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NBP Fullerton
Asset Management Ltd.
A Subsidiary of
National Bank of Pakistan

NAFA STOCK FUND

ANNUAL REPORT 2016



Your investments & "NAFA" grow together

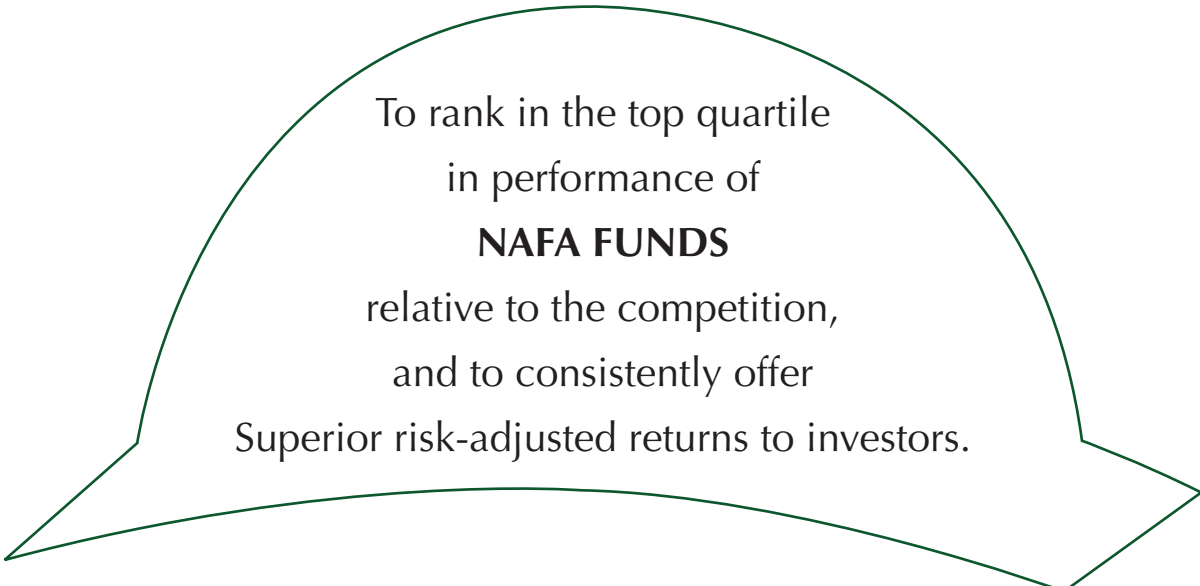


**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

NAFA STOCK FUND

MISSION STATEMENT



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

NAFA STOCK FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nigel Poh Cheng	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

Human Resource and Remuneration Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	Member
Mr. Kamal Amir Chinoy	Member

Trustee

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Summit Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited
Dubai Islamic Bank Pakistan Limited
Sindh Bank Limited
JS Bank Limited
Zarai Taraqiati Bank Limited
Bankislami Pakistan Limited
Burj Bank Limited

NAFA STOCK FUND

Auditors

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

Legal Advisor

M/s Jooma Law Associates
205, E.I. Lines, Dr. Daudpota Road,
Karachi.

Head Office:

7th Floor Clifton Diamond Vuilding, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

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

Islamabad Office:

Plot No. 395, 396
Industrial Area, I-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

NAFA STOCK FUND

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Board of Directors



Mr. Nausherwan Adil
Chairman



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Kamal Amir Chinoy
Director



Mr. Koh Boon San
Director



Mr. Aamir Sattar
Director



Mr. Shehryar Faruque
Director



Mr. Nigel Poh Cheng
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. M. 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



Syed Suleman Akhtar CFA
Head of Research



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



Mr. Asim Wahab Khan, CFA
Head of Equity



Mr. Salman Ahmed
Head of Risk Management



Mr. Raheel Rehman ACA, CICA
Senior Manager Compliance

NAFA STOCK FUND

DIRECTORS' REPORT

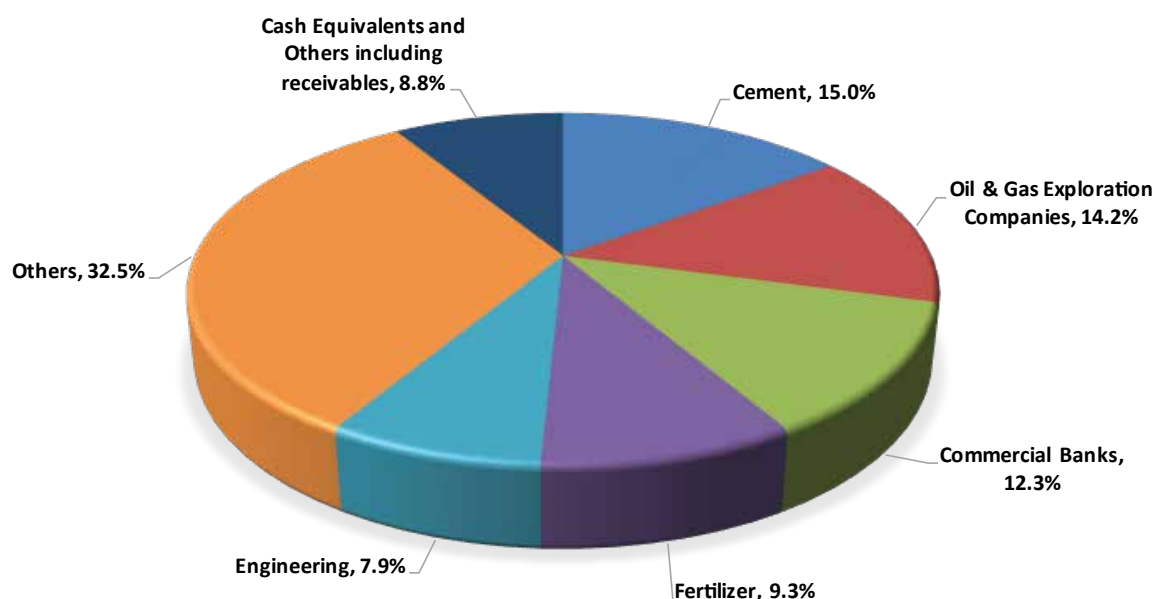
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the Tenth Annual Report of **NAFA Stock Fund** for the year ended June 30, 2016.

Fund's Performance

The stock market started FY2015-16 on a lackluster note in sync with the regional and global markets, driven by a rout in commodities and concerns on global growth led by China. But in the aftermath of a strong rally in the second half of the year, the local bourse closed the year with a 9.8% return. During the first half of the year, the market remained under pressure led by Oil & Gas Sector amid sharp decline in crude oil prices and unabated foreign selling. However, the market more than made up for the losses in the second half as recovery in crude oil prices led to strong returns from the large cap energy stocks, and news of Pakistan's re-entry in the MSCI EM Index from next year. NBFCs, Individuals, and Mutual Funds remained net buyers, absorbing majority of the foreign selling. After a volatile FY2015-16, Pakistan equities are well poised to post stronger returns this fiscal year due to inclusion in MSCI Emerging Markets Index, relatively reasonable valuations, and improving growth prospects driven by government focus on infrastructure spending coupled with implementation of CPEC projects.

During the fiscal year, NAFA Stock Fund delivered 11.43% return as against KSE-100 index return of 9.84%, outperforming the market by 1.59% during the year. The Fund outperformed on the back of timely asset allocation. Further, the Fund was overweight in key stocks in Cements, Oil & Gas Exploration Companies, Engineering, and Refinery sectors that outperformed the market and underweight in key stocks in Commercial Banks and Fertilizer sectors that underperformed the market, which contributed to the outperformance. Since inception (January 22, 2007), NSF has risen by 344.96%, whereas the KSE-100 index has increased by 255.06%, thus to date out-performance is 89.90%. This outperformance is net of management fee and all other expenses.

The size of NAFA Stock Fund as on June 30, 2016 is Rs.7,938 million. NAFA Stock Fund has earned a total income of Rs.858.10 million during the year. After deducting total expenses of Rs.188.85 million, the net income is Rs.669.25 million. During the year, the unit price of NAFA Stock Fund has increased from Rs.11.8527 (Ex-Div) on June 30, 2015 to Rs.13.2076 on June 30, 2016. The resultant per unit gain is Rs.1.3549 (11.43%). The asset allocation of NAFA Stock Fund as on June 30, 2016 is as follows:



NAFA STOCK FUND

Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 7.26% of opening ex-NAV (9.20% of the par value) for the year.

Taxation

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

Auditors

The present auditors, Messrs Deloitte Yousuf Adil, Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs KPMG Taseer Hadi & Co. Chartered Accountants, for the year ending June 30, 2017.

Directors' Statement in Compliance with Code of Corporate Governance

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, as detailed in the listing regulations.
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 six meetings during the current financial year. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 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 19 to these financial statements.

NAFA STOCK FUND

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 Fullerton Asset Management Limited

Chief Executive

Director

Date: September 23, 2016
Place: Karachi.

