



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NBP MAHANA AMDANI 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.**



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad 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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Albaraka Bank of Pakistan
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Khushhali Bank Limited
MCB Bank Limited
Meezan Bank Limited
Samba Bank Limited
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
The Bank of Punjab
U Microfinance Bank Limited
United Bank Limited
Zarai Taraqiyati Bank Limited

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Humayun Bashir
Director



Mr. Nasir Husain
Director



Mr. Ali Saigol
Director



Mr. Shehryar Faruque
Director



Mr. Imran Zaffar
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmoood
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



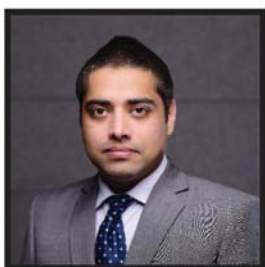
Mr. Taha Khan Javed, CFA
Head Of Equity



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



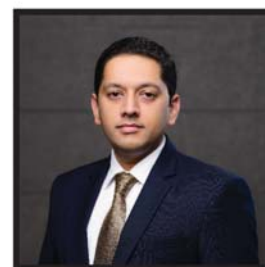
Mr. Salman Ahmed, CFA
Head Of Risk Management



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 tenth annual Report of NBP Mahana Amdani Fund (NMAF) (Formerly; NAFA Savings Plus Fund) for the year ended June 30, 2019.

Fund's Performance

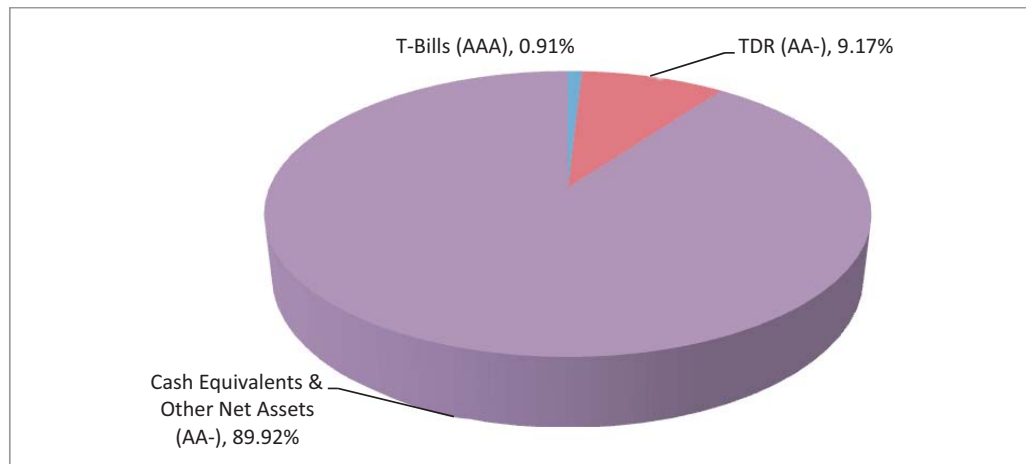
The size of NBP Mahana Amdani Fund has increased from Rs. 496 million to Rs. 545 million during the period, i.e. an increase of 10%. During the said period, the unit price of the Fund has increased from Rs. 9.3144 (Ex-Div) on June 30, 2018 to Rs. 10.1629 on June 30, 2019 thus posting a return of 9.1% as compared to its Benchmark return of 10.2% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund is rated 'AA- (f)' by PACRA, which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund is allowed to invest in MTS. However, internal guidelines permit financing in only fundamentally strong companies. It is pertinent to mention that in this asset class the Fund provides financing at only pre-determined rate of return with no direct exposure to the stock market.

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.

The Fund has earned a total income of Rs. 47.556 million during the year. After deducting total expenses of Rs.9.711 million, the net income is Rs.37.845 million.

The asset allocation of NBP Mahana Amdani Fund as on June 30, 2019 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 8.5475% of the opening ex-NAV (8.669% of the par value) for the period ended June 30, 2019.

Taxation

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

Auditors

The present auditor Messrs KPMG Taseer Hadi & Co., Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs A.F. Ferguson & Co., Chartered Accountant, 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 26 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 23 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

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



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: August 30, 2019
Place: Karachi.

ڈائریکٹرز رپورٹ

این بی پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی ماہانہ آمدنی فنڈ (NMAF) (سابقہ NAFA سیوننگز پلس فنڈ (NSPF) کی دسویں سالانہ رپورٹ برائے تختہ سال 30 جون 2019 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

اس مدت کے دوران این بی پی ماہانہ آمدنی فنڈ کا سائز 496 ملین روپے سے بڑھ کر 545 ملین روپے ہو گیا ہے، یعنی 10% کا اضافہ ہوا۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 9.3144 روپے (Ex-Div) سے بڑھ کر 30 جون 2019 کو 10.1629 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اسپینج مارک منافع 10.2% کے مقابلے میں 9.1% منافع درج کرایا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

