	595,200	11,000	-	236,500	369,700	38,826	2.19	3.21	0.00
Bank Al-Falah Limited	1,475,000	908,000	150,450	1,280,500	1,252,950	54,616	3.09	4.52	0.00
Bank Al-Habib Limited	352,150	361,000	-	-	713,150	55,897	3.16	4.63	0.00
Bank Of Punjab Limited	-	1,863,500	-	757,000	1,106,500	10,125	0.57	0.84	0.00
MCB Bank Limited	159,800	116,900	-	141,000	135,700	23,673	1.34	1.96	0.00
United Bank Limited	291,603	435,500	-	296,500	430,603	63,462	3.59	5.25	0.00
Faysal Bank Limited	1,502,663	-	-	1,222,000	280,663	6,040	0.34	0.50	0.00
Habib Bank Limited	484,470	307,200	-	428,603	363,067	41,121	2.32	3.40	0.00
Askari Bank Limited	1,218,500	-	-	1,004,000	214,500	4,056	0.23	0.34	0.00
National Bank Of Pakistan	-	217,500	-	115,000	102,500	3,450	0.19	0.29	0.00
						17.02	4.77	6.96	
PAPER AND BOARD									
Century Paper and Board Mills Limited	349,500	-	-	101,500	248,000	7,725	0.44	0.64	0.02
Cherat Packaging Limited.	4,054	156,300	609	9,700	151,263	12,198	0.69	1.01	0.04
						1.13	1.13	1.65	
AUTOMOBILE ASSEMBLER									
Indus Motor Company Limited	8,950	-	-	7,620	1,330	1,601	0.09	0.13	0.00
Millat Tractors Limited	11,260	7,000	-	18,260	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	10,700	51,000	-	61,700	-	-	-	-	-
						0.09	0.09	0.13	
AUTOMOBILE PARTS AND ACCESSORIES									
Thal Limited	26,000	-	-	26,000	-	-	-	-	-
Baluchistan Wheels Limited	7,500	-	-	-	7,500	459	0.03	0.04	0.00
						0.03	0.03	0.04	
TECHNOLOGY AND COMMUNICATION									
Systems Limited	259,500	-	13,750	122,000	151,250	14,516	0.82	1.20	0.01
NetSol Technologies Limited	-	283,500	-	99,000	184,500	12,157	0.69	1.01	0.01
Pakistan Telecommunication Company Limited	-	699,000	-	-	699,000	5,781	0.33	0.48	0.01
						1.02	1.02	1.49	
GLASS AND CERAMICS									
Tariq Glass Industries Limited	299,800	39,000	-	173,500	165,300	12,667	0.72	1.05	0.00
						0.72	0.72	1.05	

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company and sector	Number of shares					Market value as at June 30, 2019	Investment as a percentage of		
	As at July 01, 2018	Purchased during the year	Bonus / Right issue	Sold during the year	As at June 30, 2019		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of capital of the investee company

(Rupees in '000) %

CABLE & ELECTRICAL GOODS

Pak Elektron Limited	-	533,000	-	533,000	-	-	-	-	-
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PHARMACEUTICALS

Abbott Laboratories Pakistan Limited	16,500	-	-	16,500	-	-	-	-	-
Ferozsons Laboratories Limited	18,050	-	-	18,050	-	-	-	-	-
The Searle Company Limited	11,600	33,000	2,715	46,900	415	61	-	0.01	0.00
Highnoon Laboratories Limited	-	7,400	740	-	8,140	2,061	0.12	0.17	0.01
AGP Limited	-	45,000	-	45,000	-	-	-	-	-
GlaxoSmithKline (Pakistan) Limited	-	52,600	-	52,600	-	-	-	-	-
						0.12		0.18	

SYNTHETIC PRODUCTS

Synthetic Products Enterprises Limited	25,500	1,500	-	-	27,000	599	0.03	0.05	0.00
						0.03		0.05	