NAFA STOCK FUND

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز بصد مسرت 30 جون 2016ء کو ختم ہونے والے سال کے لیے NAFA اسٹاک فنڈ کی دسویں سالانہ رپورٹ پیش کرتا ہے۔

فنڈ کی پرفارمنس

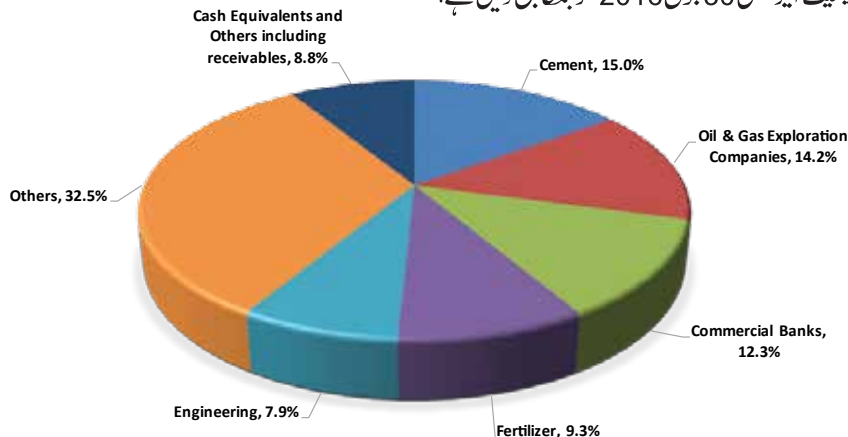
اسٹاک مارکیٹ نے کموڈٹیز میں زبردست مندی اور چین کی زیر قیادت عالمی نمو پر خدشات کے زیر اثر علاقائی اور عالمی مارکیٹس کے مطابق غیر متاثر کارکردگی سے مالی سال 2015-16 کا آغاز کیا۔ لیکن سال کے دوسرے نصف میں ایک زبردست بحالی کے نتیجے میں مقامی اسٹاک ایکسچینج سال کے آخر میں 9.8 فی صد منافع کے ساتھ بند ہوئے۔ سال کے پہلے نصف کے دوران مارکیٹ آئل اینڈ گیس سیکٹر میں خام تیل کی قیمتوں میں تیزی سے کمی اور غیر ملکی سرمایہ کاروں کی طرف سے بے روک ٹوک حصص کی فروخت کے نتیجے میں پر دباؤ میں رہی۔ تاہم مارکیٹ نے دوسرے نصف میں خساروں سے کہیں زیادہ ازالہ کر لیا، جیسا کہ خام تیل کی قیمتوں کی بحالی کا نتیجہ بھاری سرمائے والے انرجی اسٹاکس کی طرف سے زبردست منافع جات کی صورت میں برآمد ہوا اور پاکستان کی آئندہ سال سے MSCI EM میں دوبارہ شمولیت کی خبر سامنے آئی۔ NBFCs، انفرادی اور میوچل فنڈز خالصتاً خریدار رہے اور انہوں نے غیر ملکی سرمایہ کاروں کی طرف سے حصص کی فروخت کے بڑے حصے کو جذب کر لیا۔ اتار چڑھاؤ سے بھرپور مالی سال 2015-16 کے بعد MSCI ایمریکن مارکیٹس انڈیکس میں شمولیت، قیمتوں کے معقول تعین اور حکومت کی طرف سے CPEC پروجیکٹس کے نفاذ کے ساتھ انفراسٹرکچر پروجیکٹ پر توجہ مرکوز کرنے کی وجہ سے پاکستانی ایکویٹی زبردست منافع جات پیش کرنے کے لیے عمدہ پوزیشن میں ہیں۔

NAFA اسٹاک فنڈ نے مالی سال کے دوران KSE 100 انڈیکس کے 9.84% منافع کے مقابلے میں 11.84% سالانہ منافع پیش کیا۔ اس طرح فنڈ نے سال کے دوران مارکیٹ کے مقابلے میں 1.59% بہتر کارکردگی کا مظاہرہ کیا۔ یہ اعلیٰ کارکردگی اثاثے کو بروقت مختص کرنے (asset allocation) کی بدولت ہے۔ مزید برآں فنڈ نے سینٹ، آئل اینڈ گیس ایکسپلوریشن کمپنیز، انجینئرنگ اور ریفاؤنڈری کے اہم اسٹاکس کے شعبوں میں بھاری سرمایہ کاری کی جنہوں نے مارکیٹ کے مقابلے میں بہتر کارکردگی دکھائی، مزید برآں فنڈ نے آئل اینڈ گیس ایکسپلوریشن کمپنیز، انجینئرنگ اور ٹیکسٹائل کے شعبوں میں کثرت سے اہم اسٹاکس رکھے جنہوں نے مارکیٹ سبقت برقرار رکھی، جب کہ کمرشل بینکس اور فریٹلائزرز کے شعبوں میں سرمایہ کاری رکھی جنہوں نے ناقص کارکردگی کا مظاہرہ کیا، اور اس طرح فنڈ کی اعلیٰ کارکردگی میں حصے دار بنے۔

اپنے قیام (22 جنوری 2007) سے اب تک NSF میں 344.94% اضافہ ہوا ہے، جب کہ KSE 100 انڈیکس 255.06% بڑھا ہے، اس طرح فنڈ کو اس پر تاحال 89.90% سبقت حاصل ہے۔ یہ اضافی کارکردگی (outperformance) منجمنٹ فیس اور تمام دیگر اخراجات کے بعد خالص ہے۔

NAFA اسٹاک فنڈ کا حجم، 30 جون 2016 کے مطابق 7938 ملین روپے ہے۔ NAFA اسٹاک فنڈ نے اس مدت کے دوران 858.10 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 188.85 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 669.25 ملین روپے ہے۔ اس سال کے دوران NAFA اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2015 کو 11.8527 روپے (Ex-Div) سے بڑھ کر 30 جون 2016 پر 13.2076 روپے (Ex-Div) ہو چکی ہے۔ اس کا نتیجہ یونٹ 1.3549 روپے (11.43%) منافع کی شکل میں سامنے آیا ہے۔

NAFA اسٹاک فنڈ کی ایسیٹ ایلوکیشن 30 جون 2016 کو بمطابق ذیل ہے:



NAFA STOCK FUND

آمدنی کی تقسیم

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال کے لیے ابتدائی NAV ex-NAV کا 7.26% (ویلیو کے مساوی 9.20%) کیش ڈیویڈنڈ منظور کیا ہے۔

ٹیکسیشن

جیسا کہ مندرجہ بالا کیش ڈیویڈنڈ، انویسٹمنٹس کے تصرف شدہ اور غیر تصرف شدہ (realized and unrealized) مالیاتی منافع جات کے علاوہ، انویسٹمنٹس پر سال کے دوران کمائی گئی آمدنی کے 90% سے زائد ہے، انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ 1 کی شق 99 کے تحت فنڈ پر ٹیکس لاگو نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز Deloitte یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز کی حیثیت سے اپنی پانچ سالہ میعاد مکمل کر لی ہے اور۔ نان بینکنگ فنانس کمپنیز اینڈ ٹریڈنگ اینڈ انویسٹمنٹ ریگولیشنز 2008 کی ریگولیشن (i) 38 کے تقاضے کے مطابق ان کا متبادل درکار ہوگا۔ بورڈ نے 30 جون 2017 کو ختم ہونے والے سال کے لیے میسرز KPMG تاثر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دے دی ہے۔

کوڈ آف کارپوریٹ گورننس کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1- منجمنٹ کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور یونٹ ہولڈرز فنڈ میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

2- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

7- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

8- پرفارمنس ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہے۔

9- ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔

10- اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کی گئی ہے۔

11- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کیا گیا ہے۔

12- ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کی بیویوں اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔

اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ 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 سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ڈسٹری بیوٹرز کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلرٹن ایسٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

23 ستمبر 2016

مقام: کراچی

NAFA STOCK FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA STOCK FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Stock Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 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.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2016

NAFA STOCK FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented by the Board of Directors (the Board) of NBP Fullerton Asset Management Limited (the Company), the Management Company of **NAFA Stock Fund** (the Fund) to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Pakistan Stock Exchange Limited.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2016, the Board included:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Mr. Nausherwan Adil (Chairman) 2. Mr. Aamir Sattar 3. Mr. Abdul Hadi Palekar 4. Mr. Nigel Poh Cheng 5. Mr. Koh Boon San

The independent directors meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

NAFA STOCK FUND

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board. There is no other executive-director of the Company besides Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As of 30 June 2016, three directors of the Company had acquired the director's training certificate as required under the Code. The Company plans to arrange a Director's Training Program in future, for the remaining directors.
10. The Board has approved the appointment of Chief Financial Officer (CFO) of the Company with their remuneration and terms and conditions of employment. There has been no new appointment of the Company Secretary and Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in note 19 to the financial statements "Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The committee has formed the terms of reference for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members. All the members are non-executive directors including an independent director and the chairman of the committee is non-executive director.

NAFA STOCK FUND

18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. Since there is no practical implication of closed period on the announcement of interim and final results of open end Fund. Therefore, there was no 'closed period' prior to the announcement of interim / final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with except the following:
 - As per the Code, the mechanism was required to put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e. April 2014. The mechanism is in place and the Company is in the process of completion of annual evaluation of the Board.

For and behalf of the Board

Karachi
September 23, 2016

Dr. Amjad Waheed
Chief Executive Officer

NAFA STOCK FUND

FUND MANAGER REPORT

NAFA Stock Fund

NAFA Stock Fund is an Open-ended Equity Fund.