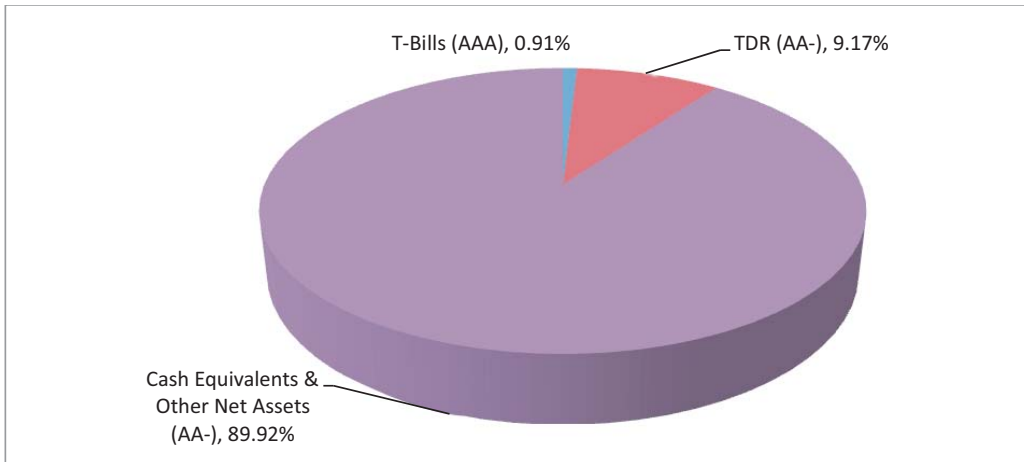
فنڈ کو PACRA کی طرف سے (f)-AA کی ریٹنگ دی گئی ہے جو منافع جات میں متعاقب استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشاندہی کرتی ہے۔ فنڈ کو MTS میں سرمایہ کاری کی اجازت ہے، تاہم NBP فنڈ کی داخلی ہدایات صرف بنیادی طور پر مستحکم کمپنیوں میں سرمایہ کاری کی اجازت دیتی ہیں۔ یہ یہاں ذکر مناسب ہے کہ اس ایسیٹ کلاس میں فنڈ منافع کی پہلے سے طے شدہ شرح منافع پر فنانسنگ فراہم کرتا ہے اور اسٹاک مارکیٹ میں براہ راست سرمایہ کاری نہیں کرتا۔

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

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 بڑھا دی۔ 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، یوٹی لیبیز 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 بالترتیب 3 ماہ 6 اور 12 ماہ کے T-Bills 597bps اور 595bps تک بڑھ گئے۔

فنڈ کو سال کے دوران 47,556 ملین روپے کی مجموعی آمدنی ہوئی۔ 9,711 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 37,845 ملین روپے ہے۔

30 جون 2019 کو این بی پی ماہانہ آمدنی فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والی مدت کے لئے اوپننگ ex.NAV کا 8.5475% (بنیادی قدر کا 8.669%) عبوری نقد ڈیویڈنڈ منظور کیا ہے۔

یکسیشن

درج بالا نقد منافع سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پر آئٹم ٹیکس آرڈیننس 2001 کے سیکشن 10 کی کپارٹ 1 کی شق 99 کے تحت ٹیکس لاگو نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG ٹاٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹ کی کپیٹی میں اپنے پانچ سالوں کی مدت پوری کر لی ہے۔ نان بینکنگ فنانس کمپنیز کی ریگولیشنز (i) 38 اور نوٹیفائیڈ اینڈ ریگولیشنز، 2008 کی ضروریات کے مطابق، ان کی تبدیلی ضروری ہے۔ بورڈ نے، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو 30 جون 2020 کو ختم ہونے والے سال کے لئے تقرری کی منظوری دی ہے۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1 میٹجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواؤ ریونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں کی گئی ہے۔
- 11 پونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کی گئی ہے۔
- 13 میٹجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ میٹجمنٹ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریٹ نہیں رکھتی۔

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



نام	کیٹگری
<ul style="list-style-type: none"> •1 جناب کمال عامر چنائے •2 جناب شہریار فاروق •3 جناب ہمایوں بشیر 	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ul style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (چیرمین) •2 جناب ناصر حسین •3 جناب عیدالہادی پالیکر •4 جناب علی سیگل •5 جناب عمران ظفر 	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ 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 Mahana Amdani Fund (formerly NAFA Savings Plus 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 MANGER REPORT

NBP Mahana Amdani Fund (formerly NAFA Savings Plus Fund)

NBP Mahana Amdani Fund (NMAF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP Mahana Amdani Fund is to minimize risk, preserve capital and generate a reasonable return along with a high degree of liquidity from a portfolio primarily constituted of bank deposits and money market instruments.

benchmark

6-Month KIBOR.

Fund Performance Review

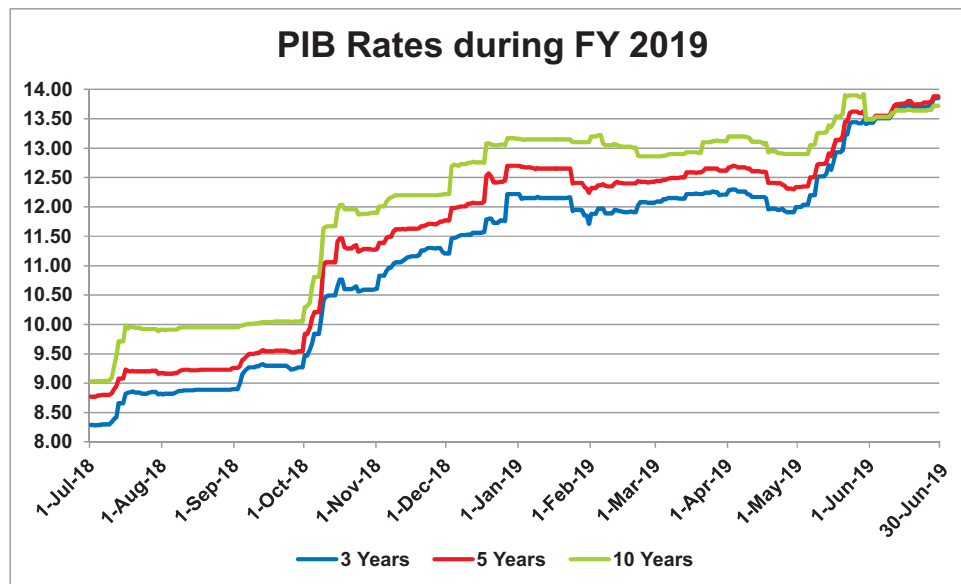
This is the Tenth Annual report since the launch of the Fund on November 21, 2009. The Fund size increased by 10% during the year and stands at Rs. 545 million as on June 30, 2019. Since its inception, the Fund has generated 8.5% p.a return against the benchmark return of 7.2% p.a. This translates into an outperformance of 1.3% p.a. During FY19, the Fund posted 9.1% return versus the benchmark return of 10.2%. The return of the Fund is net of management fee and all other expenses.

