



NBP FUNDS

Managing Your Savings

AM1
Rated by PACRA

NBP STOCK 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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NBP STOCK FUND

(FORMERLY; NAFA STOCK FUND)



FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

MCB Bank Limited
MCB Islamic Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Sindh Bank Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiati Bank Limited

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



NBP FUNDS
Managing Your Savings

MCB Islamic Bank Limited
Faysal Bank Limited
Soneri Bank Limited
The Bank of Punjab
Albaraka Bank of Pakistan
Silk Bank Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
U Microfinance Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 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.nbp-funds.com

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Humayun Bashir
Director



Mr. Nasir Husain
Director



Mr. Ali Saigol
Director



Mr. Shehryar Faruque
Director



Mr. Imran Zaffar
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



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



Mr. Taha Khan Javed, CFA
Head Of Equity



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Salman Ahmed, CFA
Head Of Risk Management



Mr. Zaheer Iqbal, ACA, FPFA
Head Of Operations



Mr. Raheel Rehman, ACA
Head Of Compliance



Mr. Shahbaz Umer
Head Of Human Resource

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Thirteen Annual Report of **NBP Stock Fund (Formerly; NAFA Stock Fund)** for the year ended June 30, 2019.

Fund's Performance

After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KSE-100 Index fell sharply by 19.1% on a year-on-year basis. Though the market started off the year on a positive note as investors cheered the peaceful transition between two democratically elected governments, the rebound turned out to be short-lived as investors' attention shifted to the deteriorating economic fundamentals emanating from the intractable twin deficits, especially the heightened Current Account Deficit (CAD).

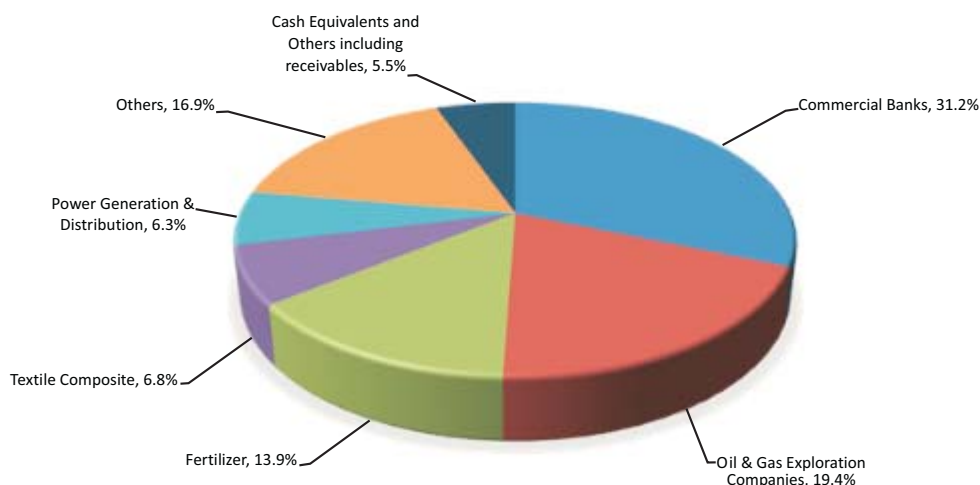
Faced with the challenging economic conditions, with the objectives to contain inflation and curtail external account imbalances, the incumbent government embarked on tightening policies including massive devaluation of overvalued Pak Rupee against the US Dollar, sharp hike in the Policy Rate, increasing/expanding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

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

During the fiscal year, NBP Stock Fund decreased by 18.0% as against the KSE-30 index decrease by 18.2%, outperforming the market by 0.20% during the year. The Fund outperformed on the back of proactive asset allocation. Furthermore, the Fund was overweight in key stocks in Textile Composite, Commercial Banks, Technology & Communication, and Chemical sectors that outperformed the market and was underweight in key stocks in Refinery, Pharmaceuticals, Oil & Gas Marketing Companies, and Automobile Assembler sectors that underperformed the market, which contributed to the outperformance. Since inception (January 19, 2007), NSF has risen by 340.4%, whereas the KSE-30 index has increased by 63.8%, thus to date out-performance is 276.6%. This outperformance is net of management fee and all other expenses. The Fund size is 11,895 million as of June 30, 2019.

NBP Stock Fund has incurred a total loss of Rs. 2,380.792 million during the year. After deducting total expenses of Rs. 467.929 million, the net loss is Rs. 2,848.721 million. During the year, the unit price of NBP Stock Fund has decreased from Rs. 14.6226 on June 30, 2018 to Rs. 11.9914 on June 30, 2019. The resultant per unit loss is Rs. 2.6312 (-17.99%).

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



Income Distribution

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

Taxation

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

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2020.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 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 22 to these financial statements.

13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

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

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسٹاک فنڈ (سابقہ: NAFA اسٹاک فنڈ) (NSF) کی تیرہویں سالانہ رپورٹ برائے سال تختہ 30 جون 2019ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

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

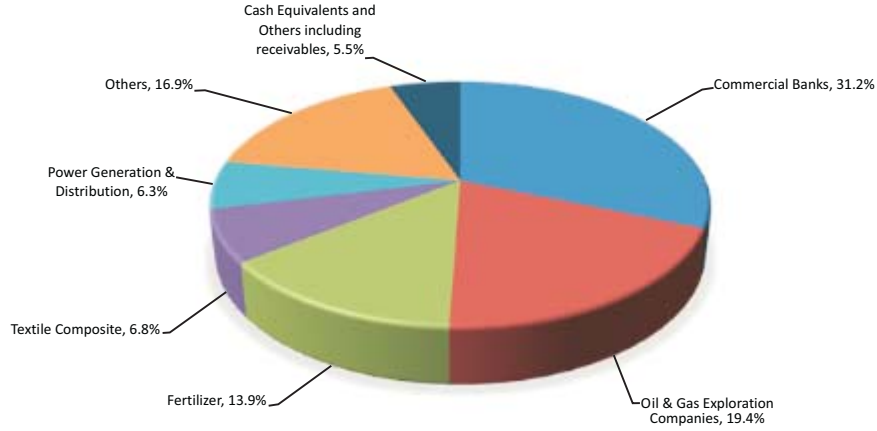
مہنگائی پر قابو پانے اور بیرونی اکاؤنٹ کے عدم توازن کو کم کرنے کے مقاصد کے ساتھ مشکل اقتصادی حالات سے دوچار موجودہ حکومت نے امریکی ڈالر کے برعکس روپیہ کی قدر میں خاطر خواہ کمی، پالیسی شرح میں تیز ترین اضافہ، غیر ضروری پریشانیوں کو ختم کر دیا اور عوامی اخراجات میں کمی جیسی سخت پالیسیوں کا آغاز کیا۔ سخت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

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

مالی سال کے دوران، NBP اسٹاک فنڈ میں KSE-30 انڈیکس کی 18.2% کمی کے مقابلے میں 18.0% کمی ہوئی یعنی اس سال کے دوران مارکیٹ سے 0.20% کی بہتر کارکردگی دکھائی۔ فنڈ نے پرو ایکٹو ایسٹ ایلوکیشن کی بنا پر بہتر کارکردگی ظاہر کی۔ اس کے علاوہ، فنڈ نے نیٹ سٹائل کمپوزٹس، کرسٹل ٹیکنوں، بیکنالوجی اینڈ کیوٹیلیشن اور کیوٹیلز سیکٹرز میں کلیدی اسٹاکس کو زیادہ اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی دکھائی اور ریٹرنز، آئل اینڈ گیس مارکیٹنگ کمپنیوں، فارماسیوٹیکل اور آٹوموبائل اسمبلر سیکٹرز کو کم اہمیت دی جس نے مارکیٹ سے اہتر کارکردگی کا مظاہرہ کیا، جس کے باعث کارکردگی بہتر رہی۔ فنڈ کے آغاز (19 جنوری 2007) کے بعد سے NSF میں 340.4% کا اضافہ ہوا، جبکہ KSE-30 انڈیکس 63.8% تک بڑھ گیا، لہذا فنڈ آج تک بہتر کارکردگی 276.6% ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2019 کو فنڈ کا سائز 11,895 ملین روپے ہے۔