Investment Objective of the Fund

The objective of 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

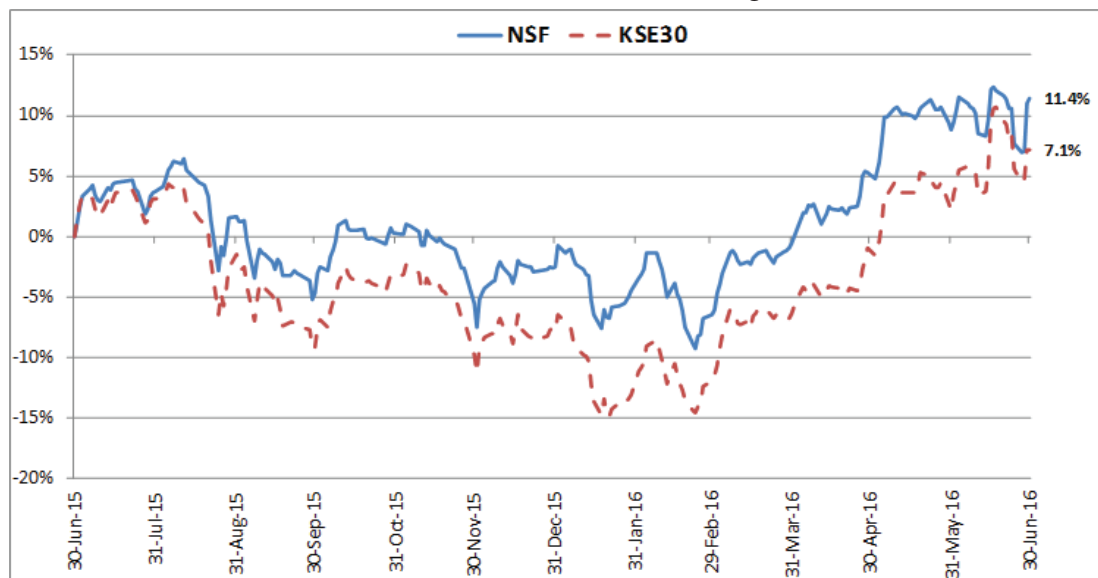
The Benchmark of the Fund is KSE-30 Total Return Index.

Fund performance review

This is the tenth annual report of the Fund. During the fiscal year, NAFA Stock Fund delivered 11.43% return as against KSE-100 index return of 9.84%, outperforming the market by 1.59% during the year. Since inception (January 22, 2007), NSF has risen by 344.96%, whereas the KSE-100 index has increased by 255.06%, thus to date out-performance is 89.90%. The out-performance of the Fund is net of management fee and all other expenses. Thus, NSF has met its investment objective. During the year, the fund size of NSF increased by 93% to Rs 7,941mn.

NSF outperformed during the year as its key holdings in the Cements, Oil & Gas Exploration Companies, Engineering, and Refinery sectors outperformed the market. Moreover, contribution to the Fund's performance also came from its underweight position in the selected companies of Commercial Banks and Fertilizer sectors that lagged the market. The chart below shows the performance of NSF against the Benchmark for the year.

NSF Performance vs. Benchmark during FY16



At the beginning of the year, NSF was around 88.8% invested in equities. During the year, we proactively adjusted our exposure in equities. At the end of the year, NSF was around 91.1% invested in equities.

The stock market started FY2015-16 on a lackluster note in sync with the regional and global markets, driven by a rout in commodities and concerns on global growth led by China. But in the aftermath of a strong rally in the second half of the year, the local bourse closed the year with 9.8% return. During the first half of the year, the market remained under pressure led by Oil & Gas Sector amid sharp decline in crude oil prices and unabated foreign selling. However, the market more than made up for the losses in the second half as recovery in crude oil prices led to strong returns from the heavy eight energy stocks and Pakistan's re-entry in MSCI EM Index from next year boosted general investor sentiment. NBFCs, Individuals, and Mutual Funds remained net buyers, absorbing majority of the foreign selling. After a volatile FY2015-16, Pakistan equities are well poised to post stronger return this year as inclusion in MSCI Emerging Markets Index, relatively reasonable valuations, and improving growth prospects driven by government focus on infrastructure spending coupled with implementation of CPEC projects will keep local & foreign investors' interest strong in the market.

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. NAFA Stock Fund does not have any soft commission arrangement with any broker in the industry.

NAFA STOCK FUND

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-16	30-Jun-15
Equities / Stock	91.16%	88.81%
Cash Equivalents	10.54%	30.41%
Other Net (Liabilities)	-1.70%	-19.20%
Total	100.00%	100.00%

Distribution for the Financial Year 2016

Interim Period/Quarter	Dividend as a % of Par Value (Rs.10)	Cum Dividend Price Per Unit (Rs.)	Ex- Dividend Price Per Unit (Rs.)
Interim	9.204%	13.6047	12.6843

Pattern of Unit Holders for NAFA STOCK FUND as on June 30, 2016

Size of Unit Holding (Units)		# of Unit Holders
1	1,000	132
1,001	5,000	380
5,001	10,000	209
10,001	50,000	441
50,001	100,000	160
100,001	500,000	187
500,001	1,000,000	47
1,000,001	5,000,000	70
5,000,001	10,000,000	13
10,000,001	100,000,000	10
Total:		1649

During the period under question:

- There have been no significant changes in the state of affairs of the Fund
- The Management Company or its delegates did not receive any soft commission (i.e. goods and services) from its broker(s)/dealer(s) by virtue of transactions conducted by the Fund.

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of 47.575 million. If the same were not made, the NAV per unit/last one year return of scheme would have been higher by Rs 0.079 / 0.67%. For details, investors are advised to read the Note 16 of the Financial Statements of the Scheme for the year ended June 30, 2016.

NAFA STOCK FUND

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the NBP Fullerton Asset Management Limited, the Management Company of NAFA Stock Fund (the Fund) for the year ended June 30, 2016, to comply with the requirement of the Pakistan Stock Exchange Limited, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions of the Fund distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2016.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

Paragraph reference	Description
21	As per the Code, there should be announcement of 'close period' prior to the announcement of interim / final results, however there was no such 'close period' announced during the year ended 30 June 2016.
23	A mechanism for an evaluation of the Board's own performance is in place. However, the Management Company is in the process of completion of the annual evaluation of the Board.

Deloitte Yousuf Adil
Chartered Accountants
Dated: September 30, 2016
Karachi

NAFA STOCK FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **NAFA Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, statement of comprehensive income, cash flow statement, distribution statement and statement of movements in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's Responsibility for the Financial Statements

NBP Fullerton Asset Management Limited (the Management Company) is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2016, and of its financial performance, its cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

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.

Deloitte Yousuf Adil
Chartered Accountants
Engagement Partner:
Naresh Kumar

Date: September 30, 2016
Place: Karachi

NAFA STOCK FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2016

	Note	2016 -----Rupees in '000-----	2015 -----Rupees in '000-----
ASSETS			
Balances with banks	4	836,997	394,840
Investments	5	7,237,065	3,653,345
Mark-up accrued and dividend receivable	6	10,609	13,265
Advances, deposits and other receivables	7	37,284	143,801
Total assets		8,121,955	4,205,251
LIABILITIES			
Payable to the NBP Fullerton Asset Management Limited - Management Company	8	56,625	24,218
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	807	407
Payable to the Securities and Exchange Commission of Pakistan	10	5,692	2,755
Payable against purchase of investments		3,868	-
Dividend payable		11,664	-
Accrued expenses and other liabilities	11	104,419	64,020
Total liabilities		183,075	91,400
NET ASSETS		7,938,880	4,113,851
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)			
		7,938,880	4,113,851
Contingencies and commitments			
	12		
-----Number of units-----			
Number of units in issue	13	601,083,871	307,726,184
-----Rupees-----			
Net asset value per unit	14	13.2076	13.3685

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 -----Rupees in '000-----	2015
INCOME			
Net (loss) / gain on sale of investments		(111,898)	267,669
Dividend income		294,124	117,474
Mark-up on bank balances		38,636	19,933
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading	5.3	535,727	493,834
Total income		<u>756,589</u>	<u>898,910</u>
EXPENSES			
Remuneration of the NBP Fullerton Asset Management Limited - Management Company	8.1	119,838	58,005
Sindh Sales Tax on remuneration of the Management Company	8.2	19,462	10,093
Federal Excise Duty on remuneration of the Management Company	8.3	19,174	9,281
Reimbursement of operational expenses to the Management Company		3,833	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	6,992	3,900
Sindh Sales Tax on remuneration of the Trustee		979	-
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	5,692	2,755
Securities transaction cost		10,637	5,977
Settlement and bank charges		1,177	978
Auditors' remuneration	15	575	527
Fund rating fee		187	170
Legal and professional charges		70	125
Annual listing fee		40	40
Printing charges		194	108
Total expenses		<u>(188,850)</u>	<u>(91,959)</u>
Net income from operating activities		<u>567,739</u>	<u>806,951</u>
Net element of income and capital gains included in prices of units issued less those in units redeemed		101,514	113,387
Provision for Workers' Welfare Fund	16	-	(18,407)
Net income for the year before taxation		<u>669,253</u>	<u>901,931</u>
Taxation	17	-	-
Net income for the year after taxation		<u><u>669,253</u></u>	<u><u>901,931</u></u>
Earnings per unit	18		