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.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-19	30-Jun-18
T-Bills	0.91%	4.99%
Placements with Banks	9.17%	9.19%
Money Market Placements	-	-
Margin Trading System (MTS)	-	18.09%
Cash (Cash Equivalents) & Other Assets	89.92%	67.73%
Total	100.00%	100.00%

PIB yields during the year are shown in below graph:



Distribution for the Financial Year 2019

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Aug-18	1.072%	10.2493	10.1421
Sep-18	0.557%	10.1978	10.1421
Oct-18	0.654%	10.2075	10.1421
Nov-18	0.629%	10.2050	10.1421
Dec-18	0.731%	10.2152	10.1421
Jan-19	0.839%	10.2260	10.1421
Feb-19	0.788%	10.2209	10.1421
Mar-19	0.835%	10.2256	10.1421
Apr-19	0.846%	10.2267	10.1421
May-19	0.873%	10.2294	10.1421
Jun-19	0.845%	10.2266	10.1421

Distribution for the Financial Year 2019

Size of Unit Holding (Units)	# of Unit Holders
1-1000	826
1001-5000	158
5001-10000	45
10001-50000	127
50001-100000	59
100001-500000	65
500001-1000000	7
1000001-5000000	8
10000001-100000000	1
Total	1,296

During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Mahana Amdani Fund (Formerly ; NAFA Savings Plus 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. 2.1330 Million. If the same were not made the NAV per unit/FY19 return of scheme would be higher by Rs. 0.0398 /0.3914%. For details investors are advised to read note 15.1 of the Financial Statement of the Scheme for the year ended June 30, 2019.

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of the NBP Mahana Amdani Fund (Formerly; NAFA Savings Plus Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Mahana Amdani Fund (Formerly; NAFA Savings Plus Fund) ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2019, income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Date: September 27, 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	2019 (Rupees in '000)	2018
Assets			
Bank balances	7	465,647	350,506
Investments	8	89,710	70,302
Receivable against Margin Trading System	9	19	89,671
Profit receivables	10	5,628	686
Receivable against transfer of units		973	-
Deposits and prepayment	11	590	350
Total assets		562,567	511,515
Liabilities			
Payable to NBP Fund Management Limited - Management Company	12	1,907	919
Payable to Central Depository Company of Pakistan Limited - Trustee	13	80	80
Payable to Securities and Exchange Commission of Pakistan	14	327	356
Payable against redemption of units		-	15
Accrued expenses and other liabilities	15	15,221	14,376
Total liabilities		17,535	15,746
Net assets		545,032	495,769
Unit holders' fund (as per statement attached)		545,032	495,769
Contingency and commitment	16		
		(Number of units)	
Number of units in issue	17	53,629,608	46,359,587
		(Rupees)	
Net assets value per unit		10.1629	10.6940

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 (Rupees in '000)	2018
Income			
Income from government securities		1,978	1,615
Income from term deposit receipts		2,156	6,501
Profit on bank deposits		36,556	16,573
Income from Certificate of investment		-	729
Income from Commercial papers		778	-
Income from Clean placement		-	551
Income from Margin Trading System		6,129	7,625
Loss on sale of investments at fair value through profit or loss (FVTPL) - net		(34)	(3)
Net unrealised diminution on re-measurement of investments at FVTPL		(7)	(2)
Total income		47,556	33,589
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	12.1	3,164	2,892
Sindh Sales Tax on remuneration to Management Company	12.2	411	376
Remuneration to Central Depository Company of Pakistan Limited - Trustee	13.1	741	806
Sindh Sales Tax on remuneration to Trustee	13.2	96	105
Selling and Marketing expenses	12.3	1,369	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	12.4	436	474
Annual fee - Securities and Exchange Commission of Pakistan	14	327	356
Settlement charges		745	1,175
Auditors' remuneration	18	628	658
Mutual fund rating fee		433	417
NCCPL charges		275	250
Bank charges		249	280
Legal and professional charges		33	54
Annual listing fee		28	28
Printing charges		4	63
Total expenses		8,939	7,934
Net income from operating activities		38,617	25,655
Provision for Sindh Workers' Welfare Fund	15.1	(772)	(513)
Net income for the year before taxation		37,845	25,142
Taxation	19	-	-
Net income for the year		37,845	25,142
Allocation of net income for the year			
Net income for the year		37,845	25,142
Income already paid on units redeemed		(1,506)	(5,417)
		36,339	19,725
Accounting income available for distribution:			
-Relating to capital gains		-	-
-Excluding capital gains		36,339	19,725
		36,339	19,725

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	2019 (Rupees in '000)	2018
Net income for the year	37,845	25,142
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>37,845</u></u>	<u><u>25,142</u></u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		37,845	25,142
Adjustments:			
Net unrealised diminution on re-measurement of investments at FVTPL		<u>7</u>	<u>2</u>
		37,852	25,144
Decrease / (Increase) in assets			
Investments		(19,415)	(5,612)
Receivable against Margin Trading System		89,652	3,319
Profit receivables		(4,942)	591
Deposits and prepayment		(240)	200
		65,055	(1,502)
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		988	(99)
Payable to Central Depository Company of Pakistan Limited - Trustee		-	13
Payable to Securities and Exchange Commission of Pakistan		(29)	9
Accrued expenses and other liabilities		845	(2,446)
		<u>1,804</u>	<u>(2,523)</u>
Net cash generated from operating activities		104,711	21,119
CASH FLOWS FROM FINANCING ACTIVITIES			
	20		
Amount received from issuance of units		435,457	415,033
Payments against redemption of units		(417,408)	(385,642)
Distribution paid		(7,619)	(2)
Net cash from financing activities		10,430	29,389
Net increase in cash and cash equivalents		115,141	50,508
Cash and cash equivalents at beginning of the year		350,506	299,998
Cash and cash equivalents at end of the year	7	<u><u>465,647</u></u>	<u><u>350,506</u></u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Mahana Amdani Fund (Formerly: NAFA Savings Plus Fund) (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited (management company) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 09 October 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The effective date of change of name of the Fund is 4 April 2019.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The objective of the Fund is to provide an open-end income scheme, seeking to minimize risk, preserve capital and generate a reasonable return along with a high degree of liquidity from a portfolio primarily constituted of bank deposits and money market instruments.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of 'AA-(f)' to the Fund and an asset manager rating of 'AM1' to the Management Company.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

- (a) Provisions (Note 5.3)
- (b) Element of income (Note 5.6)

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

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

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of amendment is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.