NBP اسٹاک فنڈ کو اس سال کے دوران 2,380,792 ملین روپے کا مجموعی خسارہ ہوا۔ 467,929 ملین روپے کے اخراجات منہا کرنے کے بعد خالص خسارہ 2,848,721 ملین روپے ہے۔ سال کے دوران NBP اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 14.6226 روپے سے کم ہو کر 30 جون 2019 کو 11.9914 روپے ہو گئی، جس کے نتیجے میں یونٹ خسارہ 2.6312 روپے (-17.99%) ہے۔

30 جون 2019 کو NBP اسٹاک فنڈ کی ایسٹ ابلو کیشن درج ذیل ہے:



آمدنی کی تقسیم

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

ریکسیشن

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

آڈیٹرز

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

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل 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، معیاریوں، 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، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں کی گئی ہے۔
11. یونٹ 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 22 میں ظاہر کی گئی ہے۔

•13 مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ مینجمنٹ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2019 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں:

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

اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا 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 ڈسٹریبیوٹرز 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 فنانڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 30 اگست 2019

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Stock Fund (formerly NAFA Stock Fund) (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 26, 2019

FUND MANAGER REPORT

NBP Stock Fund (Formerly; NAFA Stock Fund) is an Open-ended Equity Fund

Investment Objective of the Fund

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

Benchmark

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

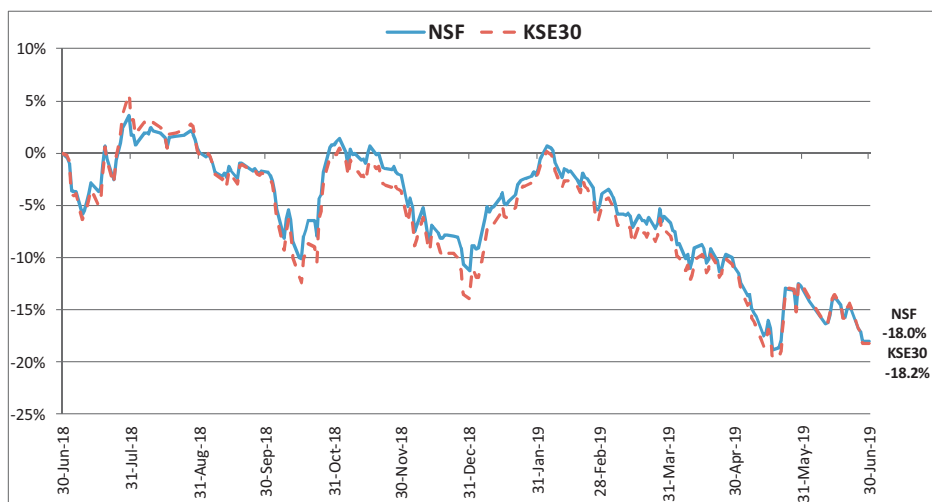
Fund performance review

This is the thirteenth annual report of the Fund. During the fiscal year, NBP Stock Fund (Formerly; NAFA Stock Fund) decreased by 18.0% as against the KSE-30 index decreased by 18.2%, outperforming the market by 0.2% during the year. Since inception (January 19, 2007), NSF has risen by 340.4%, whereas the KSE-30 index has increased by 63.8%, thus to date out-performance is 276.6%. This outperformance is net of management fee and all other expenses. Thus, NSF has met its investment objective. During the year, the fund size of NSF decreased by 21% to Rs 11,895 million.

NSF outperformed on the back of proactive asset allocation. Furthermore, the Fund was overweight in key stocks in Textile Composite, Commercial Banks, Technology & Communication, and Chemical sectors that outperformed the market and was underweight in key stocks in Refinery, Pharmaceuticals, Oil & Gas Marketing Companies, and Automobile Assembler sectors that underperformed the market, which contributed to the outperformance.

The chart below shows the performance of NSF against the Benchmark for the year.

NSF Performance vs. Benchmark during FY19



At the beginning of the year, NSF was around 85.5% invested in equities. During the year, we proactively adjusted our exposure in equities. At the end of the year, NSF was around 94.5% invested in equities.

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



After challenging FY2017-18, amid thin trading volumes, the stock market depicted dismal performance during FY2018-19 as the benchmark KSE-100 Index fell sharply by 19.1% on a year-on-year basis. Though the market started off the year on a positive note as investors cheered the peaceful transition between two democratically elected governments, the rebound turned out to be short-lived as investors' attention shifted to the deteriorating economic fundamentals emanating from the intractable twin deficits, especially the heightened Current Account Deficit (CAD).

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

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

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-19	30-Jun-18
Equities / Stocks	94.5%	85.5%
Cash Equivalents	5.9%	15.8%
Other Net Liabilities	(0.4%)	(1.3%)
Total	100.0%	100.0%

Distribution for the Financial Year 2019

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

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
1-1000	755
1001-5000	564
5001-10000	351
10001-50000	844
50001-100000	337
100001-500000	336
500001-1000000	46
1000001-5000000	73
5000001-10000000	18
10000001-100000000	18
100000001-1000000000	1
Total	3343

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



During the period under question:

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 108.972 Million. If the same were not made the NAV per unit/FY19 return of scheme would be higher by Rs. 0.1099 / 0.92%. For details investors are advised to read note 14.1 of the Financial Statement of the Scheme for the year ended June 30, 2019.

INDEPENDENT AUDITORS' REPORT

To the Unit Holders of the NBP Stock Fund (Formerly; NAFA Stock Fund) Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Stock Fund (Formerly; NAFA Stock 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	702,620	2,359,377
Investments	8	11,245,759	12,814,899
Dividend and profit receivable	9	30,120	28,095
Receivable against sale of investments		136,329	14,946
Advance, deposits and prepayment	10	7,301	7,191
Total assets		<u>12,122,129</u>	<u>15,224,508</u>
Liabilities			
Payable to NBP Fund Management Limited - Management Company	11	62,232	71,357
Payable to Central Depository Company of Pakistan Limited - Trustee	12	1,264	1,568
Payable to Securities and Exchange Commission of Pakistan	13	14,148	14,984
Accrued expenses and other liabilities	14	149,226	152,659
Total liabilities		<u>226,870</u>	<u>240,568</u>
Net assets		<u>11,895,259</u>	<u>14,983,940</u>
Unit holders' fund (as per statement attached)		<u>11,895,259</u>	<u>14,983,940</u>
Contingency and commitment	15		
		(Number of units)	
Number of units in issue	16	<u>991,980,340</u>	<u>1,024,707,999</u>
		(Rupees)	
Net assets value per unit		<u>11.9914</u>	<u>14.6226</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees in '000)	2018
Income			
Dividend income		718,546	714,117
Loss on sale of investments at fair value through profit or loss (FVTPL) - net		(910,747)	(1,127,693)
Profit on bank deposits		147,025	103,995
Income from government securities		25,335	3,789
Net unrealised diminution on re-measurement of investments at FVTPL		(2,360,951)	(982,822)
Total loss		<u>(2,380,792)</u>	<u>(1,288,614)</u>
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	11.1	297,857	315,456
Sindh Sales Tax on remuneration to Management Company	11.2	38,721	41,009
Remuneration to Central Depository Company of Pakistan Limited - Trustee	12.1	15,893	16,773
Sindh Sales Tax on remuneration to Trustee	12.2	2,066	2,180
Selling and marketing expenses	11.3	59,571	63,091
Allocation of expenses related to registrar services, accounting, operation and valuation services	11.4	14,893	15,773
Annual fee - Securities and Exchange Commission of Pakistan		14,148	14,984
Securities transaction cost		21,006	16,669
Settlement and bank charges		2,728	2,696
Auditors' remuneration	17	711	609
Fund rating fee		222	180
Annual listing fee		28	28
Legal and professional fees		72	64
Printing charges		13	40
Total expenses		<u>467,929</u>	<u>489,552</u>
Net loss from operating activities		<u>(2,848,721)</u>	<u>(1,778,166)</u>
Provision for Sindh Workers' Welfare Fund	14.1	-	-
Net loss for the year before taxation		<u>(2,848,721)</u>	<u>(1,778,166)</u>
Taxation	18	-	-
Net loss for the year		<u>(2,848,721)</u>	<u>(1,778,166)</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2019 (Rupees in '000)	2018
Net loss for the year	(2,848,721)	(1,778,166)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u><u>(2,848,721)</u></u>	<u><u>(1,778,166)</u></u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