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Net income for the year after taxation	669,253	901,931
Other comprehensive income		
Items that may be reclassified subsequently to income statement	-	-
Items that will not be reclassified subsequently to income statement	-	-
Total comprehensive income for the year	<u>669,253</u>	<u>901,931</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Undistributed income brought forward comprising of:		
- realized income / (loss)	621,523	(29,621)
- unrealized income	493,834	138,538
	1,115,357	108,917
Net income for the year	669,253	901,931
Final distribution for the year ended June 30, 2015:		
- cash distribution @ Rs. 0.6824 per unit declared on July 16, 2015 (2015: Nil)	(213,498)	-
Interim distribution for the year ended June 30, 2016:		
- cash distribution @ Rs. 0.9204 per unit declared on June 29, 2016 (2015: Rs. 0.4524 per unit declared on June 29, 2015)	(354,748)	(104,123)
Net element of income and capital gains included in prices of units issued less those in units redeemed	-	208,632
	(354,748)	104,509
Undistributed income carried forward	1,216,364	1,115,357
Undistributed income carried forward comprising of:		
- realized income	680,637	621,523
- unrealized income	535,727	493,834
	1,216,364	1,115,357

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees in '000-----	
Net assets at the beginning of the year	4,113,851	1,804,655
Issuance of 818,182,650 units (2015: 465,183,467 units)	10,728,873	5,849,766
Redemption of 524,824,963 units (2015: 336,172,171 units)	(6,903,337)	(4,224,991)
	3,825,536	1,624,775
Net element of income and capital gains included in prices of units issued less those in units redeemed - transferred to income statement	(101,514)	(113,387)
Net element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement	-	(208,632)
Total comprehensive income for the year	669,253	901,931
Distributions during the year		
Final distribution for the year ended June 30, 2015:		
- cash distribution @ Rs. 0.6824 per unit declared on July 16, 2015 (2015: Nil)	(213,498)	-
Interim distribution for the year ended June 30, 2016:		
- cash distribution @ Rs. 0.9204 per unit declared on June 29, 2016 (2015: Rs. 0.4524 per unit declared on June 29, 2015)	(354,748)	(104,123)
	(568,246)	(104,123)
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that forms part of the unit holders fund	-	208,632
Net assets at the end of the year	7,938,880	4,113,851
	-----Rupees in '000-----	
Net asset value per unit at the beginning of year	13.3685	10.0980
Net asset value per unit at the end of year	13.2076	13.3685

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 -----Rupees in '000-----	2015 -----Rupees in '000-----
Cash flows from operating activities			
Net income for the year before taxation		669,253	901,931
Adjustments:			
Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading		(535,727)	(493,834)
Net element of income and capital gains included in prices of units issued less those in units redeemed		(101,514)	(113,387)
		32,012	294,710
(Increase) / decrease in assets			
Investments - net		(3,047,993)	(1,551,221)
Mark-up accrued and dividend receivable		2,656	(8,695)
Advances, deposits and other receivables		2,920	11,162
		(3,042,417)	(1,548,754)
Increase / (decrease) in liabilities			
Payable to the Management Company		32,407	17,975
Payable to the Trustee		400	191
Payable to the Securities and Exchange Commission of Pakistan		2,937	1,548
Payable against purchase of investments		3,868	(83,061)
Dividend payable		11,664	-
Accrued expenses and other liabilities		19,066	25,394
		70,342	(37,953)
Net cash used in operating activities		(2,940,063)	(1,291,997)
Cash flows from investing activities			
Net cash generated from investing activities		-	-
Cash flows from financing activities			
Amounts received from issuance of units		10,832,470	5,732,612
Amounts paid on redemption of units		(6,882,004)	(4,219,225)
Distributions paid		(568,246)	(104,123)
Net cash generated from financing activities		3,382,220	1,409,264
Net increase in cash and cash equivalents during the year		442,157	117,267
Cash and cash equivalents at the beginning of the year		394,840	277,573
Cash and cash equivalents at the end of the year	4	836,997	394,840

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on December 06, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 20, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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. Due to fire incident at the registered office of the Management Company in the month of June 2016, its office has been temporary shifted to 2nd floor, Ex - NDFC Building, Tariq Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund classified as an "equity scheme" by the Management Company and is listed on the Pakistan Stock Exchange (formerly Lahore 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.

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.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM2++' to the Management Company and has assigned short and long term performance ranking of '5 star' and '5 star' respectively to the Fund.

Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). Whenever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees, except otherwise stated.

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

2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016

The following standards, amendments and improvements are effective for the year ended June 30, 2016. These standards, improvements and the amendments are either not relevant to the fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

NAFA STOCK FUND

IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015

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

IFRS 13 – Fair Value Measurement

In addition to the above standards, IFRS 13 'Fair Value Measurement' also became effective in the current year. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures (refer note 26).

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

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

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	Effective from accounting period beginning on or after January 01, 2018
IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely. Earlier adoption is permitted.
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	Effective from accounting period beginning on or after January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2016

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

2.5 Critical accounting estimates and judgements

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

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

- a) classification of financial assets (note 3.2.1)
- b) impairment of financial assets (note 3.2.5)
- c) provisions (note 3.9)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Classification

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

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

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held for trading".

b) Loans and receivables

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

c) Available for sale

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

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e, the date on which the Fund commits to purchase or sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the stock exchange regulations.

3.2.3 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 recognized in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss - held for trading' are valued as follows:

NAFA STOCK FUND

a) Equity securities

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

Investments of the Fund in unquoted equity securities are carried at lower of investment price or their break-up value as per the latest audited financial statements.

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

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

b) Loans and receivables

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

3.2.5 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is 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 an 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 the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and liabilities

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

3.3 Derivatives

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

3.4 Securities purchased under resale agreements

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

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

NAFA STOCK FUND

3.5 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.

3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.7 Issuance and redemption of units

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

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

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

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

Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned and on unrealised gain / (loss) arising during an accounting year on available for sale securities. The element of income / (loss) and capital gains / (losses) included in the prices of units issued less those redeemed is apportioned between the income statement and the distribution statement in proportion of the relative change in net assets for the year of available for sale investments and other net assets.

3.9 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.

3.10 Revenue recognition

Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.

Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss - held for trading' are included in the 'income statement' in the period in which they arise.

Dividend income is recognised when the right to receive the dividend is established.

Mark-up on bank balances and term deposits are recognized on a time proportionate basis using the effective interest method.

3.11 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 amongst the unit holders (excluding distribution made by issuance of bonus units).

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

3.12 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared.

3.13 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.

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4 BALANCES WITH BANKS	Note	2016	2015
		-----Rupees in '000-----	
Current accounts		16,057	6,060
Savings accounts	4.1	820,940	388,780
		<u>836,997</u>	<u>394,840</u>

4.1 These saving accounts carry mark-up at rates ranging from 5.50% to 7.45% per annum (2015: 4.5% to 10.75% per annum).

5 INVESTMENTS	Note	2016	2015
		-----Rupees in '000-----	
Financial assets at fair value through profit or loss - held for trading			
Listed equity securities	5.1	7,236,098	3,653,345
Unlisted equity securities	5.2	967	-
		<u>7,237,065</u>	<u>3,653,345</u>

5.1 Investment in listed equity securities

Name of the investee company	As at July 1, 2015	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2016	Market value as at June 30, 2016	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
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----- Number of shares ----- (Rupees in '000) ----- % -----

*All shares have a nominal face value of Rs 10 each except for shares of Thal Limited which have a face value of Rs 5 each.

OIL AND GAS

Attock Petroleum Limited	104,950	18,900	-	-	123,850	54,189	0.68	0.75	0.15
Attock Refinery Limited	195,500	762,500	-	616,300	341,700	95,724	1.21	1.32	0.40
Hascol Petroleum Limited (5.1.2)	271,335	-	507	268,800	3,042	595	0.01	0.01	0.00
Mari Petroleum Company Limited	-	417,800	-	67,700	350,100	317,968	4.01	4.39	0.32
National Refinery Limited	184,200	43,800	-	228,000	-	-	-	-	-
Oil and Gas Development Company Limited	208,881	3,123,100	-	1,402,100	1,929,881	266,459	3.36	3.68	0.04
Pakistan Oilfields Limited	248,130	933,100	-	406,300	774,930	269,273	3.39	3.72	0.33
Pakistan Petroleum Limited	536,425	2,548,200	-	1,294,600	1,790,025	277,544	3.50	3.84	0.09
Pakistan State Oil Company Limited	457,267	997,700	-	326,300	1,128,667	423,769	5.34	5.86	0.42
Shell Pakistan Limited	222,100	131,400	-	1,500	352,000	102,154	1.29	1.41	0.33
							<u>22.79</u>	<u>24.98</u>	

CHEMICALS

Dawood Hercules Corporation Limited	-	360,800	-	-	360,800	53,712	0.68	0.74	0.07
Engro Corporation Limited	1,095,285	1,230,100	-	793,800	1,531,585	509,972	6.42	7.05	0.29
Engro Fertilizers Limited	1,228,500	4,513,500	-	3,667,500	2,074,500	133,764	1.68	1.85	0.16
Fauji Fertilizer Bin Qasim Company Limited	230,100	1,055,200	-	1,285,300	-	-	-	-	-
Fauji Fertilizer Company Limited	-	822,500	-	-	822,500	43,601	0.55	0.60	0.09
							<u>9.33</u>	<u>10.24</u>	