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

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

4 Changes in accounting policies

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

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

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

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

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

i. Classification and measurement of financial assets and financial liabilities

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

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities therefore its adoption did not have a significant effect on the Fund's accounting policies related to financial liabilities. For an explanation of how the Fund classifies financial assets under IFRS 9, see Notes 5.1.2, 5.1.6 and. 5.1.8

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer

necessary for a credit event to have occurred before credit losses are recognized. The Fund has classified its financial assets as measured at: FVTPL or amortised cost. IFRS 9 has scoped out impairment for financial assets measured at 'fair value through profit or loss' where as for debt securities measured at amortised cost there are impairment requirements. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

iii. Transition

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

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

5 Summary of significant accounting policies

5.1 Financial assets

5.1.1 Classification (Policies applicable before 1 July 2018)

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

a) Loans and receivables

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

b) Financial assets at fair value through profit or loss

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

c) Available for sale

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

5.1.2 Classification (Policies applicable after 1 July 2018)

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

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

is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Business model assessment

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

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

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

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

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic

lending risks and costs (e.g. liquidity risk and administrative "costs), as well as profit margin."

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

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

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

Reclassifications

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

5.1.3 Regular way contracts

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

5.1.4 Initial recognition and measurement

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

5.1.5 Subsequent measurement (Policies applicable before 1 July 2018)

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

a) Basis of valuation of Debt Securities (other than government securities)

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

b) Basis of valuation of Government Securities

The government securities are 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 derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

c) Loans and receivables

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

5.1.6 Subsequent measurement (Policies applicable after 1 July 2018)

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

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

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

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

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

b) Government securities

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

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

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

a) Debt securities

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

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

b) Loans and receivables

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

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

Financial assets at amortised cost

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

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

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

5.1.9 Derecognition

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

5.1.10 Offsetting of financial assets and liabilities

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

5.1.11 Cash and cash equivalents

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

5.1.12 Receivable against Margin Trading System (MTS)

Securities purchased under an agreement to resell (Reverse repo) are included as receivable against MTS transactions at fair value of the consideration given. All purchases and sale of securities that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date at which the Fund commits to purchase or sell the assets. The MTS transactions are

accounted for on the settlement date. The income is accrued at the applicable rate of return specified in the bid on the outstanding Margin Trading Transaction Value after adjustment of MTM losses.

5.1.13 Derivatives

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

5.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

5.3 Provisions

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

5.4 Taxation

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

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

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

5.5 Issue and redemption of units

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

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

5.6 Element of income

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

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

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

5.7 Earnings per unit

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

5.8 Net assets value per unit

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

5.9 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.

5.10 Distributions

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

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

6 Financial assets and financial liabilities

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

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

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Market Treasury Bills	(a)	Held for trading	Mandatorily at FVTPL	24,723	24,723
Term deposit receipt	(b)	Loans and receivables	At FVTPL	45,579	45,579
Bank balances	(c)	Loans and receivables	Amortised cost	350,506	350,506
Receivable against Margin Trading System	(c)	Loans and receivables	Amortised cost	89,671	89,671
Profit and other receivables	(c)	Loans and receivables	Amortised cost	686	686
Deposits and other receivables	(c)	Loans and receivables	Amortised cost	350	350
				511,515	511,515
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company		Amortised cost	Amortised cost	919	919
Payable to Central Depository Company of Pakistan - Trustee		Amortised cost	Amortised cost	80	80
Payable against redemption of units		Amortised cost	Amortised cost	15	15
Accrued expenses and other liabilities		Amortised cost	Amortised cost	2,022	2,022
				3,036	3,036

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

(b) Term deposit receipt classified as 'loans and receivables' have been classified at fair value through profit or loss.

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

7 BANK BALANCES

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

In current accounts	7.1	2,118	2,367
In savings accounts	7.1 & 7.2	463,529	348,139
		465,647	350,506

- 7.1 This includes cheques amounting to Rs. 0.764 million (2018: Rs. 5.008 million) issued on account of redemption of units and cheques amounting to Rs. 0.333 million (2018: Rs. 0.003 million) received on account of issuance of units as at year end.
- 7.2 These carry a rate of return ranging from 7.30% to 14% per annum (2018: 5.3% to 7.85% per annum).

8 INVESTMENTS

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

Investments by category

At fair value through profit or loss

Investment in government securities	8.1	4,947	24,723
Commercial Paper	8.2	34,763	-
Term deposit receipt	8.3	50,000	-

Loans and receivables

Term deposit receipt	8.4	-	45,579
		89,710	70,302

8.1 Investment in government securities

Issue date	Tenor	Face value				Market value / carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2018	Purchases during the year	Sales / matured during the year	As at 30 June 2019			
				(Rupees in '000)				
Market Treasury Bills								
07 June 2018	3 Months	25,000	-	25,000	-	-	-	-
19 July 2018	3 Months	-	25,000	25,000	-	-	-	-
11 October 2018	3 Months	-	25,000	25,000	-	-	-	-
02 August 2018	3 Months	-	25,000	25,000	-	-	-	-
06 December 2018	3 Months	-	25,000	25,000	-	-	-	-
14 February 2019	3 Months	-	25,000	25,000	-	-	-	-
09 May 2019	3 Months	-	5,000	-	5,000	4,947	0.91	5.51
		25,000	130,000	150,000	5,000	4,947	0.91	5.51

- 8.1.1 Investments in market treasury bills with market value of Rs. 4.947 million (30 June 2018: Rs 24.723 million) have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.
- 8.1.2 These carry a rate of return ranging from 7.40% to 13.20% (2018: 5.83% to 7.60%) per annum.