INSURANCE PRODUCTS

Adamjee Insurance Company Limited	-	199,000	-	45,000	154,000	5,398	0.31	0.45	0.00
						0.31		0.45	

VANASPATI AND ALLIED INDUSTRIES

Unity Foods Limited	-	2,147,314	-	2,147,293	21	-	-	-	-
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Total as at June 30, 2019	14,737,960	31,239,491	362,346	29,531,106	16,808,692	1,033,399	58.4	84.9	
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Carrying value before mark to market as at June 30, 2019

1,234,780

5.2.1 Investments include shares with market value of Rs. 50.966 million (June 2018: Rs. 91.843 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 October 23, 2007 issued by the SECP.

5.3 Government securities - at fair value through profit or loss

Issue date	Tenor	Face value				Investment as a percentage of		
		As at July 1, 2018	Purchases during the year	Sold / matured during the year	As at June 30, 2019	Market value as at June 30, 2019	Net assets	Total investments
					Rupees in '000' ----- % -----			
Treasury Bill	3 Months	-	1,200,000	1,200,000	-	-	-	-
Treasury Bill	3 Months	-	65,000	65,000	-	-	-	-
Treasury Bill	3 Months	-	70,000	70,000	-	-	-	-

5.4 Net unrealised gain on re-measurement of investments at fair value through profit or loss

	Note	2019 -----Rupees in '000-----	2018 -----Rupees in '000-----
Market value of investments	5.2	1,033,399	1,402,884
Less: carrying value of investments before mark to market	5.2	(1,234,780)	(1,560,974)
		(201,381)	(158,090)

5.5 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 as a result of which the HCS issued an order dated July 15, 2019 whereby the previous stay has been restored. The matter is still pending adjudication and no provision has been recorded or contingent liability has been disclosed in the financial statements as the management is confident that the case will be decided in favor of the CISs.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



	2019	2018
	-----Rupees in '000-----	
6. MARK-UP ACCRUED AND DIVIDEND RECEIVABLE		
Mark-up accrued on bank balances and term deposits	3,344	2,001
Dividend receivable	203	2,939
	3,547	4,940
7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Security deposits with:		
- National Clearing Company of Pakistan Limited	2,750	2,750
- Central Depository Company of Pakistan Limited	100	100
Advance tax	432	432
Prepayments	111	-
	3,393	3,282
8. PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Remuneration of the Management Company	8.1 3,355	5,281
Sindh Sales Tax on remuneration of the Management Company	8.2 436	687
Operational expenses	8.3 1,178	1,713
Selling and marketing expenses	8.4 4,714	6,853
Sales load	1,145	3,667
Sindh Sales Tax and Federal Excise Duty on sales load	3,882	4,210
	14,710	22,411

8.1 "Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or a combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015, SECP had made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provision of amended NBFC Regulations, the applicable rate has been changed to 2% of average annual net assets.

Accordingly, Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund from that date."

8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2018: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

8.3 This represents reimbursement of certain expenses to the Management Company. As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

8.4 "This represents selling and marketing expenses charged by the Management Company to the Fund. During

the year, the SECP through Circular No. 40 of 2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to certain collective investment schemes managed by them. Pursuant to the circular, AMCs are allowed to charge selling and marketing expenses initially for three years (effective from January 01, 2017 till December 31, 2019) on open end equity, asset allocation, and index funds maximum up to 0.4% of the average annual net assets of the Fund or actual expenses, whichever is lower. Accordingly, the Management Company has charged 0.4% per annum of the average annual net assets of the Fund with effect from March 01, 2017, being the lower amount."