CONSTRUCTION AND MATERIALS

Akzo Nobel Pakistan Limited	94,300	-	-	88,000	6,300	1,164	0.01	0.02	0.01
Attock Cement (Pakistan) Limited	1	922,900	-	-	922,901	220,306	2.78	3.04	0.81
D.G. Khan Cement Company Limited	2,234,500	2,245,800	-	2,871,200	1,609,100	306,517	3.86	4.24	0.37
Fauji Cement Company Limited	-	4,726,500	-	150,000	4,576,500	163,838	2.06	2.26	0.33
Fecto Cement Company Limited	313,500	285,500	-	150,000	449,000	51,860	0.65	0.72	0.90
Kohat Cement Company Limited	37,600	-	-	37,600	-	-	-	-	-
Lucky Cement Company Limited	381,233	329,400	-	292,900	417,733	270,904	3.41	3.74	0.13
Maple Leaf Cement Factory Limited	989,000	865,000	-	1,581,500	272,500	28,751	0.36	0.40	0.05
Pioneer Cement Limited	558,500	985,500	-	498,000	1,046,000	112,340	1.42	1.55	0.46
Thatta Cement Company Limited	1,250,000	-	-	-	1,250,000	36,875	0.46	0.51	1.25
							<u>15.01</u>	<u>16.47</u>	

GENERAL INDUSTRIALS

Cherat Packaging Limited.	17,592	274,600	15,482	126,700	180,974	61,851	0.78	0.85	0.10
Thal Limited*	260,989	136,900	-	-	397,889	112,610	1.42	1.56	0.49
Tri-Pack Films Limited	-	129,500	35,724	106,000	59,224	10,772	0.14	0.15	0.15
							<u>2.34</u>	<u>2.56</u>	

AUTOMOBILE AND PARTS

Baluchistan Wheels Limited	87,000	-	-	-	87,000	7,047	0.09	0.10	0.65
Ghandara Nissan Limited	302,000	-	-	302,000	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	289,500	22,600	-	312,100	-	-	-	-	-
Indus Motor Company Limited	147,000	121,730	-	54,560	214,170	201,221	2.53	2.78	0.27
Pak Suzuki Motor Company Limited	69,700	114,300	-	184,000	-	-	-	-	-
							<u>2.62</u>	<u>2.88</u>	

NAFA STOCK FUND

Name of the investee company	As at July 1, 2015	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2016	Market value as at June 30, 2016	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
----- Number of shares ----- (Rupees in '000) ----- % -----									
PHARMA AND BIOTECH									
Abbot Laboratories (Pakistan) Limited	36,900	-	-	-	36,900	27,822	0.35	0.38	0.04
Ferozsons Laboratories Limited	29,000	-	-	29,000	-	-	-	-	-
GlaxoSmithKline (Pakistan) Limited	52,000	-	-	-	52,000	10,770	0.14	0.15	0.02
The Searle Company Limited (5.1.2)	-	27,700	2,770	30,200	270	145	0.00	0.00	0.00
							0.49	0.53	
FORESTRY (PAPER AND BOARD)									
Century Paper and Board Mills Limited	299,500	-	-	299,500	-	-	-	-	-
							-	-	-
INDUSTRIAL METALS AND MINING									
Crescent Steel & Allied Products Limited	54,500	-	-	54,500	-	-	-	-	-
International Industries Limited	1,052,500	2,035,500	-	-	3,088,000	249,726	3.15	3.45	2.58
International Steel Limited	-	8,153,500	-	104,000	8,049,500	286,723	3.61	3.96	1.85
							6.76	7.41	
ENGINEERING									
K.S.B Pumps Limited	6,000	-	-	-	6,000	1,462	0.02	0.02	0.05
Mughal Iron and Steel Industries Limited (5.1.2)	-	1,453,000	122,250	257,000	1,318,250	88,573	1.12	1.22	1.05
							1.14	1.24	
PERSONAL GOODS									
Azgard Nine Limited (Non-voting)	806,400	-	-	-	806,400	5,645	0.07	0.08	14.60
Kohinoor Textile Mills Limited (5.1.2)	2,171,000	511,500	387,000	175,000	2,894,500	231,646	2.92	3.20	1.03
Nishat Chunian Limited	484,800	773,000	-	811,500	446,300	15,808	0.20	0.22	0.19
Nishat Mills Limited	583,200	2,907,200	-	460,000	3,030,400	326,980	4.12	4.52	0.86
Sapphire Fibres Limited	32,100	50,200	-	-	82,300	46,088	0.58	0.64	0.41
							7.89	8.66	
FOOD & PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limited (5.1.2)	-	1,052,000	204,750	-	1,256,750	65,615	0.83	0.91	1.02
Shezan International Limited	-	36,700	-	-	36,700	16,570	0.21	0.23	0.46
							1.04	1.14	
FIXED LINE TELECOMMUNICATION									
Pakistan Telecommunication Company Limited	-	8,748,500	-	5,468,500	3,280,000	49,299	0.62	0.68	0.09
							0.62	0.68	
ELECTRICITY									
Kot Addu Power Company Limited	1,808,500	571,500	-	138,500	2,241,500	200,054	2.52	2.76	0.25
Lalpir Power Limited	1,719,500	-	-	1,719,500	-	-	-	-	-
Pakgen Power Limited	-	2,373,500	-	2,373,500	-	-	-	-	-
Saif Power Limited	1,322,000	-	-	323,500	998,500	29,975	0.38	0.41	0.26
The Hub Power Company Limited	1,695,066	448,000	-	1,066,900	1,076,166	129,205	1.63	1.79	0.09
							4.53	4.96	
COMMERCIAL BANKS									
Allied Bank Limited	1,219,501	166,600	-	43,700	1,342,401	120,762	1.52	1.67	0.12
Bank Al-falah Limited	1,263,500	3,838,000	-	1,263,000	3,838,500	98,151	1.24	1.36	0.24
Bank Al-Habib Limited	2,297,150	1,404,500	-	49,000	3,652,650	157,503	1.98	2.18	0.33
Faysal Bank Limited (5.1.2)	38,075	-	-	-	38,075	499	0.01	0.01	0.00
Habib Bank Limited	173,463	1,489,800	-	468,000	1,195,263	236,137	2.97	3.26	0.08
Habib Metropolitan Bank Limited	671,000	-	-	671,000	-	-	-	-	-
MCB Bank Limited	-	574,700	-	-	574,700	126,445	1.59	1.75	0.05
Meezan Bank Limited	197,752	511,000	-	708,500	252	11	0.00	0.00	0.00
Silkbank Limited	-	4,250,000	-	-	4,250,000	7,225	0.09	0.10	0.05
United Bank Limited	348,240	1,330,200	-	398,000	1,280,440	226,536	2.85	3.13	0.10
							12.26	13.45	
EQUITY INVESTMENT INSTRUMENTS									
Sindh Modaraba	1,337,000	-	-	-	1,337,000	5,215	0.07	0.07	2.97
							0.07	0.07	
MULTIUTILITIES (GAS AND WATER)									
Sui Northern Gas Pipelines Limited	291,000	3,781,000	-	4,072,000	-	-	-	-	-
Sui Southern Gas Company Limited	-	6,128,500	-	6,128,500	-	-	-	-	-
							-	-	-

NAFA STOCK FUND

Name of the investee company	As at July 1, 2015	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2016	Market value as at June 30, 2016	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
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----- Number of shares ----- (Rupees in '000) ----- % -----
 *All shares have a nominal face value of Rs 10 each except for shares of Thal Limited which have a face value of Rs 5 each.

TECHNOLOGY HARDWARE AND EQUIPMENT

Avanceon Limited	1,050,000	969,500	-	356,500	1,663,000	47,845	0.60	0.66	1.57
System Limited	-	869,500	-	-	869,500	50,118	0.63	0.69	0.79

1.23 1.35

HOUSEHOLD GOODS

Tariq Glass Industries Limited	1,465,000	372,000	-	50,000	1,787,000	132,149	1.66	1.83	2.43
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1.66 1.83

INDUSTRIAL TRANSPORTATION

Pakistan National Shipping Corporation Limited	171,500	347,600	-	-	519,100	48,640	0.61	0.68	0.39
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0.61 0.68

CABLE AND ELECTRIC GOODS

Pak Elektron Limited	901,500	1,917,000	312,625	2,172,500	958,625	61,976	0.78	0.86	0.19
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0.78 0.86

7,236,098 91.16 100.00

Carrying value before mark to market (listed ordinary shares) as at June 30, 2016

6,700,371

5.1.1 Investments include shares with market value of Rs. 103.65 million (2015: Rs. 95.71 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 October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 3.63 million (2015: 0.842) and not deposited in CDC account of department of Income Tax.

5.2 Unlisted equity securities

*GlaxoSmithKline Consumer Healthcare Pakistan Limited

- 15,600 - 15,600 967 0.01 0.01 0.16

0.01 0.01

967 0.01 0.01

Carrying value before mark to market (unlisted ordinary shares) as at June 30, 2016 967

* This represents shares that have been issued to the Fund as a result of de-merger of consumer healthcare business of GlaxoSmithKline (GSK) Pakistan Limited as the Fund has investment in the shares of GlaxoSmithKline (GSK) Pakistan Limited.