8.2 Commercial Paper

Name of Issuer	Maturity Date	Face value			Carrying value as at 30 June 2019	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments	
		As at 01 July 2018	Purchases during the year	Sales / matured during the year				As at 30 June 2019
		----- (Rupees in '000) -----			----- (%) -----			
Hub Power Company Limited Paper 1	22 July 2019	-	35,000	-	35,000	34,763	6.38	38.75

8.2.1 This Commercial paper has been issued at discount and is being amortised over a period of 90 days.

8.3 This represents TDR placed with JS Bank Limited carrying mark-up at the rate of 13.2% per annum and matures on 27 September 2019.

8.4 This represents TDR placed with JS Bank Limited carrying mark-up at the rate of 7.4% percent per annum and matures on 27 September 2018.

9 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represents the amount receivable against Margin Trading System and carries average profit rate of Nil (2018: 8.58%) and are matured at the option of finance subject to maximum period of 60 days.

10 PROFIT RECEIVABLES

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

Savings deposits	5,556	14
Term deposit receipts	72	250
Margin Trading System	-	422
	5,628	686

11 DEPOSITS AND PREPAYMENT

Deposit with Central Depository Company of Pakistan Limited	100	100
Deposit with National Clearing Company of Pakistan Limited	250	250
Prepaid annual rating fee	240	-
	590	350

12 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management remuneration	12.1	357	265
Sindh Sales Tax on management remuneration	12.2	46	34
Sales load		133	74
Sindh Sales Tax on sales load		17	10
Selling and Marketing Expenses	12.3	853	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	12.4	213	248
Others		288	288
		1,907	919

- 12.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5% of average annual net assets. The Management Company has charged its remuneration at the rate of 10% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets of the Fund till 9 September 2018. Effective from 10 September 2018, the Management Company has revised its remuneration to the rate of 7% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets.
- 12.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2018: 13%) was charged on management remuneration and sales load.
- 12.3** As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company is entitled to charge selling and marketing expense to Collective Investment Scheme at the rate of 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Accordingly, such expense has been charged effective from 10 September 2018 at the rate of 0.4% per annum of net assets of the Fund.
- 12.4** In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

13	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2019	2018
			(Rupees in '000)	
	Trustee remuneration	13.1	71	71
	Sindh Sales Tax on Trustee remuneration	13.2	9	9
			80	80

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

The tariff structure applicable to the Fund is as follows:

Net Assets	Tariff per annum
Upto Rs 1,000 million	0.17% p.a. of net assets value
Exceeding Rs 1,000 million and upto Rs 5,000 million	Rs 1.7 million plus 0.085% p.a. of net assets value exceeding Rs 1,000 million
On an amount exceeding Rs 5,000 million	Rs 5.1 million plus 0.07% p.a. of net assets value exceeding Rs 5,000 million.

- 13.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2018: 13%) was charged on trustee remuneration.

14 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as Income scheme is required to pay an annual fee to SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

15 ACCRUED EXPENSES AND OTHER LIABILITIES		2019	2018
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	15.1	2,133	1,361
Federal Excise Duty on management remuneration	15.2	10,620	10,620
Federal Excise Duty on sales load		292	292
Auditors' remuneration		484	502
Brokerage		-	3
Bank charges		18	68
Printing charges		38	70
Withholding tax		543	26
Capital gains tax		48	55
Laga and levy charges		34	70
Legal fee		-	55
Mutual fund rating fee		-	217
Settlement charges		6	22
Others		1,005	1,015
		<u>15,221</u>	<u>14,376</u>

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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 4.095 million and a provision for

SWWF of Rs. 1.645 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.0398 per unit (30 June 2018: Rs 0.0294).

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 11.442 million out of which Rs. 0.822 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.2134 (30 June 2018: Rs.0.2468) per unit.

16 CONTINGENCY AND COMMITMENT

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

17 NUMBER OF UNITS IN ISSUE

		2019	2018
		(Number of units)	
Total units in issue at beginning of the year		46,359,587	43,509,309
Add: units issued			
- Sale	17.1	46,896,892	39,943,447
- Refund of capital at zero value	17.2 & 17.3	1,369,396	-
		48,266,288	39,943,447
Less: units redeemed		(40,996,267)	(37,093,169)
Total units in issue at end of the year		53,629,608	46,359,587

- 17.1** This includes 4,668,786 units (2018: Nil units) issued against Dividend Reinvestment Plan amounting to Rs. 47.368 million (2018: Rs. Nil) net of taxation.

- 17.2** The Management Company on 04 July 2018 declared final distribution of Rs. 0.5519 per unit (for full year) for the year ended 30 June 2018. The aggregate cash distribution amounted to Rs. 19.708 million was in addition to refund of capital / element of income by issuing 579,593 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

- 17.3** The Management Company on 29 August 2018, 28 September 2018, 29 October 2018, 29 November 2018, 28 December 2018, 28 January 2019, 26 February 2019, 28 March 2019, 27 April 2019, 28 May 2019 and 24 June 2019 declared interim distribution amounted to Rs. 0.1072, Rs. 0.0557, Rs. 0.0654, Rs. 0.0629, Rs. 0.0731, Rs. 0.0839, Rs. 0.0788, Rs. 0.0835, Rs. 0.0846, Rs. 0.0873 and Rs. 0.0845 per unit respectively (for full period / year) for the year ended 30 June 2019. The aggregate cash distribution is Rs. 4.644 million, Rs. 2.370 million, Rs. 2.616 million, Rs. 2.427 million Rs.2.860 million, Rs. 3.275 million, Rs. 2.976 million, Rs. 3.267 million, Rs. 3.394 million, Rs. 3.722 million and Rs. 3.727 million respectively was in addition to refund

of capital / element of income by issuing 21,474, 7,322, 2,535, 3,878, 11,317, 702, 8,093, 6,068, 13,520, 34,760 and 25,353 additional units respectively to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

18 AUDITORS' REMUNERATION	2019	2018
	(Rupees in '000)	
Annual audit fee	420	420
Half yearly review	168	168
Out of pocket expenses and others including government levy	40	70
	628	658

19 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 5.10), no provision for taxation has been made in these financial statements.