	Note	2019 ----- Rupees in '000 -----	2018 -----
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	9.1	250	347
Sindh Sales Tax on remuneration of the Trustee	9.2	32	45
		<u>282</u>	<u>392</u>

9.1 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 of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Tariff structure applicable to the Fund as at June 30, 2019 is as follows:

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

9.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (2018: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

	Note	2019 ----- Rupees in '000 -----	2018 -----
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	10.1	<u>2,551</u>	<u>3,167</u>

10.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorized as "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

		2019	2018
	Note	----- Rupees in '000 -----	-----
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		542	434
Federal Excise Duty on remuneration of the Management Company	11.1	16,000	16,000
Provision for Workers' Welfare Fund	16.	-	-
Provision for Sindh Workers' Welfare Fund	16.	18,468	18,468
Brokerage charges		103	282
Settlement charges		99	120
Printing charges		112	75
Withholding tax		92	169
Capital gain tax		2	20
Legal and professional charges		1	30
Rating fee		-	90
Others		241	271
		35,661	35,959

11.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC). September 04, 2013.

While disposing the above petition, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of being prudent, is carrying provision for FED aggregating to Rs. 16 million as at December 31, 2016. Had the provision not been made, the net asset value per unit as at June 30, 2019 would have been higher by Rs.0.1308 per unit (2018: Rs.0.0807 per unit).

11.2 The amount of FED accrued on remuneration of the Management Company will be paid via Management Company to the Taxation authority, if required.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

	2019	2018
	-----Number of units-----	-----
13. NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	198,283,591	193,005,748
Add: units issued during the year	28,593,326	130,739,536
Less: units redeemed during the year	(104,531,673)	(125,461,693)
Total units in issue at the end of the year	122,345,244	198,283,591

14. NET ASSET VALUE PER UNIT

The net asset value per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

15. AUDITORS' REMUNERATION

	2019	2018
	----- Rupees in '000 -----	
Annual audit fee	400	330
Half yearly review fee	160	132
Out of pocket expenses and others including government levies	168	100
	728	562

16. WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

As at June 30, 2019, the provision in relation to SWWF amounted to Rs. 18.47 million (2018: Rs. 18.47 million). Had the provision not being made, the Net Asset Value per unit as at June 30, 2019 would have been higher by Rs. 0.1510 (June 30, 2018: Rs. 0.0931) per unit.

17. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of 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 amongst the unit holders (excluding distribution made by issuance of bonus units). There is a loss of Rs. 208.8 million in the current year, therefore, distribution is not required to be made in the current year.

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

18. 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.

19. "TOTAL EXPENSE RATIO"

Total expense ratio (all the expenses incurred during the year divided by average net asset value for the year)

is 3.22% per annum including 0.38% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

20. TRANSACTION WITH CONNECTED PERSONS AND RELATED PARTIES

20.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

20.2 The transactions with connected persons and related parties are carried out at agreed terms

20.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

20.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

2019 **2018**
----- Rupees in '000 -----

20.5 Details of transactions with connected persons and related parties are as follows:

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	53,702	66,680
Sindh Sales Tax on remuneration of the Management Company	6,981	8,668
Reimbursement of operational expenses to the Management Company	2,685	3,334
Selling and Marketing Expense - Management Company	10,740	13,336
Sales load	3,402	6,031
Sindh Sales tax and Federal Excise Duty on sales load	443	784
Units Issued / transferred in Nil units (2018: 3,062,787 units)	-	50,000
Units redeemed / transferred out 2,440,207 units (2018: 622,580 units)	38,526	10,000

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	3,685	4,334
Sindh Sales Tax on remuneration of the Trustee	479	563
CDS charges	70	157

Taurus Securities Limited (Subsidiary of the Parent of the Management Company)

Brokerage expense	194	183
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Askari Bank Limited (Common Directorship with the Management Company)

Mark-up on bank balances	138	67
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BankIslami Pakistan Limited (Common Directorship with the Management Company)

Mark-up on bank balances	396	2,655
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Humayun Bashir (Director of the Management Company)

Units redeemed / transferred out Nil units (2018: 993,007 units)	-	16,220
Dividend re-invest Nil units (2018: 3,012 units)	-	48