5.3 Net unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading	Note	2016 ----- (Rupees in '000) -----	2015 -----
Market value of investment	5.1 & 5.2	7,237,065	3,653,345
Less: carrying value before mark to market	5.1 & 5.2	(6,701,338)	(3,159,511)
		535,727	493,834

NAFA STOCK FUND

	Note	2016 -----Rupees in '000-----	2015
6 MARK-UP ACCURED AND DIVIDEND RECEIVABLE			
Mark-up accrued on bank balances		95	490
Dividend receivable		10,514	12,775
		<u>10,609</u>	<u>13,265</u>
7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Receivable against transfer of units	7.1	34,356	137,953
Advances against right issue		-	3,108
Security deposits with:			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100
Advance tax		328	140
		<u>37,284</u>	<u>143,801</u>
7.1 This represents amounts receivable from other collective investment schemes being managed by the Management Company of the Fund. These amounts are receivable in respect of units issued to various unit holders based on their request for transfer of units from other collective investment schemes to the Fund. These amounts have been received from respective collective investment schemes subsequent to the year ended June 30, 2016.			
8 PAYABLE TO THE NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		2016 -----Rupees in '000-----	2015
Remuneration of the Management Company	8.1	12,512	6,489
Sindh Sales Tax on remuneration of the Management Company	8.2	2,032	1,129
Federal Excise Duty on remuneration of the Management Company	8.3	32,183	13,009
Operational expenses	8.4	3,833	-
Sales load		6,065	3,591
		<u>56,625</u>	<u>24,218</u>
8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulation), the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. On November 25, 2015, SECP has made certain amendments in the NBFC Regulations, 2008. As per the provision of the amended NBFC Regulation 2008, the applicable rate has been changed to two percent of annual average net assets. As on Jan 22, 2012, the Fund has completed its five years and accordingly the Management Company has charged its remuneration at the rate of two percent of the average annual net assets of the Fund from that date, therefore the above amendment has no impact on the Fund's net assets. The remuneration is paid to the management company on a monthly basis in arrears.			
8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 14% (2015: 15%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.			
8.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on management remuneration had been made applicable effective from June 13, 2013. In this regard, demand notices were received by some asset management companies, including the Management Company, for collection of FED on management remuneration. Mutual Fund Association of Pakistan (MUFAP) took up the matter collectively and filed a petition with the Honorable Sindh High Court and was granted stay in this regard.			
That time, the Management Company took the view that since the remuneration was already subject to provincial sales tax, further levy of FED may result in double taxation, which did not appear to be the spirit of the law. Therefore, the Management Company also filed a petition against the demand notice in the Honorable Sindh High Court and were granted stay on the basis of the pending constitutional petition from MUFAP in the said court as referred above.			
During the current year, the Honorable Sindh High Court, in its judgement dated June 30, 2016, on Constitutional Petition instituted by MUFAP declared that the provisions of Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from July 1, 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force.			

However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, and the petition of the Management Company is still pending in the Court; therefore, as a matter of prudence, the Fund has recorded provision for the year amounting to Rs. 19.174 million and maintained the accumulated provision against FED amounting to Rs. 32.183 million as of June 30, 2016.

NAFA STOCK FUND

8.4 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund with effect from November 25, 2015.

9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Note	2016	2015
	-----Rupees in '000-----	
Remuneration of the trustee	708	407
Sindh Sales Tax on remuneration of the trustee	99	-
	<u>807</u>	<u>407</u>

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

Tariff structure applicable to the Fund as at June 30, 2016 is as follows:

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

9.2 The Sindh Revenue Board through circular no. SRB-3-4/TP/01/2015/86554 dated June 13, 2015, amended definition of services of shares, securities and derivatives and included the custodianship services within purview of the Sindh Sales Tax. Accordingly Sindh Sales Tax of 14% is applicable on remuneration of the trustee fee which is now covered under section 27(79A) of the Sindh Sales Tax on Services Act, 2011.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Note	2016	2015
	-----Rupees in '000-----	
Annual Fee	<u>5,692</u>	<u>2,755</u>

10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as an equity scheme is required to pay an annual fee to the Securities and exchange Commission of Pakistan at an amount equal to 0.095 percent of the daily net assets of the scheme. The Fund has been categorised as an equity scheme by the Management Company.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2016	2015
	-----Rupees in '000-----	
Auditors' remuneration	432	386
Brokerage charges	2,410	-
Settlement charges	91	30
Bank charges	20	18
Provision for Workers' Welfare Fund (WWF)	16 47,575	47,575
Payable against redemption of units	11.1 29,060	7,727
Withholding tax	23,814	6,961
Others	1,017	1,323
	<u>104,419</u>	<u>64,020</u>

11.1 This includes amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are payable in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes. These amounts have been paid to the respective collective investment schemes subsequent to the year ended June 30, 2016.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2016 and June 30, 2015 except as disclosed elsewhere in these financial statements.

NAFA STOCK FUND

	2016	2015
	-----Number of units-----	
13 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	307,726,184	178,714,888
Add: units issued during the year	818,182,650	465,183,467
Less: units redeemed during the year	(524,824,963)	(336,172,171)
Total units in issue at the end of the year	<u>601,083,871</u>	<u>307,726,184</u>

14 NET ASSET VALUE PER UNIT

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

	2016	2015
	-----Rupees in '000-----	
15 AUDITORS' REMUNERATION		
Annual audit fee	325	325
Half yearly review fee	130	105
Out of pocket expenses	120	97
	<u>575</u>	<u>527</u>

16 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011 the Honorable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the Honorable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honorable High Court of Sindh.

During the year ended June 30, 2013, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

During the year ended June 30, 2014, the Honorable Peshawar High Court on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

NAFA STOCK FUND

However, without prejudice to the above and owing to the fact that the decision of Sindh High Court on the applicability of WWF (till June 30, 2015) to the CISs is currently pending for adjudication, the Management Company has decided to record and retain provision of WWF in financial statements till June 30, 2015 which aggregates to Rs. 47.575 million. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs. 0.079 per unit (2015: Rs. 0.155 per unit).

Further, Sindh Workers Welfare Fund (SWWF) Act 2014 enacted in June 2015 requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on the opinion obtained by MUFAP from its advisor who is of the view that Collective Investment Schemes (CIS) are not financial institutions, believes that SWWF is not applicable on the Fund.

17 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2016 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

18 EARNINGS PER UNIT

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

19 TRANSACTIONS WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the parent company and Alexandra Fund Management Pte. Limited being the sponsor. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company, subsidiaries, associated companies and post employment benefit funds of the sponsors, other collective investment schemes managed by the Management Company and directors and key management personnel of the Management Company.

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

19.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

19.5 Details of transactions with connected persons are as follows:

	2016	2015
	-----Rupees in '000-----	
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of the Management Company	119,838	58,005
Sindh Sales Tax on remuneration of the Management Company	19,462	10,093
Federal Excise Duty on remuneration of the Management Company	19,174	9,281
Reimbursement of operational expenses to the Management Company	3,833	-
Sales load	2,474	9,003
National Bank of Pakistan (Parent Company)		
Nil Shares purchased (2015: 78,000 Shares purchased)	-	4,778
Nil Shares sold (2015: 1,677,984 Shares sold)	-	101,014
Employees of the Management Company		
Units issued: 2,178,473 units (2015: 4,337,691 units)	28,271	51,573
Units redeemed 1,831,027 units (2015: 4,114,119 units)	23,779	49,212

NAFA STOCK FUND

	2016	2015
	-----Rupees in '000-----	
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	6,992	3,900
Sindh Sales Tax on remuneration of the Trustee	979	-
CDS charges	360	312
NAFA Employee Provident Fund (Provident Fund of the Management Company)		
Units Issued: 2,084,973 units (2015: 136,959 units)	27,321	1,734
Units redeemed: 1,665,360 units (2015: 251,220 units)	22,249	2,967
Chief Executive Officer of the Management Company		
Units Issued: 517,418 units (2015: 2,134,102 units)	6,727	25,984
Units redeemed: 517,152 units (2015: 2,058,862 units)	6,741	27,911
Company Secretary / Chief Operating Officer of the Management Company		
Units Issued: 1,182 units (2015: 32,758 units)	16	442
Units redeemed: Nil units (2015: 21,918 units)	-	291
Mr Kamal A Chinoy (Director of the Management Company)		
Units Issued: 90,806 units (2015: 832,546 units)	1,199	11,246
NBP Employees Pension Fund (Pension Fund of the Parent Company)		
Units issued: 6,395,748 units (2015: 1,682,902 units)	84,458	22,367
Jubilee Life Insurance Company Limited (Common Directorship with the Management Company)		
Units issued: 607,540 units (2015: Nil units)	8,023	-
International Industries Limited Employees Provident Fund (Common Directorship with the Management Company)		
Units redeemed: Nil units (2015: 2,170,799 units)	-	24,836
Units issued: Nil units (2015: 378,146 units)	-	3,895
International Industries Limited (Common Directorship with the Management Company)		
2,035,500 shares purchased (2015 : 1,052,500 shares purchased)	141,367	77,463
Nil shares sold (2015: 709 shares sold)	-	34
International Steels Limited (Common Directorship with the Management Company)		
8,153,500 shares purchased (2015 : Nil shares purchased)	232,749	-
104,000 shares sold (2015: Nil shares sold)	4,144	-
Cherat Packaging Pakistan Limited (Common Directorship with the Management Company)		
274,600 shares purchased (2015 : Nil shares purchased)	73,615	-
126,700 shares sold (2015 : Nil shares sold)	40,842	-
15,482 subscription of right shares (2015 : Nil)	2,167	-
*International Steels Limited-Employees Gratuity Fund (Portfolio managed by the Management Company)		
Units redeemed: Nil units (2015: 7,018 units)	-	81
*International Steels Limited-Employees Provident Fund (Portfolio managed by the Management Company)		
Units redeemed: Nil units (2015: 536,093 units)	-	1,301
Units issued: Nil units (2015: 124,016 units)	-	6,182
Sindh General Provident Investment Fund (unit holding more than 10%)		
Units issued: 4,142,853 units (2015: 1,090,101 units)	54,708	14,488
BYCO Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Units redeemed: 3,530,590 units (2015: 750,108 units)	45,802	9,298
Units issued: 3,647,563 units (2015: 1,714,241 units)	45,861	22,580