Note	2018			2017		
	Value	Undistributed income	Total	Value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	12,431,591	2,552,349	14,983,940	12,515,766	4,341,986	16,857,752
Issue of 545,757,834 units (2018: 519,891,215 units)						
- Capital value	7,980,399	-	7,980,399	8,425,543	-	8,425,543
- Element of loss	(308,013)	-	(308,013)	(601,242)	-	(601,242)
Total proceeds on issuance of units	7,672,386	-	7,672,386	7,824,301	-	7,824,301
Redemption of 578,485,493 units (2018: 534,897,157 units)						
- Capital value	(8,458,962)	-	(8,458,962)	(8,668,648)	-	(8,668,648)
- Element of income	546,616	-	546,616	760,172	-	760,172
Total payments on redemption of units	(7,912,346)	-	(7,912,346)	(7,908,476)	-	(7,908,476)
Final Distribution for the year ended 30 June 2018: Nil [30 June 2017: 0.11% (Date of distribution: 15 September 2017)]						
- Cash distribution	-	-	-	-	(11,471)	(11,471)
Total comprehensive loss for the year	-	(2,848,721)	(2,848,721)	-	(1,778,166)	(1,778,166)
Net assets at end of the year	12,191,631	(296,372)	11,895,259	12,431,591	2,552,349	14,983,940
Undistributed income brought forward						
- Realised		3,535,171			2,544,122	
- Unrealised		(982,822)			1,797,864	
		2,552,349			4,341,986	
Net loss for the year		(2,848,721)			(1,778,166)	
Final Distribution for the year ended 30 June 2018: Nil [30 June 2017: 0.11% (Date of distribution: 15 September 2017)]						
- Cash distribution		-			(11,471)	
Undistributed income carried forward		(296,372)			2,552,349	
Undistributed (loss) / income carried forward						
- Realised		2,064,579			3,535,171	
- Unrealised		(2,360,951)			(982,822)	
		(296,372)			2,552,349	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			14.6226			16.2138
Net assets value per unit at end of the year			11.9914			14.6226

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees in '000)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		(2,848,721)	(1,778,166)
Adjustments:			
Net unrealised diminution on re-measurement of investments at FVTPL		2,360,951	982,822
		<u>(487,770)</u>	<u>(795,344)</u>
(Increase) / decrease in assets			
Investments		(791,811)	1,616,654
Dividend and profit receivable		(2,025)	5,322
Receivable against sale of investments		(121,383)	157,647
Advance, deposits and prepayment		(110)	-
		<u>(915,329)</u>	<u>1,779,623</u>
Decrease in liabilities			
Payable to NBP Fund Management Limited - Management Company		(9,125)	(4,600)
Payable to Central Depository Company of Pakistan Limited - Trustee		(304)	(182)
Payable to Securities and Exchange Commission of Pakistan		(836)	1,666
Accrued expenses and other liabilities		(3,433)	(92,675)
		<u>(13,698)</u>	<u>(95,791)</u>
Net cash (used in) / generated from operating activities		<u>(1,416,797)</u>	<u>888,488</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units	19	7,672,386	7,824,797
Amount paid on redemption of units		(7,912,346)	(7,917,232)
Distributions paid		-	(118,187)
Net cash used in financing activities		<u>(239,960)</u>	<u>(210,622)</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(1,656,757)</u>	<u>677,866</u>
Cash and cash equivalents at beginning of the year		2,359,377	1,681,511
Cash and cash equivalents at end of the year	7	<u><u>702,620</u></u>	<u><u>2,359,377</u></u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The NBP Stock Fund (formerly; NAFA Stock Fund) (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 06 December 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 20 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The effective date of change of name of the Fund is 13 May 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 Fund Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-ended mutual fund classified as an "equity scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The core objective of the Fund, is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and performance rating of '5-Star' to the Fund.
- 1.6** Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

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

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

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of amendment is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment

is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Fund may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, the Fund should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a entity increases its interest in a joint operation that meets the definition of a business. A entity remeasures its previously held interest in a joint operation when it obtains control of the business. A entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a entity treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

4 Changes in accounting policies

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

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

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

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

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

i. Classification and measurement of financial assets and financial liabilities

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

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

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

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

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The Fund has classified its financial assets as measured at: FVTPL or amortised cost. IFRS 9 has scoped out impairment for financial assets measured at 'fair value through profit or loss' where as for debt securities measured at amortised cost there are impairment requirements. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

iii. Transition

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Financial Assets

5.1.1 Classification (Policies applicable before 1 July 2018)

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

a) Loans and receivables

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

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

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

c) Available for sale

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

5.1.2 Classification (Policies applicable after 1 July 2018)

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

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

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

Business model assessment

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

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

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

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

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

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

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

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.

- Other business model: this includes equity securities and government securities . These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

Reclassifications

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

5.1.3 Regular way contracts

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

5.1.4 Initial recognition and measurement

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

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

b) Basis of valuation of government securities

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

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 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) Equity securities

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

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) Equity Securities

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

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

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

5.1.9 Derecognition

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

5.1.10 Offsetting of financial assets and financial liabilities

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

5.2 Cash and cash equivalents

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

5.3 Financial liabilities

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

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

5.4 Derivatives

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

5.5 Provisions

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

5.6 Taxation

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

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

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

5.7 Issue and redemption of units

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

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

5.8 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.

5.9 Earnings per unit

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

5.10 Net assets value per unit

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

5.11 Revenue recognition

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

5.12 Distribution

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

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

6 Financial assets and financial liabilities

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

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

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (Rupees in '000)	New carrying amount under IFRS 9
Financial assets					
Listed Equity Securities	(a)	Held for trading	Mandatorily at FVTPL	12,814,899	12,814,899
Bank balances	(b)	Loans and receivables	Amortised cost	2,359,377	2,359,377
Receivable against sale of investments	(b)	Loans and receivables	Amortised cost	14,946	14,946
Dividend and profit receivable	(b)	Loans and receivables	Amortised cost	28,095	28,095
Security Deposits	(b)	Loans and receivables	Amortised cost	2,600	2,600
				<u>15,219,917</u>	<u>15,219,917</u>
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company		Amortised cost	Amortised cost	71,357	71,357
Payable to Central Depository Company of Pakistan Limited - Trustee		Amortised cost	Amortised cost	1,568	1,568
Accrued expenses and other liabilities		Amortised cost	Amortised cost	4,670	4,670
				<u>77,595</u>	<u>77,595</u>

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

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

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

7	BANK BALANCES		2019 (Rupees in '000)	2018
	In current accounts		28,600	29,779
	In savings accounts	7.1 & 7.2	674,020	2,329,598
			<u>702,620</u>	<u>2,359,377</u>

7.1 These accounts carry profit at rates ranging from 3.00% to 13.00% (2018: 2.75% to 7.50%) per annum.

7.2 These includes cheques amounting to Rs. 81.567 million (30 June 2018: Rs. 27.795 million) issued on account of redemption of units and cheques amounting to Rs. 18.587 million (30 June 2018: Rs. 2.258 million) received on account of issuance of units.

8	INVESTMENTS		2019 (Rupees in '000)	2018
	At fair value through profit or loss			
	- Listed equity securities	8.1	11,245,759	12,814,899
	- Market Treasury Bills	8.2	-	-
			<u>11,245,759</u>	<u>12,814,899</u>