20 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	----- (Rupees in '000) -----			
Opening balance as at 1 July 2018	-	15	-	15
Receivable against issuance of units	436,430	-	-	436,430
Payable against redemption of units	-	417,393	-	417,393
Dividend Payable	-	-	7,619	7,619
	436,430	417,393	7,619	861,442
Amount received on issuance of units	(435,457)	-	-	(435,457)
Amount paid on redemption of units	-	(417,408)	-	(417,408)
Dividend paid	-	-	(7,619)	(7,619)
	(435,457)	(417,408)	(7,619)	(860,484)
Closing balance as at 30 June 2019	973	-	-	973

21 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 2.23% per annum. Total expense ratio (excluding government levies) is 1.86% per annum.

22 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2019			Total
	At amortized cost	At fair value through profit or loss	Mandatorily at fair value through profit or loss	
----- (Rupees in '000) -----				
Assets				
Bank balances	465,647	-	-	465,647
Investments	-	84,763	4,947	89,710
Receivable against Margin Trading System	19	-	-	19
Profit receivables	5,628	-	-	5,628
Receivable against transfer of units	973	-	-	973
Deposits	350	-	-	350
	472,617	84,763	4,947	562,327
----- (Rupees in '000) -----				
	30 June 2019			Total
	Mandatorily at fair value through profit or loss	At fair value through profit or loss	At amortized cost	
Liabilities				
Payable to NBP Fund Management Limited - Management Company	-	-	1,907	1,907
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	80	80
Accrued expenses and other liabilities	-	-	1,585	1,585
	-	-	3,572	3,572
----- (Rupees in '000) -----				
	30 June 2018			Total
	Loans and receivables	At fair value through profit or loss		
Assets				
Bank balances	350,506	-	-	350,506
Investments	45,579	24,723	-	70,302
Receivable against Margin Trading System	89,671	-	-	89,671
Profit receivables	686	-	-	686
Deposits	350	-	-	350
	486,792	24,723	-	511,515
----- (Rupees in '000) -----				
	30 June 2018			Total
	At fair value through profit or loss	Loans and receivables		
Liabilities				
Payable to NBP Fund Management Limited - Management Company	-	919	-	919
Payable to Central Depository Company of Pakistan Limited - Trustee	-	80	-	80
Payable against redemption of units	-	15	-	15
Accrued expenses and other liabilities	-	2,022	-	2,022
	-	3,036	-	3,036

23 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

23.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at year end are as follows:

23.5 Details of the transactions with connected persons are as follows:	2019	2018
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration to the Management company	3,164	2,892
Sindh Sales Tax	411	376
Sales load	465	130
Sindh Sales Tax on Sales load	60	17
Selling and Marketing expenses	1,369	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	436	474
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	741	806
Sindh Sales Tax on Trustee remuneration	96	105
CDS charges	156	182
NBP Endowment Fund Student Loan Scheme		
Units issued: 1,585 units (2018: Nil units)	16	-
Employees of the Management Company		
Units issued: 213,678 units (2018: 1,045,836 units)	1,943	10,886
Units redeemed: 663,672 units (2018: 669,901 units)	6,766	6,898
Yousaf Khan		
Units issued: Nil units (2018: 5,840,235)	-	61,000
Askari Bank Limited		
Markup on balance	44	46
BankIslami Pakistan Limited		
Markup on balance	28	25

23.6 Balances outstanding as at year end	2019	2018
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Management remuneration payable	357	265
Sindh Sales Tax payable	46	34
Sales load payable to Management Company	133	74
Sindh Sales Tax payable on Sales load	17	10
Selling and Marketing Expenses	853	-
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	213	248
Other payable	288	288
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	71	71
Sindh Sales Tax payable	9	9
Security deposit	100	100
National Bank of Pakistan (NBP) - Sponsor		
Bank Balances	5,343	3,084
NBP Endowment Fund Student Loan Scheme		
Units held: 16,058 units (2018: 14,473 units)	163	155
Employees of the Management Company		
Units held: 15,945 units (2018: 465,938 units)	162	4,983
Summit Bank Limited		
Bank balances	748	973
Askari Bank Limited		
Bank balances	93	387
BankIslami Pakistan Limited		
Bank balances	323	192
Syed Muhammad Asif Ali		
Units held: 6,476,677 units (2018: 5,758,158 units)	65,822	61,578
Yousaf Khan		
Units held: Nil units (2018: 6,402,333 units)	-	68,467

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

*Mr. Muhammad Ali Bhabha is the Fund manager. He is also managing NBP Government Securities Liquid Fund (Formerly; NAFA Government Securities Liquid Fund), NBP Government Securities Savings Fund (Formerly; NAFA Government Securities Savings Fund), NBP Money Market Fund (Formerly; NAFA Money Market Fund), NBP Riba Free Saving Fund (Formerly; NAFA Riba Free Savings Fund), NBP Financial Sector Income Fund (Formerly; NAFA Financial Sector Income Fund), NBP Savings Fund (Formerly; NAFA Income Fund), NBP Active Allocation Riba Free Savings Fund (Formerly; NAFA Active Allocation Riba Free Savings Fund), NBP Islamic Money Market Fund (Formerly; NAFA Islamic Money Market Fund), NBP Islamic Savings Fund (Formerly; NAFA Islamic Income Fund), NBP Income Opportunity Fund (Formerly; NAFA Income Opportunity Fund), NBP Islamic Mahana Amdani Fund (Formerly; NBP Aitemaad Mahana Amdani Fund) and NBP Government Securities Fund - I.