NAFA STOCK FUND

	2016	2015
	-----Rupees in '000-----	
BYCO Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Units redeemed: 12,325,288 units (2015: 1,867,053 units)	161,418	23,190
Units issued: 9,584,216 units (2015: 3,614,491 units)	123,576	47,523
The Karachi Electric Provident Fund (Portfolio managed by the Management Company)		
Units issued: 590,655 units (2015: 11,465,213 units)	7,844	155,016
Cherat Cement Company Limited (Common Directorship with the Management Company)		
Nil Shares sold (2015 : 168 shares sold)	-	11
Summit Bank Limited (Common Directorship with the Management Company)		
Mark-up on bank balances	2	3
Taurus Securities Limited (Subsidiary of the Parent Company)		
Brokerage charges	588	321
*Current year transactions with these persons have not been disclosed as they did not remain connected persons during the year		

19.6 Details of amounts outstanding as at year end with connected persons are as follows:

	2016	2015
	-----Rupees in '000-----	
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of the Management Company	12,512	6,489
Sindh Sales Tax on remuneration of the Management Company	2,032	1,129
Federal Excise Duty on remuneration of the Management Company	32,183	13,009
Operational expenses	3,833	-
Sales load	6,065	3,591
National Bank of Pakistan (Parent Company)		
Bank Balance	2,564	2,582
Summit Bank Limited (Common Directorship with the Management Company)		
Bank Balance	13,551	3,533
Employees of the Management Company		
Investment held in the Fund: 801,313 units (2015: 453,866 units)	10,583	6,068
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the trustee	708	407
Sindh sales tax on remuneration of the trustee	99	-
CDS charges	91	30
Security deposit	100	100
NAFA Employee Provident Fund (Provident Fund of the Management Company)		
Investment held in the Fund: 1,237,797 units (2015: 818,183 units)	16,348	10,938
NBP Employees Pension Fund (Pension Fund of the Parent Company)		
Investment held in the Fund: 57,520,024 units (2015: 51,124,276 units)	759,701	683,455
Chief Executive Officer of the Management Company		
Investment in the Fund: 75,505 units (2015: 75,239 units)	997	1,006
Company Secretary / Chief Operating Officer of the Management Company		
Investment in the Fund: 12,022 units (2015: 10,840 units)	159	145

NAFA STOCK FUND

	2016	2015
	-----Rupees in '000-----	
Mr Kamal A Chinoy (Director of the Management Company)		
Investment in the Fund: 923,352 units (2015: 832,547 units)	12,195	11,130
BYCO Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Investment in the Fund: 847,161 units (2015: 964,133 units)	11,189	12,889
BYCO Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Investment in the Fund: 4,488,511 units (2015: 1,747,438 units)	59,282	23,361
The Karachi Electric Provident Fund (Portfolio managed by the Management Company)		
Dividend Payable	11,096	-
Jubilee Life Insurance Company Limited (Common Directorship with the Management Company)		
Investment in the Fund: 6,177,728 units (2015: Nil units)	81,593	-
International Industries Limited (Common Directorship with the Management Company)		
Ordinary shares held 3,088,000 (2015: 1,052,500)	249,727	70,665
International Steels Limited (Common Directorship with the Management Company)		
Ordinary shares held 8,049,500 (2015: Nil)	286,723	-
Cherat Packaging Pakistan Limited (Common Directorship with the Management Company)		
Ordinary shares held 180,974 (2015: Nil)	61,851	-
Sindh General Provident Investment Fund (unit Holding more than 10%)		
Investment in the Fund: 37,258,660 units (2015: 33,115,807 units)	492,097	442,709
Taurus Securities Limited (Subsidiary of the parent of the Management Company)		
Brokerage payable	229	-
Net amount receivable / (payable) against transfer of units from / to:		
- NAFA Income Fund	-	47,935
- NAFA Income Opportunity Fund	8,501	-
- NAFA Islamic Energy Fund	14,205	-
- NAFA Asset Allocation Fund	8,069	60,637
- NAFA Financial Sector Income Fund	-	2,466
- NAFA Islamic Stock Fund	2,739	22,792
- NAFA Saving Plus Fund	-	490
- NAFA Islamic Aggressive Income Fund	(24,560)	-
- NAFA Government Securities Liquid Fund	(714)	56
- NAFA Riba Free Savings Fund	842	3,577
- NAFA Islamic Asset Allocation Fund	(2,662)	-
- NAFA Money Market Fund	(1,069)	(6,992)

NAFA STOCK FUND

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualification	Experience in years
1	Dr. Amjad Waheed	Chief Executive	Doctorate in Business Administration, MBA and CFA	28
2	Sajjad Anwar	Chief Investment Officer	MBA and CFA	16
3	Syed Sulaiman Akhtar	Head of Research	MBA and CFA	16
4	Muhammad Imran	Head of Portfolio Management	CFA and FRM	10
5	Asim Wahab Khan	Fund Manager	CFA	10

20.1 Mr. Asim Wahab Khan is the manager of the Fund. Other Funds being managed by the Fund manager are as follows;

- NAFA Multi Asset Fund
- NAFA Islamic Asset Allocation Fund
- NAFA Islamic Energy Fund
- NAFA Islamic Active Allocation Equity Fund
- NAFA Islamic Asset Allocation Fund

21 TRANSACTIONS WITH BROKERS / DEALERS

List of top ten brokers by percentage of commission charged during the year ended June 30, 2016

S. No.	Particulars	Percentage
1	Taurus Securities Limited	6.76%
2	Arif Habib Securities Limited	6.48%
3	Concordaia Securities (Private) Limited	4.68%
4	J.S. Global Capital Limited	4.42%
5	KASB Securities Limited	4.29%
6	BMA Capital Management Limited	4.03%
7	Topline Securities (Private) Limited	3.93%
8	Fortune Securities Limited	3.54%
9	Al Habib Capital Markets (Private) Limited	3.51%
10	Alfalah Securities (Private) Limited	3.49%

List of top ten brokers by percentage of commission charged during the year ended June 30, 2015

S. No.	Particulars	Percentage
1	Arif Habib Securities Limited	6.61%
2	Taurus Securities Limited	6.57%
3	Elixir Securities Pakistan Limited	6.15%
4	J.S. Global Capital Limited	5.06%
5	Foundation Securities (Private) Limited	4.60%
6	Habib Metropolitan Financial Services	4.39%
7	BMA Capital Management Limited	3.75%
8	Topline Securities (Private) Limited	3.50%
9	Aqeel Karim Dehdi Securities (Private) Limited	3.45%
10	Concordaia Securities (Private) Limited	3.41%

NAFA STOCK FUND

22 PATTERN OF UNIT HOLDING

Category	As at June 30, 2016		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	(Rupees in '000)		
Individuals	1,504	1,584,904	19.96%
Associated companies / Directors	2	776,050	9.78%
Insurance Companies	9	428,221	5.39%
Bank / DFIs	2	707,733	8.91%
Retirement Funds	87	3,519,290	44.33%
Others	47	922,682	11.62%
	1,651	7,938,880	100%

Category	As at June 30, 2015		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	(Rupees in '000)		
Individuals	1,192	812,073	19.74%
Associated companies / Directors	3	705,523	17.15%
Insurance Companies	5	112,804	2.74%
Bank / DFIs	1	252,863	6.15%
Retirement Funds	52	1,724,238	41.91%
Others Corporate	2	4,339	0.11%
Others	30	502,011	12.20%
	1,285	4,113,851	100%

23 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 54th, 55th, 56th, 57th, 58th & 59th Board meetings were held on July 14, 2015, September 30, 2015, October 21, 2015, February 26, 2016, April 29, 2016 and June 28, 2016 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Nausherwan Adil	6	5	1	54th meeting
Mr. Aamir Sattar	6	4	2	56th & 57th meeting
Mr. Abdul Hadi Palekar	6	5	1	58th meeting
Mr. Koh Boon San	6	4	2	54th & 57th meeting
Mr. Nigel Poh Cheng	6	3	3	56th, 58th & 59th meeting
Mr. Kamal Amir Chinoy	6	5	1	57th meeting
Mr. Shehryar Faruque	6	4	2	54th & 59th meeting
Dr. Amjad Waheed	6	6	-	-

24 FINANCIAL INSTRUMENTS BY CATEGORY

-----As on June 30, 2016-----

Loans and receivables	At fair value through profit or loss - held for trading	Available for sale	Total
-----Rupees in '000-----			
Balances with Banks	836,997	-	836,997
Investments	-	7,236,098	7,236,098
Mark-up accrued and dividend receivable	10,609	-	10,609
Advances deposits and other receivables	36,956	-	36,956
	884,562	7,236,098	8,120,660

NAFA STOCK FUND

-----As on June 30, 2016-----

	At fair value through profit or loss	At amortised cost	Total
Financial Liabilities			
Payable to the Management Company	-	56,625	56,625
Payable to the Trustee	-	807	807
Payable against purchase of investments	-	3,868	3,868
Dividend Payable	-	11,664	11,664
Accrued expenses and other liabilities	-	33,030	33,030
Net assets attributable to redeemable units	-	7,938,880	7,938,880
	-	8,044,874	8,044,874

-----Rupess in '000-----

-----As on June 30, 2015-----

	Loans and receivables	Financial assets at fair value through profit or loss	Available for sale	Total
Financial Assets				
Balances with Banks	394,840	-	-	394,840
Investments	-	3,653,345	-	3,653,345
Mark-up accrued and dividend receivable	13,265	-	-	13,265
Deposits and other receivables	143,661	-	-	143,561
	551,766	3,653,345	-	4,205,011

-----Rupess in '000-----

-----As on June 30, 2015-----

	At fair value through profit or loss	At amortised cost	Total
Financial Liabilities			
Payable to the Management Company	-	24,218	24,218
Payable to the Trustee	-	407	407
Accrued expenses and other liabilities	-	9,484	9,484
Net assets attributable to redeemable units	-	4,113,851	4,113,851
	-	4,147,960	4,147,960

-----Rupess in '000-----

25 FINANCIAL RISK MANAGEMENT

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

25.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

25.1.1 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 all transactions are carried out in Pak Rupees.