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



8.1 Investment in listed equity securities

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

Name of the Investee Company	As at 1 July 2018	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2019	Market value /carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	----- (Number of shares) -----						(Rupees in '000)	----- (%) -----		
Refinery										
Attock Refinery Limited	1,600	-	400	-	-	2,000	155	-	-	-
	1,600	-	400	-	-	2,000	155	-	-	-
Oil and Gas Exploration Companies										
Mari Petroleum Company Limited	401,540	66,360	39,248	-	92,920	414,228	418,093	3.51	3.72	0.34
Oil & Gas Development Company Limited (refer note 8.1.1)	4,029,381	4,581,000	-	-	2,199,000	6,411,381	843,032	7.07	7.53	0.15
Pakistan Oilfields Limited (refer note 8.1.1)	854,080	682,400	163,116	-	762,200	937,396	380,480	3.20	3.38	0.33
Pakistan Petroleum Limited (refer note 8.1.1)	3,300,525	2,526,200	624,934	-	1,816,600	4,635,059	669,442	5.63	5.95	0.20
	8,585,526	7,855,960	827,298	-	4,870,720	12,398,064	2,311,047	19.41	20.58	
Oil and Gas Marketing Companies										
Attock Petroleum Limited	153,800	5,200	30,760	-	38,750	151,010	43,568	0.37	0.39	0.15
Hascol Petroleum Limited (refer note 8.1.2)	3,058	135,500	14,697	-	135,620	17,635	1,210	0.01	0.01	0.01
Pakistan State Oil Company Limited (refer note 8.1.1)	995,400	988,600	242,040	-	1,043,300	1,182,740	200,628	1.69	1.78	0.30
Shell Pakistan Limited	469,100	-	-	-	320,900	148,200	27,040	0.23	0.24	0.14
Sui Northern Gas Pipelines Limited	2,137,700	2,814,500	-	-	2,613,500	2,338,700	162,516	1.37	1.45	0.37
Sui Southern Gas Company Limited	-	2,000	-	-	-	2,000	41	-	-	-
	3,759,058	3,945,800	287,497	-	4,152,070	3,840,285	435,003	3.67	3.87	
Fertilizer										
Dawood Hercules Corporation Limited	319,400	2,100	-	-	205,100	116,400	12,948	0.11	0.12	0.02
Engro Corporation Limited (refer note 8.1.1)	2,380,885	793,900	214,029	-	1,034,500	2,354,314	625,306	5.26	5.56	0.41
Engro Fertilizers Limited	7,396,000	3,323,000	-	-	4,886,500	5,832,500	373,105	3.14	3.32	0.44
Fauji Fertilizer Bin Qasim Company Limited	-	3,518,000	-	-	3,518,000	-	-	-	-	-
Fauji Fertilizer Company Limited	3,838,500	5,285,000	-	-	1,793,500	7,330,000	639,176	5.37	5.68	0.58
	13,934,785	12,922,000	214,029	-	11,437,600	15,633,214	1,650,535	13.88	14.68	
Chemical										
Engro Polymer & Chemicals Limited	6,156,569	8,890,000	-	-	9,450,000	5,596,569	150,883	1.27	1.34	0.62
Descon Oxychem Limited	-	600,000	-	-	600,000	-	-	-	-	-
Ittehad Chemicals Limited	-	3,000	-	-	-	3,000	81	-	-	-
Lotte Chemical Pakistan Limited	-	20,394,000	-	-	16,472,500	3,921,500	59,803	0.50	0.53	0.26
	6,156,569	29,887,000	-	-	26,522,500	9,521,069	210,767	1.77	1.87	
Automobile Parts and Accessories										
Baluchistan Wheels Limited	87,000	-	-	-	-	87,000	5,320	0.04	0.05	0.65
Thal Limited*	177,889	-	-	-	58,500	119,389	43,465	0.37	0.39	0.15
	264,889	-	-	-	58,500	206,389	48,785	0.41	0.44	

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



Name of the Investee Company	As at 1 July 2018	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2019	Market value /carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	----- (Number of shares) -----						(Rupees in '000)	----- (%) -----		
Cement										
Attock Cement Pakistan Limited	1,197,601	-	-	-	1,197,600	1	-	-	-	-
Cherat Cement Company Limited	1,242,700	-	-	-	610,000	632,700	19,588	0.16	0.17	0.36
D.G. Khan Cement Company Limited	1,147,900	3,329,300	-	-	3,902,200	575,000	32,510	0.27	0.29	0.13
Fauji Cement Company Limited	-	2,000,000	-	-	-	2,000,000	31,460	0.26	0.28	0.14
Fecto Cement Limited	243,200	-	-	-	-	243,200	4,742	0.04	0.04	0.48
Kohat Cement Company Limited	641,500	-	133,890	-	360,200	415,190	21,810	0.18	0.19	0.21
Lucky Cement Limited (refer note 8.1.1)	313,633	1,166,000	-	-	885,100	594,533	226,202	1.90	2.01	0.18
Maple Leaf Cement Factory Limited	338,501	12,682,000	-	-	9,145,500	3,875,001	92,574	0.78	0.82	0.65
Pioneer Cement Limited	736,800	3,010,500	-	-	3,027,000	720,300	16,315	0.14	0.15	0.32
	5,861,835	22,187,800	133,890	-	19,127,600	9,055,925	445,201	3.73	3.95	
Paper and Board										
Century Paper and Board Mills Limited	3,172,600	-	-	-	305,000	2,867,600	89,326	0.75	0.79	1.95
Cherat Packaging Limited	467,735	16,700	70,655	-	-	555,090	44,762	0.38	0.40	1.44
	3,640,335	16,700	70,655	-	305,000	3,422,690	134,088	1.13	1.19	
Automobile Assembler										
Al-Ghazi Tractors Limited*	52,200	-	-	-	52,200	-	-	-	-	-
Indus Motor Company Limited	74,890	-	-	-	55,620	19,270	23,199	0.20	0.21	0.02
Milat Tractors Limited	101,320	37,520	-	-	138,840	-	-	-	-	-
Pak Suzuki Motor Company Limited	21,550	-	-	-	21,500	50	11	-	-	-
	249,960	37,520	-	-	268,160	19,320	23,210	0.20	0.21	
Pharmaceuticals										
Abbot Laboratories (Pakistan) Limited	127,150	-	-	-	97,600	29,550	14,026	0.12	0.12	0.03
AGP Limited	-	385,000	-	-	-	385,000	26,384	0.22	0.23	0.14
GlaxoSmithKline (Pakistan) Limited	2,000	9,400	-	-	-	11,400	1,087	0.01	0.01	-
GlaxoSmithKline Consumer Healthcare Pakistan Limited	15,600	-	-	-	-	15,600	3,011	0.03	0.03	0.01
The Searle Company Limited (refer note 8.1.2)	81,311	157,000	23,651	-	214,635	47,327	6,936	0.06	0.06	0.02
	226,061	551,400	23,651	-	312,235	488,877	51,444	0.44	0.45	
Engineering										
International Industries Limited	850,300	95,100	-	-	537,500	407,900	31,437	0.26	0.28	0.34
International Steel Limited	1,567,000	4,105,500	-	-	4,195,000	1,477,500	58,671	0.49	0.52	0.34
Amrell Steels Limited	611,800	-	-	-	611,800	-	-	-	-	-
Ittefaq Iron Industries Limited	2,187,000	-	-	-	2,187,000	-	-	-	-	-
Mughal Iron and Steel Industries Limited (refer note 8.1.2)	813,387	4,158,500	-	-	1,143,000	3,828,887	96,335	0.81	0.86	1.52
	6,029,487	8,359,100	-	-	8,674,300	5,714,287	186,443	1.56	1.66	