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



	2019	2018
	----- Rupees in '000 -----	
Chief Financial Officer of the Management Company		
Dividend re-invest Nil units (2018: 201 units)	-	3
Units redeemed / transferred out 6,164 units	1,033	-
Employees of the Management Company		
Units issued / transferred in 56,632 units (2018: 75,593 units)	899	1,215
Units redeemed / transferred out 77,375 units (2018: 97,072 units)	1,227	1,553
Dividend re-invest Nil units (2018: 233 units)	-	4
International Industries Limited (Common Directorship with the Management Company)		
Shares purchased 86,000 shares (2018: Nil shares)	14,014	-
Shares sold 214,800 shares (2018: 10,200 shares)	36,932	2,982
Dividend Income	293	536
International Steels Limited (Common Directorship with the Management Company)		
Shares purchased 384,300 shares (2018: 291,000 shares)	31,345	35,962
Shares sold 461,500 (2018: 290,000)	33,663	33,576
Dividend income	986	675
Cherat Packaging Limited (Common Directorship with the Management Company)		
Shares purchased 156,300 (2018: Nil Shares)	25,782	-
Shares sold 9,700 (2018: Nil Shares)	1,618	-
Dividend income	398	33
Cherat Cement Limited (Common Directorship with the Management Company)		
Shares purchased 141,500 (2018: 232,500 shares)	10,775	38,074
Shares sold 273,900 (2018: 267,500 shares)	16,197	34,179
Dividend income	588	1,873
Portfolio managed by the Management Company		
Units issued / transferred in 2,833,000 units (2018 : 17,314,322 units)	44,132	270,686
Units redeemed / transferred out 20,599,740 units (2018 : 13,412,503 units)	318,996	205,805
Dividend re-invest Nil units (2018 : 3,070 units)	-	49

Current year transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the year.

20.6 Details of amounts outstanding as at year end with connected persons and related parties are as follows:

	2019	2018
	----- Rupees in '000 -----	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	3,355	5,281
Sindh Sales Tax on remuneration of the Management Company	436	687
Operational expenses	1,178	1,713
Selling and Marketing expenses - Management Company	4,714	6,853
Sales load	1,145	3,667
Sindh Sales tax and Federal Excise Duty on sales load	3,882	4,210
Investment held in the Fund Nil units (2018: 2,440,207 units)	-	38,638
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	250	347
Sindh sales tax on remuneration of the Trustee	32	45
CDS charges	50	86
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balances	14,294	6,568
International Industries Limited (Common Directorship with the Management Company)		
Ordinary shares held Nil (2018: 128,000 shares)	-	29,919
International Steels Limited (Common Directorship with the Management Company)		
Ordinary shares held 182,300 (2018: 259,500 shares)	7,239	26,391
Cherat Packaging Limited (Common Directorship with the Management Company)		
Ordinary shares held 151,263 (2018: 4,054 shares)	12,198	583
Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)		
Ordinary shares held 822,300 (2018: 558,800 shares)	38,747	23,989
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balances	3,856	3,215
Askari Bank Limited (Common Directorship with the Management Company)		
Bank balances	514	563
Markup accrued on bank balances	4	0
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Bank balances	337,793	715
Markup accrued on bank balances	391	1
Chief Financial Officer of the Management Company		
Investment held in the Fund 19 units (2018: 66,164 units)	-	1,048
Employees of the Management Company		
Investment held in the Fund 34,129 units (2018: 54,872 units)	494	869
Portfolio managed by the Management Company		
Units held 935 units (2018 : 17,767,674 units)	14	281,328

*Current year balances with these persons have not been disclosed as they did not remain connected persons as at year end.

*Current year balances with these parties have not been disclosed as they did not remain connected persons and related parties as at year end.

**Prior Year balances with these parties have not been disclosed as they were not connected persons and related parties during prior year.