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25.1.2 Interest rate risk

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

Presently, the fund does not hold any fixed or variable rate instrument that has been designated at fair value through profit and loss. Therefore, a change in interest rate as at June 30, 2016, would not affect income statement.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual reprising or maturity date and for off-balance sheet instruments is based on the settlement date.

-----As at June 30, 2016-----

Particulars	Yield interest rate %	Total	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
(Rupees in '000)						
On-balance sheet financial instruments						
Financial assets						
Balances with banks	5.50 - 7.45	836,997	820,940	-	-	16,057
Investments		7,237,065	-	-	-	7,237,065
Dividend and profit receivable		10,609	-	-	-	10,609
Deposits and other receivables		2,377,178	-	-	-	2,377,178
		10,461,849	820,940	-	-	9,640,909
Financial liabilities						
Payable to the Management Company		56,625	-	-	-	56,625
Payable to the Trustee		807	-	-	-	807
Payable against purchase of investments		3,868	-	-	-	3,868
Dividend payable		11,664	-	-	-	11,664
Accrued expenses and other liabilities		33,030	-	-	-	33,030
Unit holders' fund		7,938,880	-	-	-	7,938,880
		8,044,874	-	-	-	8,044,874
On-balance sheet gap		2,416,975	820,940	-	-	1,596,035
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

-----As at June 30, 2015-----

Particulars	Yield interest rate %	Total	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
(Rupees in '000)						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	4.5 - 10.75	394,840	388,780	-	-	6,060
Investments		3,653,345	-	-	-	3,653,345
Dividend and profit receivable		13,265	-	-	-	13,265
Deposits and other receivables		143,661	-	-	-	143,661
		4,205,111	388,780	-	-	3,816,331
Financial Liabilities						
Payable to the Management Company		24,218	-	-	-	24,218
Payable to the Trustee		407	-	-	-	407
Accrued expenses and other liabilities		8,829	-	-	-	8,829
Unit holders' fund		4,113,851	-	-	-	4,113,851
		4,147,305	-	-	-	4,147,305
On-balance sheet gap		57,806	388,780	-	-	(330,974)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

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

In case of 5% increase / decrease in fair value on June 30, 2016, net income for the year would increase / decrease by Rs. 361.805 million (net of WWF) (2015: Rs. 179.014 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the fund's equity securities as at the statement of assets and liabilities date with all other variables held constant.

25.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued income on bank deposits. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's bank balances:

Bank balances by category	2016
AAA	1.1%
AA+	4.2%
AA-	1.5%
AA	91.3%
A+	0.3%
A-	1.6%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2016 are as follows:

	June 30, 2016		June 30, 2015	
	Amount of financial assets	Maximum exposure	Amount of financial assets	Maximum exposure
------(Rupees in '000)-----				
Balances with banks	836,997	836,997	394,840	394,840
Investments	7,237,065	7,237,065	3,653,345	3,653,345
Mark-up accrued and dividend receivable	10,609	10,609	13,265	13,265
Advances, deposits and other receivables	37,284	36,956	143,801	143,661
	<u>8,121,955</u>	<u>8,121,627</u>	<u>4,205,251</u>	<u>4,205,111</u>

NAFA STOCK FUND

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

25.3 Liquidity risk

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

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

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

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

-----As at June 30, 2016-----				
	Total	Upto three months	Over three months and upto one year	Over one year
------(Rupees in '000)-----				
Financial liabilities				
Payable to the Management Company	56,625	56,625	-	-
Payable to the Trustee	807	807	-	-
Payable against purchase of investments	3,868	3,868	-	-
Accrued expenses and other liabilities	33,030	33,030	-	-
Net assets attributable to redeemable units	7,938,880	7,938,880	-	-
	<u>8,033,210</u>	<u>8,033,210</u>	-	-

-----As at June 30, 2015-----				
	Total	Upto three months	Over three months and upto one year	Over one year
------(Rupees in '000)-----				
Financial liabilities				
Payable to the Management Company	24,218	24,218	-	-
Payable to the Trustee	407	407	-	-
Payable against purchase of investments	-	-	-	-
Accrued expenses and other liabilities	8,829	8,829	-	-
Net assets attributable to redeemable units	4,113,851	4,113,851	-	-
	<u>4,147,305</u>	<u>4,147,305</u>	-	-

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

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

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Assets	-----As at June 30, 2016-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
At fair value through profit or loss - held for trading				
Listed equity securities	7,236,098	-	-	7,236,098

There were no transfers between Level 1 and 2 during the year.

Assets	-----As at June 30, 2015-----			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
At fair value through profit or loss - held for trading				
Listed equity securities	3,653,345	-	-	3,653,345

There were no transfers between Level 1 and 2 in the period.

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 carrying values of all financial instruments reflected in the financial statements approximate their fair values.

27 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restrictions on the issuance and redemption of units. There is no specific capital requirement which is applicable on the Fund.

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

In accordance with the risk management policies stated in note 25, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

28 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on - (2015: July 14, 2015) approved a final cash distribution of Rs. Nil (2015: 213.498 million at Rs. 0.6842 per unit for the year ended June 30, 2015). The impact of such distribution has been taken subsequent to the year end.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 23, 2016.

30 GENERAL

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

30.2 Corresponding figures have been rearranged and reclassified, wherever necessary.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA STOCK FUND

PERFORMANCE TABLE

Particulars	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014	For the Year Ended June 30, 2013	For the Year Ended June 30, 2012	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
Net assets (Rs. '000')	7,938,880	4,113,851	1,804,655	1,122,681	1,090,426	926,795	959,138
Net Income (Rs. '000')	669,253	901,931	378,693	513,061	192,215	207,399	137,552
Net Asset Value per units (Rs.)	13.2076	13.3685	10.098	10.8231	7.9399	7.5427	7.0844
Selling price per unit	13.7316	13.9035	10.5056	11.1478	8.1781	6.7048	6.3531
Redemption price per unit	13.2076	13.3685	10.098	10.8231	7.9399	6.5095	6.1681
Ex - Highest offer price per unit (Rs.)	13.8379	13.4008	10.6080	11.6423	8.7190	8.0146	8.1914
Ex - Lowest offer price per unit (Rs.)	11.1871	9.1070	7.7911	7.3194	6.1570	5.9560	6.3501
Ex - Highest redemption price per unit (Rs.)	13.3099	12.8852	10.1964	11.3032	8.4650	7.7812	7.9528
Ex - Lowest redemption price per unit (Rs.)	10.7602	8.7536	7.4888	7.1062	5.9777	5.7825	6.1651
Fiscal Year Opening Ex Nav	11.8527	9.2837	7.4072	6.9848	6.5095	5.8758	6.0685
Total return of the fund	11.43%	36.94%	36.33%	54.95%	21.97%	28.37%	16.74%
Capital growth	4.17%	24.69%	14.26%	14.36%	11.97%	4.49%	1.64%
Income distribution as % of Ex-NAV	7.26%	12.24%	22.07%	40.59%	10.00%	23.88%	15.10%
Income distribution as % of Par Value	9.20%	11.37%	16.35%	28.35%	6.51%	14.03%	9.16%
Distribution							
Interim Distribution per unit	0.9204	0.4524	1.6345	0.4374	-	0.3700	-
Final distribution per unit	-	0.6842	-	2.3980	0.6510	1.0332	0.9163
Distribution dates							
Interim	29-Jun-16	29-Jun-15	13-Feb-14	26-Feb-13	Nil	18-Feb-11	Nil
Interim	Nil	Nil	30-Apr-14	26-Apr-13	Nil	19-Apr-11	Nil
Interim	Nil	Nil	26-Jun-14				
Final	Nil	14-Jul-15	Nil	11-Jul-13	9-Jul-12	4-Jul-11	5-Jul-10
Average annual return (launch date January 19, 2007)							
(Since inception to June 30, 2016)	17.11%						
(Since inception to June 30, 2015)		17.80%					
(Since inception to June 30, 2014)			15.45%				
(Since inception to June 30, 2013)				12.51%			
(Since inception to June 30, 2012)					6.09%		
(Since inception to June 30, 2011)						2.82%	
(Since inception to June 30, 2010)							-3.59%
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.

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PROXY ISSUED BY THE FUND

The proxy voting policy of **NAFA Stock Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fullerton Asset Management Limited i.e. www.nafafunds.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:








	Resolutions	For	Against	Abstain
Number	5	5	-	-
(%ages)	100%	100%	-	-



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NBP Fullerton
Asset Management Ltd.
A Subsidiary of
National Bank of 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

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

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