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

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

S. No	Particulars	Percentage (%)
	Icon Securities (Private) Limited	100

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

S. No	Particulars	Percentage (%)
	Icon Securities (Private) Limited	Nil

26 PATTERN OF UNIT HOLDING

Category	As at 30 June 2019		
	Number of unit holders	Investment amount	Percentage of investment
		(Rupees in '000)	---- (%) ---
Individuals	1,272	474,677	87.09
Associated companies / Directors	1	163	0.03
Retirement funds	5	19,068	3.50
Others	18	51,124	9.38
	1,296	545,032	100.00

Category	As at 30 June 2018		
	Number of unit holders	Investment amount	Percentage of investment
		(Rupees in '000)	---- (%) ---
Individuals	1,124	439,884	88.73
Associated companies / Directors	1	155	0.03
Retirement funds	4	44	0.01
Others	19	55,686	11.23
	<u>1,148</u>	<u>495,769</u>	<u>100.00</u>

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 68th, 69th, 70th, 71st Board meetings were held on 5 September 2018, 30 October 2018, 25 February 2019, 26 April 2019, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held during tenure of directorship	Attended	Leave granted	
Mr. Mudassir Hussain Khan (Refer 27.4)	2	1	1	69th Meeting
Mr. Tariq Jamali (Refer 27.5)	2	-	2	68th and 69th Meeting
Mr. Abdul Hadi Palekar	4	3	1	70th Meeting
Mr. Foo Chiah Shiung (Kelvin Foo) (Refer 27.2)	2	1	1	69th Meeting
Mr. Kamal Amir Chinoy	4	3	1	70th Meeting
Mr. Shehryar Faruque	4	3	1	68th Meeting
Mr. Humayun Bashir	4	4	-	-
Mr. Wajahat Rasul Khan (Refer 27.3)	2	2	-	-
Dr. Amjad Waheed	4	4	-	-
Mr. Shaikh Muhammad Abdul Wahid Sethi (Refer 27.1)	2	2	-	-
Mr. Nasir Husain (Refer 27.1)	2	2	-	-
Mr. Ali Saigol (Refer 27.1)	2	2	-	-
Mr. Imran Zaffar (Refer 27.1)	2	2	-	-

27.1 Mr. Shaikh Muhammad Abdul Wahid Sethi, Mr. Nasir Husain, Mr. Ali Saigol and Mr. Imran Zaffar were appointed as directors on Board with effect from 17 December, 2018

27.2 Mr. Foo Chiah Chiung (Dr. Kelvin Foo) resigned from the Board on 8 October, 2018

27.3 Mr. Wajahat Rasul Khan resigned from the Board on 8 October, 2018

27.4 Mr. Mudassir Hussain Khan resigned from the Board on 12 October, 2018

27.5 Mr. Tariq Jamali resigned from the Board on 12 October, 2018

28 FINANCIAL RISK MANAGEMENT

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

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

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

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

28.1 Market risk

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

Management of market risk

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

28.1.1 Currency risk

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

28.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

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

(b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise Market Treasury Bills, Term Deposit Receipts, Commercial paper and bank balances. Except for Market Treasury Bills the Fund's income and net assets are substantially independent of changes in market interest rate.

As at 30 June 2019, the Fund holds Market Treasury Bills which are classified as 'fair value through profit and loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan on 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 0.006 million (2018: Rs 0.041 million). In case of 100 basis points decrease in rates announced by the Financial Markets Association of Pakistan on 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 0.0026 million (2018: Rs 0.041 million).

The composition of the Fund's investment portfolio and rates announced by Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

30 June 2019					
Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield/ Interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	7.3% - 14%	463,529	-	2,118	465,647
Investments	7.40% - 13.20%	89,710	-	-	89,710
Receivable against Margin Trading System		19	-	-	19
Profit receivables		-	-	5,628	5,628
Receivable from transfer of sale units		-	-	973	973
Deposits		-	-	350	350
		<u>553,258</u>	<u>-</u>	<u>9,069</u>	<u>562,327</u>
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	1,907	1,907
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	80	80
Payable against redemption of units		-	-	-	-
Accrued expenses and other liabilities		-	-	1,585	1,585
		<u>-</u>	<u>-</u>	<u>3,572</u>	<u>3,572</u>
On-balance sheet gap		<u>553,258</u>	<u>-</u>	<u>5,497</u>	<u>558,755</u>
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest sensitivity		<u>553,258</u>	<u>-</u>	<u>5,497</u>	<u>558,755</u>
Cumulative interest rate sensitivity gap		<u>553,258</u>	<u>553,258</u>	<u>553,258</u>	

As at 30 June 2018

Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees in '000) -----						
On balance sheet financial instruments						
Financial Assets						
Bank balances	5.3% - 7.85%	348,139	-	-	2,367	350,506
Investments	5.83% - 7.60%	70,302	-	-	-	70,302
Receivable against Margin Trading System		89,671	-	-	-	89,671
Profit receivables		-	-	-	686	686
Deposits		-	-	-	350	350
		<u>508,112</u>	<u>-</u>	<u>-</u>	<u>3,403</u>	<u>511,515</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	919	919
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	80	80
Payable against redemption of units		-	-	-	15	15
Accrued expenses and other liabilities		-	-	-	2,022	2,022
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,036</u>	<u>3,036</u>
On balance sheet gap		<u>508,112</u>	<u>-</u>	<u>-</u>	<u>367</u>	<u>508,479</u>
Off balance sheet financial instruments						
		-	-	-	-	-
Off balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest sensitivity		<u>508,112</u>	<u>-</u>	<u>-</u>	<u>367</u>	<u>508,479</u>
Cumulative interest rate sensitivity gap		<u>508,112</u>	<u>508,112</u>	<u>508,112</u>		

28.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk as no equity securities are held by the Fund as at 30 June 2019.

28.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in loans and receivables and bank balances. Risks attributable to investments in Market Treasury Bills and Commercial Papers while bank balances are maintained with banks with a reasonably high credit rating.

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

Bank balances	2019	2018
	(Rupees in '000)	
AAA+, AAA-, AAA	9,689	9,863
AA+, AA-, AA	319,229	225,630
A+, A-, A	<u>136,729</u>	<u>115,013</u>
	<u><u>465,647</u></u>	<u><u>350,506</u></u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets.

Concentration of credit risk

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

28.3 Liquidity risk

Liquidity risk is the risk that the Fund 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.

Management of liquidity risk

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

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 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, during the current year, no borrowing was obtained by the Fund.