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



Name of the Investee Company	As at 1 July 2018	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2019	Market value /carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	----- (Number of shares) -----						(Rupees in '000)	----- (%) -----		
Textile Composite										
Azgard Nine Limited (Non-voting)	806,400	-	-	-	-	806,400	5,645	0.05	0.05	0.18
Gul Ahmed Textile Mills Limited	2,962,700	5,092,000	-	-	646,500	7,408,200	349,074	2.93	3.10	2.08
Interloop Limited	-	1,970,328	-	-	-	1,970,328	87,226	0.73	0.78	0.23
Kohinoor Textile Mills Limited (refer note 8.1.2)	3,189,339	-	-	-	874,000	2,315,339	57,999	0.49	0.52	0.77
Nishat Chunian Limited	4,671,800	3,690,500	-	-	4,507,000	3,855,300	135,013	1.14	1.20	1.60
Nishat Mills Limited	1,837,000	845,000	-	-	762,600	1,919,400	179,157	1.51	1.59	0.55
Sapphire Fibres Limited	40	-	-	-	-	40	33	-	-	-
	13,467,279	11,597,828	-	-	6,790,100	18,275,007	814,147	6.85	7.24	
Food and Personal Care Products										
Al-Shaheer Corporation Limited (refer note 8.1.2)	1,854,288	-	-	-	-	1,854,288	23,364	0.20	0.21	1.30
	1,854,288	-	-	-	-	1,854,288	23,364	0.20	0.21	
Technology and Communication										
Avanceon Limited (refer note 8.1.2)	955,250	-	261,500	-	555,500	661,250	32,428	0.27	0.29	0.35
Netsol Technologies Limited	-	1,554,900	-	-	-	1,554,900	102,452	0.86	0.91	1.73
System Limited	1,927,000	-	156,900	-	358,000	1,725,900	165,635	1.39	1.47	1.40
	2,882,250	1,554,900	418,400	-	913,500	3,942,050	300,515	2.52	2.67	
Power Generation and Distribution										
K-Electric Limited	-	31,748,000	-	-	23,776,000	7,972,000	34,997	0.29	0.31	0.03
Kot Addu Power Company Limited	1,507,000	-	-	-	1,507,000	-	-	-	-	-
Pakgen Power Limited	-	739,500	-	-	-	739,500	10,486	0.09	0.09	0.20
Saif Power Limited	477,000	-	-	-	7,000	470,000	8,817	0.07	0.08	0.12
The Hub Power Company Limited (refer note 8.1.1)	4,456,666	6,036,500	-	897,437	2,498,000	8,892,603	700,300	5.89	6.23	0.69
	6,440,666	38,524,000	-	897,437	27,788,000	18,074,103	754,600	6.34	6.71	
Commercial Banks										
Allied Bank Limited	4,776,701	272,500	-	-	1,152,000	3,897,201	409,284	3.44	3.64	0.34
Askari Bank Limited	1,200,000	-	-	-	-	1,200,000	22,692	0.19	0.20	0.10
Bank Al-Falah Limited	14,792,000	5,971,000	1,599,750	-	5,526,000	16,836,750	733,914	6.17	6.53	0.95
Bank Al-Habib Limited (refer note 8.1.1)	5,036,150	4,347,500	-	-	1,503,500	7,880,150	617,646	5.19	5.49	0.71
Bank of Punjab	-	16,482,000	-	-	6,547,500	9,934,500	90,901	0.76	0.81	0.38
Faysal Bank Limited (refer note 8.1.2)	14,016,250	-	-	-	10,185,000	3,831,250	82,448	0.69	0.73	0.25
Habib Bank Limited	5,048,433	5,017,900	-	-	4,790,700	5,275,633	597,518	5.02	5.31	0.36
Habib Metropolitan Bank Limited	729,000	-	-	-	650,000	79,000	2,850	0.02	0.03	0.01
MCB Bank Limited	1,926,700	2,028,600	-	-	1,756,500	2,198,800	383,581	3.22	3.41	0.19
Meezan Bank Limited	55	346,500	34,662	-	-	381,217	33,227	0.28	0.30	0.03
United Bank Limited	2,857,740	4,734,300	-	-	2,582,700	5,009,340	738,276	6.25	6.54	0.41
	50,383,029	39,200,300	1,634,412	-	34,693,900	56,523,841	3,712,337	31.23	32.99	
Modarbas										
Sindh Modaraba	1,308,500	-	-	-	13,000	1,295,500	9,716	0.08	0.09	2.88
Glass and Ceramics										
Ghani Value Glass Limited	-	7,500	-	-	-	7,500	276	-	-	0.02
Shabbir Tiles & Ceramics Limited*	1,936,000	-	-	-	1,936,000	-	-	-	-	-
Tariq Glass Industries Limited	2,058,900	355,000	-	-	761,700	1,652,200	126,608	1.06	1.13	2.25
	3,994,900	362,500	-	-	2,697,700	1,659,700	126,884	1.06	1.13	

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



Name of the Investee Company	As at 1 July 2018	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2019	Market value /carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	----- (Number of shares) -----						(Rupees in '000)	----- (%) -----		
Transport										
Pakistan National Shipping Corporation Limited	328,100	-	-	-	328,100	-	-	-	-	-
Cable and Electric Goods										
Pak Elektron Limited	291,825	5,397,500	-	-	5,688,825	500	10	-	-	-
Miscellaneous										
Tri-Pack Films Limited	1	1,000	-	-	-	1,001	66	-	-	-
TPL Properties Limited	445,500	-	78,702	-	92,170	432,032	3,581	0.03	0.03	0.13
Synthetic Products Limited	163,000	11,000	-	-	-	174,000	3,861	0.03	0.03	0.20
	608,501	12,000	78,702	-	92,170	607,033	7,508	0.06	0.06	
Total - 30 June 2019	130,269,443	182,412,308	3,688,934	897,437	154,733,980	162,534,142	11,245,759	94.54	100.00	

8.1.1 Investments include shares with market value of Rs. 190.742 million (30 June 2018: Rs. 277.089 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.

8.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has led a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 10.598 million (30 June 2018: 10.150 million) and not deposited in CDC account of department of Income Tax.

8.2 Market Treasury Bills

Issue date	Tenor	Face value			As at 30 June 2019	Market value / Carrying value as at 30 June 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2018	Purchases during the year	Sales / matured during the year				
----- (Rupees in '000) -----								
19 July 2018	3 Months	-	1,172,000	1,172,000	-	-	-	-
11 October 2018	3 Months	-	1,980,000	1,980,000	-	-	-	-
Total		-	3,152,000	3,152,000	-	-	-	-

9	DIVIDEND AND PROFIT RECEIVABLE	Note	2019	2018
			(Rupees in '000)	
	Dividend receivable on Equity Securities		18,943	26,191
	Profit receivable on Savings Deposits		11,177	1,904
			<u>30,120</u>	<u>28,095</u>

10 ADVANCE, DEPOSITS AND PREPAYMENT

	Advance tax		4,591	4,591
	Security deposits with:			
	- National Clearing Company of Pakistan Limited		2,500	2,500
	- Central Depository Company of Pakistan Limited		100	100
	Prepaid Mutual Fund rating fee		110	-
			<u>7,301</u>	<u>7,191</u>

11 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Management remuneration	11.1	20,735	26,112
	Sindh Sales Tax on management remuneration	11.2	2,695	3,395
	Sales load and others		4,198	1,263
	Selling and marketing expenses	11.3	27,683	32,470
	Allocation of expenses related to registrar services, accounting, operation and valuation services	11.4	6,921	8,117
			<u>62,232</u>	<u>71,357</u>

11.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. Accordingly, the Management Company charged its remuneration at the rate of 2% of the average annual net assets (2018: 2%) of the Fund.

11.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2018: 13%) was charged on management remuneration and sales load.

11.3 During the previous year, the SECP through its Circular No. SCD/PRDD/Circular/361/2016 (Circular No. 40 of 2016) dated 30 December 2016 introduced allowance for charging of selling and marketing expenses initially for three years (effective from 01 January 2017 till 31 December 2019) to the open end equity, asset allocation, and index funds maximum of 0.4% of the average annual net assets or the actual expenses, whichever is lower, subject to the conditions mentioned in the aforementioned Circular and its amendment of condition 05 through Circular No. SCD/PRDD/Circular /418/2016 (Circular No. 05 of 2017) dated 13 February 2017.

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

11.4 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

	Note	2019	2018
(Rupees in '000)			
12	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee remuneration	12.1 1,119	1,388
	Sindh Sales Tax on Trustee remuneration	12.2 145	180
		<u>1,264</u>	<u>1,568</u>

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at 30 June 2019 is as follows:

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

12.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2018: 13%) was charged on trustee remuneration.

13 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

14	ACCRUED EXPENSES AND OTHER LIABILITIES	2019	2018
(Rupees in '000)			
	Provision for Sindh Workers' Welfare Fund	14.1 108,972	108,972
	Federal Excise Duty on management remuneration	14.2 32,183	32,183
	Federal Excise Duty on sales load	3,904	3,904
	Brokerage fee	684	1,457
	Auditors' remuneration	535	444
	Settlement charges	345	322
	Withholding tax	285	610
	Printing charges	58	88
	Capital gain tax	55	2,320
	Bank charges	47	96
	Legal fees	25	40
	Mutual fund rating fee	-	90
	Time barred cheques	917	917
	Others	1,216	1,216
		<u>149,226</u>	<u>152,659</u>

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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 45.575 million and a provision for SWWF of Rs. 107.215 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. 0.1099 per unit (2018: Rs 0.1063).

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 32.713 million out of which Rs. 0.530 million have been paid to the Management Company (30 June 2018: Rs. 32.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0330 (30 June 2018: Rs. 0.0319) per unit.