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	31
2	Mr. Sajjad Anwar	MBA and CFA	19
4	Mr. Muhammad Ali Bhabha	CFA, FRM, MBA and MS (CS)	24
4	Mr. Hasan Raza	ACCA / BSC / CFA	8
5	Mr. Taha Khan Javed	MBA and CFA	13

21.1 Mr. Taha Khan Javed is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Islamic Sarmaya Izafa Fund (Formerly NAFA Islamic Asset Allocation Fund)
- NBP Balanced Fund (Formerly NAFA Multi Asset Fund)
- NBP Stock Fund (Formerly NAFA Stock Fund)
- NAFA Financial Sector Fund
- NBP Islamic Energy Fund (Formerly NAFA Islamic Energy Fund)
- NBP Islamic Regular Income Fund (Formerly NBP Aitemaad Regular Payment Fund)
- NAFA Islamic Active Allocation Equity Fund

22. TRANSACTIONS WITH BROKERS / DEALERS

List of top ten brokers by percentage of commission charged during the year ended June 30, 2019

S.No	Broker name	Percentage
1	Taurus Securities Limited	6.72
2	Arif Habib Securities Limited	5.37
3	J.S. Global Capital Limited	4.35
4	Topline Securities (Private) Limited	3.94
5	Alfalah Securities (Private) Limited	3.81
6	BMA Capital Management Limited	3.61
7	EFG Hermes Pakistan Limited (Formerly Invest and Finance Securities Limited)	3.60
8	Optimus Capital Management Limited	3.53
9	Next Capital Limited	3.51
10	Elixir Securities Pakistan (Private) Limited	3.45

List of top ten brokers by percentage of commission charged during the year ended June 30, 2018

S.No	Broker name	Percentage
1	Taurus Securities Limited	7.62
2	Arif Habib Securities Limited	5.96
3	J.S. Global Capital Limited	4.71
4	Topline Securities (Private) Limited	4.60
5	Alfalah Securities (Private) Limited	4.30
6	BMA Capital Management Limited	4.09
7	EFG Hermes Pakistan Limited (Formerly Invest and Finance Securities Limited)	3.74
8	Optimus Capital Management Limited	3.70
9	Next Capital Limited	3.69
10	Elixir Securities Pakistan (Private) Limited	3.49

23. PATTERN OF UNIT HOLDING

As at June 30, 2019

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	1,319	1,055,886	59.67%
Associated companies and directors	1	3,172	0.18%
Insurance companies	1	4,583	0.26%
Retirement funds	25	490,577	27.73%
Others	14	215,179	12.16%
	1,360	1,769,397	100%

As at June 30, 2018

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	1,496	1,461,664	46.56%
Associated companies and directors	2	42,111	1.34%
Insurance companies	1	5,018	0.16%
Retirement funds	38	1,233,445	39.29%
Others	25	397,316	12.66%
	1,562	3,139,554	100%

24. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 64th, 68th, 69th, 70th and 71st Board meetings were held on September 05, 2018, October 30, 2018, February 25, 2019 and April 26, 2018, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Mudassir H. Khan	2	1	1	69th Meeting
Mr. Tariq Jamali	2	0	2	68th and 69th Meeting
Mr. Abdul Hadi Palekar	4	3	1	70th Meeting
Mr. Foo Chiah Chinug (Dr. Kelvin Foo)	2	1	1	69th Meeting
Mr. Kamal Amir Chinoy	4	3	1	70th Meeting
Mr. Shehryar Faruque	4	3	1	68th Meeting
Mr. Hamayun Bashir	4	4	-	-
Mr. Wajahat Rasul Khan	2	2*	-	-
Dr. Amjad Waheed	4	4	-	-
Mr. Shaikh Muhammad Abdul Wahid Sethi	2	2*	-	-
Mr. Nasir Husain	2	2*	-	-
Mr. Ali Saigol	2	2*	-	-
Mr. Imran Zaffar	2	2*	-	-

24.1 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 December 17, 2018

24.2 Mr. Foo Chiah Chiung (Dr. Kelvin Foo), Mr. Wajahat Rasul Khan, Mr. Mudassir H. Khan and Mr. Tariq Jamali resigned from the Board October with effect from 17, 2018, however, their resignations were approved by the SECP on January 18, 2019.