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

Maturity analysis for financial liabilities

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

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

	30 June 2019			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
Financial Liabilities				
Payable to NBP Fund Management Limited - Management Company	1,907	1,907	-	-
Payable to Central Depository Company of Pakistan Limited -Trustee	80	80	-	-
Payable against redemption of units	-	-	-	-
Accrued expenses and other liabilities	1,585	1,585	-	-
	<u>3,572</u>	<u>3,572</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>545,032</u>	<u>545,032</u>	<u>-</u>	<u>-</u>
	30 June 2018			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
Financial Liabilities				
Payable to NBP Fund Management Limited - Management Company	919	919	-	-
Payable to Central Depository Company of Pakistan Limited -Trustee	80	80	-	-
Payable against redemption of units	15	15	-	-
Accrued expenses and other liabilities	2,022	2,022	-	-
	<u>3,036</u>	<u>3,036</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>495,769</u>	<u>495,769</u>	<u>-</u>	<u>-</u>

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		30 June 2019						
		Carrying value			Fair value			
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investment								
		4,947	-	4,947	-	4,947	-	4,947
	- Market Treasury Bills							
29.1	- Commercial Paper	34,763	-	34,763	-	34,763	-	34,763
29.1	- Term deposit receipt	50,000	-	50,000	-	50,000	-	50,000
		<u>89,710</u>	<u>-</u>	<u>89,710</u>	<u>-</u>	<u>89,710</u>	<u>-</u>	<u>89,710</u>
Financial assets not measured at fair value								
29.1	Bank balances	-	465,647	465,647	-	-	-	-
	Commercial Paper	-	34,763	34,763	-	-	-	-
	Receivable against Margin Trading System	-	19	19	-	-	-	-
	Profit receivables	-	5,628	5,628	-	-	-	-
	Receivable from transfer of sale units	-	973	973	-	-	-	-
	Deposits	-	350	350	-	-	-	-
		<u>-</u>	<u>507,380</u>	<u>507,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
29.1	Payable to NBP Fund Management Limited - Management Company	-	1,907	1,907	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	80	80	-	-	-	-
	Payable against redemption of units	-	-	-	-	-	-	-
	Accrued expenses and other liabilities	-	1,585	1,585	-	-	-	-
		<u>-</u>	<u>3,572</u>	<u>3,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 June 2018

	Carrying value			Fair value			
	At fair value through profit or loss	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investment							
- Market Treasury Bills	24,723	-	24,723	-	24,723	-	24,723
Financial assets not measured at fair value							
Bank balances	-	350,506	350,506	-	-	-	-
Term deposit receipt	-	45,579	45,579	-	-	-	-
Receivable against Margin Trading System	-	89,671	89,671	-	-	-	-
Profit receivables	-	686	686	-	-	-	-
Deposits	-	350	350	-	-	-	-
	-	486,792	486,792	-	-	-	-
Financial liabilities not measured at fair value							
Payable to NBP Fund Management Limited - Management Company	-	919	919	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	80	80	-	-	-	-
Payable against redemption of units	-	15	15	-	-	-	-
Accrued expenses and other liabilities	-	2,022	2,022	-	-	-	-
	-	3,036	3,036	-	-	-	-

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

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

30 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

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

31 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	for the Year ended 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 at the year / period ended (Rs '000)	545,032	495,769	441,250	522,797	494,677	1,429,102
Net income for the year / period ended (Rs '000)	37,845	25,142	26,437	15,377	69,309	224,472
Net Asset Value per unit at the year / period ended (Rs)	10.1629	10.6940	10.4115	10.1194	10.1148	10.0487
Offer Price per unit at year end	10.2203	10.7544	10.1988	10.1766	10.1823	10.1163
Redemption Price per unit at year end	10.1629	10.6940	10.1415	10.1194	10.1148	10.0487
Ex - Highest offer price per unit (Rs.)	10.2203	10.7544	10.1988	10.8068	10.1823	10.1163
Ex - Lowest offer price per unit (Rs.)	9.3765	10.2004	9.4427	10.1749	9.3743	9.3753
Ex - Highest redemption price per unit (Rs.)	10.1629	10.6940	10.1415	10.7461	10.1148	10.0487
Ex - Lowest redemption price per unit (Rs.)	9.3192	10.1431	9.3822	10.1177	9.3122	9.3126
Fiscal Year Opening EX Nav	9.3144	10.4115	9.3807	10.1148	9.3076	9.3119
Total return of the fund	9.11%	5.45%	8.11%	6.10%	8.67%	7.91%
Capital growth	0.56%	0.10%	-0.38%	-0.14%	0.02%	-0.30%
Income distribution as a % of ex nav	8.55%	5.44%	8.50%	6.24%	8.65%	8.21%
Income distribution as a % of par value	8.67%	5.52%	7.97%	6.31%	8.05%	7.65%
Distribution						
Interim distribution per unit	0.7824		0.7969	0.6313	0.8049	0.7646
Final distribution per unit	0.0845	0.5519	-	-	-	-
Distribution Dates						
Interim			19-Jun-17			30-Jul-13
Interim						29-Aug-13
Interim	29-Aug-18					27-Sep-13
Interim	28-Sep-18					29-Oct-13
Interim	29-Oct-18					28-Nov-13
Interim	28-Nov-18					27-Dec-13
Interim	28-Dec-18					29-Jan-14
Interim	28-Jan-19					28-Feb-14
Interim	26-Feb-19					28-Mar-14
Interim	28-Mar-19					29-Apr-14
Interim	27-Apr-19					28-May-14
Interim	28-May-19				29-Jun-15	26-Jun-14
Final	24-Jun-19	04-Jul-18				
Average annual return of the fund (launch date Nov 21, 2009)						
(Since inception to June 30, 2019)	8.53%					
(Since inception to June 30, 2018)		8.46%				
(Since inception to June 30, 2017)			8.86%			
(Since inception to June 30, 2016)				9.00%		
(Since inception to June 30, 2015)					9.50%	
(Since inception to June 30, 2014)						9.64%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	10 Days	22 Days	27 Days	22 Days	76 Days	11 Days

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

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