15 CONTINGENCY AND COMMITMENT

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

16	NUMBER OF UNITS IN ISSUE	2019	2018
		(Number of units)	
	Total units in issue at beginning of the year	1,024,707,999	1,039,713,941
	Add: Units issued	16.1 545,757,834	519,891,215
	Less: Units redeemed	(578,485,493)	(534,897,157)
	Total units in issue at end of the year	<u>991,980,340</u>	<u>1,024,707,999</u>

16.1 This includes Nil units (30 June 2018: 636,895) issued against Dividend Reinvestment Plan amounting to Rs. Nil (30 June 2018: 9.397).

17 AUDITORS' REMUNERATION

Statutory audit fee	390	358
Half yearly review fee	156	143
Out of pocket expenses and others including government levy	165	108
	<u>711</u>	<u>609</u>

18 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year ended 30 June 2019, the Fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2019.

19	RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
----- (Rupees in '000) -----					
	Opening balance as at 1 July 2018	-	-	-	-
	Receivable against issuance of units	7,672,386	-	-	(7,672,386)
	Payable against redemption of units	-	7,912,346	-	7,912,346
	Dividend Payable	-	-	-	-
		7,672,386	7,912,346	-	239,960
	Amount received on issuance of units	(7,672,386)	-	-	7,672,386
	Amount paid on redemption of units	-	(7,912,346)	-	(7,912,346)
	Dividend paid	-	-	-	-
		(7,672,386)	(7,912,346)	-	(239,960)
	Closing balance as at 30 June 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 3.14% per annum. Total expense ratio (excluding government levies) is 2.77% per annum.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2019		
	At amortised cost	Mandatorily at fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Assets			
Bank balances	702,620	-	702,620
Investments	-	11,245,759	11,245,759
Dividend and profit receivable	30,120	-	30,120
Receivable against sale of investments	136,329	-	136,329
Deposits	2,600	-	2,600
	<u>871,669</u>	<u>11,245,759</u>	<u>12,117,428</u>
	----- (Rupees in '000) -----		
	As at 30 June 2019		
	Mandatorily at fair value through profit or loss	At amortised cost	Total
Liabilities			
Payable to NBP Fund Management Limited - Management Company Company	-	62,232	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,264	1,264
Accrued expenses and other liabilities	-	3,827	3,827
	<u>-</u>	<u>67,323</u>	<u>67,323</u>
	----- (Rupees in '000) -----		
	As at 30 June 2018		
	Loans and receivables	At fair value through profit or loss	Total
Assets			
Bank balances	2,359,377	-	2,359,377
Investments	-	12,814,899	12,814,899
Dividend and profit receivable	28,095	-	28,095
Receivable against sale of investments	14,946	-	14,946
Advance, deposits and prepayment	2,600	-	2,600
	<u>2,405,018</u>	<u>12,814,899</u>	<u>15,219,917</u>

	As at 30 June 2018		Total
	At fair value through profit or loss	Loans and receivables	
----- (Rupees in '000) -----			
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	71,357	71,357
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,568	1,568
Accrued expenses and other liabilities	-	4,670	4,670
	<u>-</u>	<u>77,595</u>	<u>77,595</u>

22 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

22.5 Details of transactions with connected persons are as follows:	2019	2018
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Issue of 34,695,689 units (2018: 9,015,811 units)	475,460	135,345
Redemption of 34,695,689 units (2018: 17,618,523 units)	478,910	263,777
Remuneration of NBP Fund Management Limited - Management Company	297,857	315,456
Sindh Sales Tax on remuneration to Management Company	38,721	41,009
Selling and marketing expenses	59,571	63,091
Allocation of expenses related to registrar services, accounting, operation and valuation services	14,893	15,773
Sales load and others	10,250	10,250
National Clearing Company of Pakistan Limited		
Issue of Nil units (2018: 1,682 units)	-	25
Employees of the Management Company		
Issue of 2,251,038 units (2018: 1,417,449 units)	31,024	22,029
Redemption of 2,142,018 units (2018: 1,467,686 units)	30,430	22,104

	2019	2018
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
(Employee Provident Fund)		
Issue of Nil units (2018: 358,577 units)	-	5,351
Redemption of Nil units (2018: 951,228 units)	-	14,098
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	15,893	16,773
Sindh Sales Tax on remuneration to Trustee	2,066	2,180
CDS charges	1,002	1,163
Mr. Khalid Mehmood - Chief Financial Officer		
Issue of 75,740 units (2018: 43 units)	1,126	1
Redemption of 10,268 units (2018: Nil units)	150	-
Mr. Amjad Waheed - Chief Executive Officer		
Issue of 41,116 units (2018: 141,252 units)	575	2,002
Redemption of 21,913 units (2018: 105,396 units)	300	1,600
Mr. Murtaza Ali - Company Secretary / Chief Operating Officer of the Management Company		
Issue of 288,773 units (2018: Nil units)	4,006	-
Redemption of 288,326 units (2018: Nil units)	4,222	-
Mr. Kamal. A. Chinoy - Director		
Issue of 206,356 units (2018: 1,318,388 units)	2,590	20,024
Redemption of 408,980 units (2018: Nil units)	5,090	-
Mr. Humayun Bashir - Director		
Issue of 3,279,195 units (2018: 9,050,329 units)	44,941	133,957
Redemption of 4,531,437 units (2018: 7,033,343 units)	63,098	105,067
NBP Employees Pension Fund		
Issue of Nil units (2018: 46,725 units)	-	689
IGI Life Insurance Limited		
Issue of Nil units (2018: 1,225 units)	-	18
Redemption of Nil units (2018: 1,644,253 units)	-	24,174
Prosperity Weaving Mills		
Issue of Nil units (2018: 1,451,721 units)	-	20,008
Redemption of Nil units (2018: 2,316,259 units)	-	35,019

NBP STOCK FUND

(FORMERLY; NAFA STOCK FUND)



	2019	2018
	(Rupees in '000)	
Cherat Packaging Limited		
16,700 shares purchased (2018: 15,500 shares)	2,662	3,412
70,655 bonus shares received (2018: Nil)	-	-
Nil shares sold (2018: 18,400 shares)	-	4,195
Nil subscription of right shares (2018: 55,634 shares)	-	6,954
Dividend received	3,737	-
Shabnam Jabbar		
Issue of 550,247 units (2018: Nil units)	7,408	-
Redemption of 2,468,296 units (2018: Nil units)	35,520	-
BYCO Petroleum Pakistan Limited - Employee Provident Fund		
Issue of Nil units (2018: 805 units)	-	12
Redemption of Nil units (2018: 1,234,407 units)	-	17,455
Service Provident Fund Trust		
Issue of 10,134,331 units (2018: 1,822,543 units)	137,040	26,900
Redemption of 6,518,241 units (2018: 797,830 units)	91,333	11,497
Service Sales Corporation Provident Fund Trust		
Issue of 219,388 units (2018: 4,777,276 units)	3,000	71,240
Redemption of 1,464,847 units (2018: 3,531,817 units)	20,749	53,054
Pakistan Mobile Communications Limited Provident Fund		
Issue of 223,530 units (2018: 155,392 units)	3,332	2,185
Redemption of 1,453,846 units (2018: 160,810 units)	20,790	2,320
Management Association of Pakistan		
Issue of 230,489 units (2018: 264,269 units)	3,252	4,020
Redemption of 446,727 units (2018: 363,014 units)	5,906	5,336
Faruque Private Limited		
Issue of Nil units (2018: 1,321,216 units)	-	19,994
Redemption of Nil units (2018: 2,497,677 units)	-	37,742
Telenor Pakistan Private Limited Employees Provident Fund (Conventional)		
Issue of 803,203 units (2018: 659,460 units)	11,400	9,932
Redemption of 1,356,513 units (2018: 338,335 units)	18,101	5,042
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Issue of 4,188,339 units (2018: 4,257 units)	53,756	63
Redemption of 1,415,563 units (2018: 2,864,757 units)	19,500	41,770

NBP STOCK FUND

(FORMERLY; NAFA STOCK FUND)