*These directors were appointed and retired/resigned 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.

25. FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2019		
	At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----			
Financial Assets			
Bank balances	-	526,947	526,947
Investments	1,208,399	-	1,208,399
Mark-up accrued and dividend receivable	-	3,547	3,547
Receivable against sale of investments	-	80,315	80,315
Deposits and other receivables	-	2,850	2,850
	1,208,399	613,659	1,822,058

As at June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----		
Financial Liabilities		
Payable to the Management Company	-	14,710
Payable to the Trustee	-	282
Accrued expenses and other liabilities	-	1,098
Net assets attributable to redeemable units	-	1,769,397
	-	1,785,487
		1,785,487

As at June 30, 2018		
At fair value through profit or loss - held for trading	At amortised cost	Total
-----Rupees in '000-----		
Financial Assets		
Bank balances	-	1,487,039
Investments	1,686,486	-
Mark-up accrued and dividend receivable	-	4,940
Receivable against sale of investments	-	19,736
Deposits and other receivables	-	2,850
	1,686,486	1,514,565
		3,201,051

As at June 30, 2018		
At fair value through profit or loss - held for trading	At amortised cost	Total
-----Rupees in '000-----		
Financial Liabilities		
Payable to the Management Company	-	22,411
Payable to the Trustee	-	392
Accrued expenses and other liabilities	-	1,302
Net assets attributable to redeemable units	-	3,139,554
	-	3,163,659
		3,163,659

26. FINANCIAL RISK MANAGEMENT

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

26.1 Market risk

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

The Management Company manages the market risk by monitoring exposure on marketable securities by following regulations laid down by the Securities and Exchange Commission of Pakistan.

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

26.1.1 Currency risk

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

26.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 5.088 million (2018: Rs. 14.773 million).

b) Sensitivity analysis for fixed rate instruments

Since the Fund does not have investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.

The Fund holds term deposits receipts that is exposed the Fund to fair value interest rate risk as at June 30, 2019. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 1.750 million (2018: Rs. 2.836 million).

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



As at June 30, 2019

Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%	----- Rupees in '000 -----			
Financial assets					
Bank balances	4.5 - 13	526,947	508,797	-	18,150
Investments	13.2	1,208,399	175,000	-	1,033,399
Mark-up accrued and dividend receivable		3,547	-	-	3,547
Receivable against sale of investments		80,315	-	-	80,315
Deposits		2,850	-	-	2,850
		1,822,058	683,797	-	1,138,261
Financial liabilities					
Payable to the Management Company		14,710	-	-	14,710
Payable to the Trustee		282	-	-	282
Accrued expenses and other liabilities		1,098	-	-	1,098
Net assets attributable to redeemable units		1,769,397	-	-	1,769,397
		1,785,487	-	-	1,785,487
On-balance sheet gap		36,571	683,797	-	(647,226)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

As at June 30, 2018

Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%	----- Rupees in '000 -----			
Financial assets					
Bank balances	2.4 - 7.5	1,487,039	1,477,256	-	9,783
Investments	7.4	1,686,486	283,602	-	1,402,884
Mark-up accrued and dividend receivable		4,940	-	-	4,940
Receivable against sale of investments		19,736	-	-	19,736
Deposits		2,850	-	-	2,850
		3,201,051	1,760,858	-	1,440,193
Financial liabilities					
Payable to the Management Company		22,411	-	-	22,411
Payable to the Trustee		392	-	-	392
Accrued expenses and other liabilities		1,302	-	-	1,302
Net assets attributable to redeemable units		3,139,554	-	-	3,139,554
		3,163,659	-	-	3,163,659
On-balance sheet gap		37,392	1,760,858	-	(1,723,466)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments traded in the market.