	2019	2018
	(Rupees in '000)	
Telenor Employees Gratuity Fund		
Issue of 3,179,110 units (2018: 2,674,919 units)	44,987	39,968
Redemption of 6,004,850 units (2018: 1,187,784 units)	79,696	17,633
Pakistan Centre for Philanthropy		
Issue of Nil units (2018: 101,381 units)	-	1,530
Redemption of Nil units (2018: 225,837 units)	-	3,454
Gul Ahmed Textile Mills Limited		
5,092,000 shares purchased (2018: 405,000 shares)	255,980	18,110
646,500 shares sold (2018: 3,235,500 shares)	35,727	124,545
Dividend received	15,772	-
Cherat Cement Company Limited		
Nil shares purchased (2018: 383,700 shares)	-	55,382
610,000 shares sold (2018: 1,544,000 shares)	38,798	188,445
Dividend received	4,971	-
International Industries Limited		
95,100 shares purchased (2018: 152,000 shares)	16,259	44,995
537,500 shares sold (2018: 454,500 shares)	96,575	127,339
Dividend received	4,667	-
International Steel Limited		
4,105,500 shares purchased (2018: 2,049,600 shares)	351,366	242,139
4,195,000 shares sold (2018: 1,768,600 shares)	287,569	181,909
Dividend received	11,717	-
Bai Virbajji Soparavala (BVS) Parsi High School		
Issue of 1,929,838 units (2018: Nil)	27,222	-
Redemption of 5,047,716 units (2018: Nil)	67,903	-
Getz Pharma (Private) Limited		
Issue of 1,991,754 units (2018: Nil)	27,884	-
Redemption of 3,198,981 units (2018: Nil)	43,540	-
Pak American Fertilizers Limited - Provident Fund Trust		
Issue of 290,305 units (2018: Nil)	4,000	-
Kashif Riaz		
Issue of 104,164 units (2018: Nil)	1,500	-
Summit Bank Limited		
Issue of Nil units (2018: 475 units)	-	7
Redemption of 638,038 units (2018: Nil)	9,535	-
Mark-up on bank balances	14	15

NBP STOCK FUND

(FORMERLY; NAFA STOCK FUND)



	2019	2018
	(Rupees in '000)	
Askari Bank Limited		
Mark-up on bank balance	135	165
Bank Islami Pakistan Limited		
Mark-up on bank balance	18	5,493
Taurus Securities Limited		
Brokerage charges	1,410	1,006
Sindh Province Pension Fund		
Issue of 7,815,186 units (2018: Nil)	100,000	-
CDC Trustee Punjab Pension Fund Trust		
Issue of 103,729,418 units (2018: Nil)	1,500,000	-
22.6 Balances at year end		
NBP Fund Management Limited - Management Company		
Units held: Nil (2018: Nil units)	-	-
Management remuneration payable	20,735	26,112
Sindh Sales tax payable	2,695	3,395
Allocation of expenses related to registrar services, accounting, operation and valuation services	6,921	8,117
Selling and marketing expenses	27,683	32,470
Sales load payable	4,198	1,263
National Bank of Pakistan		
Units held: 31,347,445 (2018: 31,347,445 units)	375,900	458,381
Bank Balance	6,188	7,815
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	1,119	1,388
Sindh Sales Tax on Trustee remuneration	145	180
CDS charges	200	161
Security deposit	100	100
National Clearing Company Of Pakistan Limited		
Units held: 2,580,238 (2018: 2,580,238 units)	30,941	37,730
Employees of the Management Company		
Units held: 397,299 (2018: 288,279 units)	4,764	4,215
Dr. Amjad Waheed - Chief Executive Officer		
Units held: 318,294 (2018: 299,091 units)	3,817	4,373
Mr. Khalid Mehmood - Chief Financial Officer		
Units held: 130,870 (2018: 65,397 units)	1,569	956

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



	2019 (Rupees in '000)	2018
Mr. Muhammad Murtaza Ali - Company Secretary Units held: 447 (2018: Nil units)	5	-
Mr. Kamal. A. Chinoy - Director Units held: 1,005,904 (2018: 1,208,528 units)	12,062	17,671
Mr. Humayun Bashir - Director Units held: 764,744 (2018: 2,016,986 units)	9,170	29,494
NBP Employees Pension Fund Units held: 62,721,184 (2018: 62,721,184 units)	752,115	917,147
Service Provident Fund Trust Units held: 4,640,802 (2018: 1,024,713 units)	55,650	14,984
Service Sales Corporation Provident Fund Trust Units held: Nil (2018: 1,245,459 units)	-	18,212
NAFA Employee Provident Fund Units held: Nil (2018: 471,493 units)	-	6,894
Pak American Fertilizers Limited - Provident Fund Trust Units held: 290,305 (2018: Nil units)	3,481	-
Pakistan Mobile Communications Limited Provident Fund Units held: Nil (2018: 1,230,316 units)	-	17,990
Management Association of Pakistan Units held: Nil (2018: 216,238 units)	-	3,162
Telenor Pakistan Private Limited Employees Provident Fund (Conventional) Units held: 2,226,328 (2018: 2,779,638 units)	26,697	40,646
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust Units held: 5,621,946 (2018: 2,849,171 units)	67,415	41,662
Telenor Employees Gratuity Fund Units held: 10,421,579 (2018: 13,247,319 units)	124,969	193,710
Pakistan Centre for Philanthropy Units held: 18 (2018: 18 units)	-	-
Getz Pharma (Private) Limited Units held: 468,616 (2018: Nil units)	5,619	-
Kashif Riaz Units held: 434,355 (2018: Nil units)	5,209	-

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



	2019 (Rupees in '000)	2018
International Industries Limited Shares held: 407,900 (2018: 850,300 shares)	31,437	197,516
International Steels Limited Shares held: 1,477,500 (2018: 1,567,000 shares)	58,672	159,364
Cherat Packaging Pakistan Limited Shares held: 555,090 (2018: 467,735 shares)	44,762	67,209
Gul Ahmed Textile Mills Limited Shares held: 7,408,200 (2018: 2,962,700 shares)	349,074	127,189
Cherat Cement Company Limited Shares held: 632,700 (2018: 1,242,700 shares)	19,588	120,828
Taurus Securities Limited Brokerage payable	81	122
Summit Bank Limited Units held: Nil (2018: 638,038 units)	-	9,330
Bank balance	22,571	22,434
Mark-up on bank balance	1	1
Askari Bank Limited Bank balance	812	538
Mark-up on balance	3	2
Bank Islami Pakistan Limited Bank balance	18	710
Mark-up on balance	4	6
Sindh Province Pension Fund Units held: 99,211,769 (2018: Nil units)	1,189,688	-
CDC Trustee Punjab Pension Fund Trust Units held: 103,729,418 units (2018: Nil)	1,243,861	-

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

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

24 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 (%)
1	Taurus Securities Limited	6.63
2	Arif Habib Securities Limited	5.38
3	Alfalah Securities (Private) Limited	4.57
4	Topline Securities (Private) Limited	4.00
5	Foundation Securities	3.52
6	Aqeel Karim Dehdi Securities (Private) Limited	3.51
7	Ismail Iqbal Securities (Private) Limited	3.47
8	Optimus Capital Management Limited	3.45
9	BMA Capital Management Limited	3.40
10	EFG Hermes Pakistan Limited	3.40

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

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	7.22
2	Arif Habib Securities Limited	6.04
3	Topline Securities (Pvt) Limited	4.54
4	Alfalah Securities (Pvt) Limited	4.46
5	Optimus Capital Management Limited	3.76
6	Next Capital Limited	3.62
7	Elixir Securities Pakistan (Pvt) Limited	3.61
8	Bma Capital Management Limited	3.56
9	J.S. Global Capital Limited	3.43
10	Aqeel Karim Dehdi Securities (Pvt) Limited	3.40

25 PATTERN OF UNIT HOLDING

Category	As at 30 June 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,166	2,804,446	23.58
Associated Companies and Directors	6	1,154,119	9.70
Banks / DFI's	7	510,861	4.29
Insurance companies	12	339,863	2.86
Retirement funds	86	5,086,661	42.76
Listed companies	6	268,579	2.26
Others	60	1,730,729	14.55
	3,343	11,895,259	100.00

Category	As at 30 June 2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,238	4,119,950	27.50
Associated Companies and Directors	7	1,433,961	9.57
Banks / DFI's	8	524,961	3.50
Insurance companies	12	457,603	3.05
Retirement funds	121	5,185,705	34.61
Listed companies	3	4,525	0.03
Others	93	3,257,235	21.74
	3,482	14,983,940	100.00

26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of Director	Number of Meetings			Meetings not attended
	Held during tenure of directorship	Attended	Leave granted	
Mr. Mudassir H. Khan (Note 26.4)	2	1	1	69th Meeting
Mr. Tariq Jamali (Note 26.5)	2	-	2	68th and 69th Meeting
Mr. Abdul Hadi Palekar	4	3	1	70th Meeting
Mr. Foo Chiah Chinug (Dr. Kelvin Foo) (Note 26.2)	2	1	1	69th Meeting
Mr. Kamal Amir Chinoy	4	3	1	70th Meeting
Mr. Shehryar Faruque	4	3	1	68th Meeting
Mr. Hamayun Bashir	4	4	-	-
Mr. Wajahat Rasul Khan (Note 26.3)	2	2	-	-
Dr. Amjad Waheed	4	4	-	-
Mr. Shaikh Muhammad Abdul Wahid Sethi (Note 23.1)	2	2	-	-
Mr. Nasir Husain (Note 26.1)	2	2	-	-
Mr. Ali Saigol (Note 26.1)	2	2	-	-
Mr. Imran Zaffar (Note 26.1)	2	2	-	-

26.1 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

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

26.3 Mr. Wajahat Rasul Khan resigned from the Board 8 October 2018

26.4 Mr. Mudassir H. Khan resigned from the Board 12 October 2018

26.5 Mr. Tariq Jamali resigned from the Board 12 October 2018

27 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in

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

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

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

The Fund primarily invests in a portfolio of listed equity securities and government securities. 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.

27.1 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).

27.1.1 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.

27.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds no variable rate instruments.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



As at 30 June 2019

Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	3.00 - 13.00	674,020	-	28,600	702,620
Investments		-	-	11,245,759	11,245,759
Dividend and profit receivable		-	-	30,120	30,120
Receivable against sale of investments		-	-	136,329	136,329
Advance, deposits and prepayment		-	-	2,600	2,600
		<u>674,020</u>	<u>-</u>	<u>11,443,408</u>	<u>12,117,428</u>
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	62,232	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,264	1,264
Accrued expenses and other liabilities		-	-	3,827	3,827
		<u>-</u>	<u>-</u>	<u>67,323</u>	<u>67,323</u>
On-balance sheet gap		<u>674,020</u>	<u>-</u>	<u>11,376,085</u>	<u>12,050,105</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		<u>674,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative interest rate sensitivity gap		<u>674,020</u>	<u>674,020</u>	<u>674,020</u>	<u>-</u>

As at 30 June 2018

Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	2.75 - 7.50	2,329,598	-	29,779	2,359,377
Investments		-	-	12,814,899	12,814,899
Dividend and profit receivable		-	-	28,095	28,095
Receivable against sale of investments		-	-	14,946	14,946
Advance, deposits and prepayment		-	-	2,600	2,600
		<u>2,329,598</u>	<u>-</u>	<u>12,890,319</u>	<u>15,219,917</u>
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	71,357	71,357
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,568	1,568
Accrued expenses and other liabilities		-	-	4,670	4,670
		<u>-</u>	<u>-</u>	<u>77,595</u>	<u>77,595</u>
On-balance sheet gap		<u>2,329,598</u>	<u>-</u>	<u>12,812,724</u>	<u>15,142,322</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		<u>2,329,598</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative interest rate sensitivity gap		<u>2,329,598</u>	<u>2,329,598</u>	<u>2,329,598</u>	<u>-</u>

27.1.3 Price risk

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

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

In case of 5% increase / decrease in PSX 100 index on 30 June 2019, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 562.228 million (2018: Rs. 640.745 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

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

27.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills is limited as Market Treasury Bill are guaranteed by the Federal Government. While bank balances are maintained with banks with a reasonably high credit rating.

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

Balances with banks	2019	2018
	(Rupees in '000)	
AAA	11,957	56,013
AA+	22,792	63,164
AA-	240,617	2,214,828
AA	303,871	2,328
A+	100,740	710
A-	51	22,328
A	22,592	6
	702,620	2,359,377

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 the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

The Fund's portfolio of financial instruments is mostly concentrated in government sector and deposits held with commercial banks.

27.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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

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

	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	62,232	62,232	-	-
Payable to Central Depository				
Company of Pakistan Limited - Trustee	1,264	1,264	-	-
Accrued expenses and other liabilities	3,827	3,827	-	-
	<u>67,323</u>	<u>67,323</u>	-	-
Unit holders' fund	<u>11,895,259</u>	<u>11,895,259</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	71,357	71,357	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,568	1,568	-	-
Accrued expenses and other liabilities	4,670	4,670	-	-
	<u>77,595</u>	<u>77,595</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>14,983,940</u>	<u>14,983,940</u>	<u>-</u>	<u>-</u>

28 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 year end date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

NBP STOCK FUND (FORMERLY; NAFA STOCK FUND)



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 and loss	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								
- Listed equity securities								
		11,245,759	-	11,245,759	11,245,759	-	-	11,245,759
Financial assets not measured at fair value								
	28.1	-	702,620	702,620	-	-	-	-
		-	30,120	30,120	-	-	-	-
		-	136,329	136,329	-	-	-	-
		-	2,600	2,600	-	-	-	-
		-	871,669	871,669	-	-	-	-
Financial liabilities not measured at fair value								
	28.1	-	62,232	62,232	-	-	-	-
		-	1,264	1,264	-	-	-	-
		-	3,827	3,827	-	-	-	-
		-	67,323	67,323	-	-	-	-
		30 June 2018						
		Carrying value			Fair value			
		At fair value through profit and 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								
- Listed equity securities								
		12,814,899	-	12,814,899	12,814,899	-	-	12,814,899
Financial assets not measured at fair value								
		-	2,359,377	2,359,377	-	-	-	-
		-	28,095	28,095	-	-	-	-
		-	14,946	14,946	-	-	-	-
		-	2,600	2,600	-	-	-	-
		-	2,405,018	2,405,018	-	-	-	-
Financial liabilities not measured at fair value								
		-	71,357	71,357	-	-	-	-
		-	1,568	1,568	-	-	-	-
		-	4,670	4,670	-	-	-	-
		-	77,595	77,595	-	-	-	-

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

28.2 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.

29 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

In accordance with the risk management policies stated in note 27, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

30 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 (Rs. '000')	11,895,259	14,983,940	16,857,752	7,938,880	4,113,851	1,804,655
Net Income (Rs. '000')	(2,848,721)	(1,778,166)	4,393,179	669,253	901,931	378,693
Net Asset Value per units (Rs.)	11.9914	14.6226	16.2138	13.2076	13.3685	10.0980
Selling price per unit	12.3984	15.1183	16.7634	13.7316	13.9035	10.5056
Redemption price per unit	11.9914	14.6226	16.2138	13.2076	13.3685	10.0980
Ex - Highest offer price per unit (Rs.)	15.6580	16.9385	20.4640	13.8379	13.4008	10.6080
Ex - Lowest offer price per unit (Rs.)	12.2789	13.6426	13.9073	11.1871	9.1070	7.7911
Ex - Highest redemption price per unit (Rs.)	15.1446	16.3831	18.1550	13.3099	12.8852	10.1964
Ex - Lowest redemption price per unit (Rs.)	11.8751	13.1953	12.2155	10.7602	8.7536	7.4888
Fiscal Year Opening Ex Nav	14.6226	16.2017	12.1236	11.8527	9.2837	7.4072
Total return of the fund	-17.99%	-9.75%	33.74%	11.43%	36.94%	36.33%
Capital growth	-17.99%	-9.75%	21.70%	4.17%	24.69%	14.26%
Income distribution as % of Ex-NAV	0.00%	0.00%	12.04%	7.26%	12.24%	22.07%
Income distribution as % of Par Value	0.00%	0.00%	14.60%	9.20%	11.37%	16.35%
Distribution						
Interim Distribution per unit	-	-	1.4599	0.9204	0.4524	1.6345
Final distribution per unit	-	-	0.0110	-	0.6842	-
Distribution dates						
Interim			19/Jun/16	29-Jun-16	29-Jun-15	13-Feb-14
Interim			-	-	-	30-Apr-14
Interim			-	-	-	26-Jun-14
Final			15/Sep/16	-	14-Jul-15	-
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2019)	12.64%					
(Since inception to June 30, 2018)		15.81%				
(Since inception to June 30, 2017)			18.61%			
(Since inception to June 30, 2016)				17.11%		
(Since inception to June 30, 2015)					17.80%	
(Since inception to June 30, 2014)						15.45%
Portfolio Composition (see Fund Manager report)						

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

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

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

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