The Fund is exposed to equity price risk because of the investments held by the Fund and classified in the 'statement of assets and liabilities' as financial asset 'at fair value through profit or loss. The Fund manages price risk by limiting individual equity securities to not more than ten percent of net assets attributable to holders of the Fund's assets. Moreover, the sector limits have also been restricted to twenty five percent. The equity investments are listed in the Pakistan Stock Exchange Limited. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed on a regular basis by the investment committee as well as the Board of Directors.

"In case of 5% increase / decrease in fair value on June 30, 2019, the net income for the year would increase/ decrease by Rs. 51.670 million (2018: Rs.70.144 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant."

26.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. Credit risk arises from balances with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued mark-up on bank balances and advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein. The Fund does not expect to incur material credit losses on its financial assets.

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

Bank balances by rating category	2019
AAA	5%
AA+	5%
AA	0%
AA-	25%
A+	64%
Suspended	1%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is as follows:

	June 30, 2019		June 30, 2018	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
Bank balances	526,947	526,947	1,487,039	1,487,039
Investments	175,000	175,000	283,602	283,602
Mark-up accrued and dividend receivable	3,547	3,547	4,940	4,940
Receivable against sale of investments	80,315	80,315	19,736	19,736
Deposits	2,850	2,850	2,850	2,850
	788,659	788,659	1,798,167	1,798,167

Concentration of credit risk

The Fund mainly deals in equity securities which are primarily subject to price risk. The 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 other financial instruments comprise of bank balances and term deposits.

26.3 Liquidity risk

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

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

For the purpose of making redemptions, 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 fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also 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.

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

As at June 30, 2019

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

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

Financial liabilities

Payable to the Management Company	14,710	14,710	-	-
Payable to the Trustee	282	282	-	-
Accrued expenses and other liabilities	1,098	1,098	-	-
Net assets attributable to redeemable units	1,769,397	1,769,397	-	-
	1,785,487	1,785,487	-	-

As at June 30, 2018

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

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

Financial liabilities

Payable to the Management Company	22,411	22,411	-	-
Payable to the Trustee	392	392	-	-
Accrued expenses and other liabilities	1,302	1,302	-	-
Net assets attributable to redeemable units	3,139,554	3,139,554	-	-
	3,163,659	3,163,659	-	-

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** 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 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



	Note	Carrying amount		Fair value				
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Rupees								
June 30, 2019								
Financial assets measured at fair value								
Listed equity securities	5	1,033,399,342	-	1,033,399,342	1,033,399,342	-	-	1,033,399,342
Term deposits receipts		175,000,000	-	175,000,000	-	175,000,000	-	175,000,000
		<u>1,208,399,342</u>	<u>-</u>	<u>1,208,399,342</u>	<u>1,033,399,342</u>	<u>-</u>	<u>-</u>	<u>1,208,399,342</u>
Financial assets not measured at fair value								
Bank balances	5	-	526,947,047	526,947,047	-	-	-	-
Receivable against sale of investment		-	80,315,428	80,315,428	-	-	-	-
Dividend receivable		-	202,728	202,728	-	-	-	-
Accrued interest on bank balances		-	3,343,779	3,343,779	-	-	-	-
Deposits and other receivables	8	-	3,392,781	3,392,781	-	-	-	-
		<u>-</u>	<u>614,201,763</u>	<u>614,201,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	14,710,000	14,710,000	-	-	-	-
Remuneration payable to the Trustee	10	-	282,000	282,000	-	-	-	-
Net assets attributable to redeemable units		-	3,139,554	3,139,554	-	-	-	-
Accrued expenses and other liabilities	12	-	1,098,307	1,098,307	-	-	-	-
		<u>-</u>	<u>19,229,861</u>	<u>19,229,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rupees								
June 30, 2018								
Financial assets measured at fair value								
Listed equity securities		1,402,884,000	-	-	1,402,884,000	-	-	1,402,884,000
Term deposits receipts		283,602,000	-	-	283,602,000	-	283,602,000	283,602,000
		<u>1,686,486,000</u>	<u>-</u>	<u>-</u>	<u>1,686,486,000</u>	<u>1,402,884,000</u>	<u>283,602,000</u>	<u>1,686,486,000</u>
Financial assets not measured at fair value								
Bank balances		-	1,487,039,000	-	1,487,039,000	-	-	-
Receivable against sale of investment		-	19,736,000	-	19,736,000	-	-	-
Dividend receivable		-	2,939,000	-	2,939,000	-	-	-
Accrued interest on bank balances		-	2,001,000	-	2,001,000	-	-	-
Deposits and other receivables		-	3,282,000	-	3,282,000	-	-	-
		<u>-</u>	<u>1,514,997,000</u>	<u>-</u>	<u>1,514,997,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company		-	-	22,411,000	22,411,000	-	-	-
Remuneration payable to the Trustee		-	-	392,000	392,000	-	-	-
Accrued expenses and other liabilities		-	-	1,302,000	1,302,000	-	-	-
		<u>-</u>	<u>-</u>	<u>24,105,000</u>	<u>24,105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

28. UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restrictions on the issuance and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies stated in note 28, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

29. DATE OF AUTHORISATION FOR ISSUE

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

30. GENERAL

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

30.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

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

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2014
Net assets (Rs. '000')	1,769,397	3,139,554	3,290,118	1,174,657	2,073,497	1,916,901
Net Income (Rs. '000')	(208,875)	(248,202)	756,388	75,790	422,547	178,926
Net Asset Value per units (Rs.)	14.4623	15.8337	17.0467	14.8297	14.9616	12.0038
Offer price per unit	14.9522	16.3705	17.6246	15.4180	15.5604	12.4884
Redemption price per unit	14.4623	15.8337	17.0467	14.8297	14.9616	12.0038
Ex - Highest offer price per unit (Rs.)	16.8863	17.6826	18.7911	15.7944	15.5077	12.1460
Ex - Lowest offer price per unit (Rs.)	14.8811	15.2392	13.5968	13.7044	11.8422	13.7544
Ex - Highest redemption price per unit (Rs.)	16.3329	17.1028	18.1749	15.1918	14.9110	12.1360
Ex - Lowest redemption price per unit (Rs.)	14.3932	14.7395	13.1540	13.1814	11.3846	11.6023
Fiscal Year Opening Ex Nav	15.8337	16.9877	13.1234	13.7815	11.8596	10.5614
Total return of the fund	-8.66%	-6.79%	29.90%	7.61%	24.64%	13.66%
Capital growth	-8.66%	-6.79%	13.44%	0.35%	23.07%	5.09%
Income distribution as % of Ex-NAV			16.46%	7.26%	1.57%	8.57%
Income distribution as % of Par Value			21.60%	10.73%	1.86%	9.05%
Interim distribution per unit			2.1599	1.0725	-	0.9052
Final distribution per unit			0.0552	-	0.1860	-
Distribution dates						
Interim			21-June-2017	30-June-2016	13-Feb-14 ,30-Apr-14 & 26-Jun-2012	
Final			15-Sep-17	-	14-July-2015	-
Average annual return (launch date 21-08-2010)						
(Since inception to June 30, 2018)	13.36%					
(Since inception to June 30, 2018)		16.52%				
(Since inception to June 30, 2017)			20.37%			
(Since inception to June 30, 2016)				18.82%		
(Since inception to June 30, 2015)					21.30%	
(Since inception to June 30, 2014)						20.42%

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

NBP SARMAYA IZAFI FUND (FORMERLY ; NAFA ASSET ALLOCATION FUND)



PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Sarmaya Izafa Fund** (Formerly ; NAFA Asset Allocation Fund), duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. www.nbp-funds.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 SARMAYA IZAFI FUND				
Resolutions	For	Against	Abstain*	
Number	8	8	Nil	N/A
(%)	100%	100%	-	-

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