

NBP ISLAMIC SARMAYA IZAFI FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

Habib Bank Limited (Islamic)
United Bank Limited (Ameen)
Bank Al Habib Limited (Islamic)
Meezan Bank Limited
Bank Islami (Pakistan) Limited
Sindh Bank Limited (Saadat)
MCB Bank Limited (Islamic)
Dubai Islamic Bank Limited
Bank Alfalah Limited (Islamic)
Soneri Bank Limited (Mustaqeem)
Habib Metro Bank Limited (Islamic)
Allied Bank Limited (Islamic)
Silk Bank Limited (Emaan)
National Bank of Pakistan
JS Bank Limited
Summit Bank Limited



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

Khan Center, 1st Floor,
Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2&4

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Office



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



Syed Hasan Irtiza Kazmi
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Mr. Saad ur Rehman
Director



Mr. Imran Zaffar
Director



Senior Management



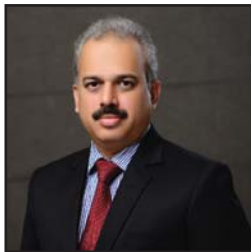
Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head Of Operations



Mr. Salman Ahmed, CFA
Head Of Product Development



Mr. Saadat Saeed, ACA, CFA
Head Of Investment Risk.



Mr. Shahid Javed
Head Of Operational Risk



Mr. Shahbaz Umer
Head Of Human Resource



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Thirteen Annual Report of **NBP Islamic Sarmaya Izafa Fund** for the year ended June 30, 2020.

Fund's Performance

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KMI-30 Index rose by a meagre 1.6% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 44,929 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KMI-30 Index surged by a massive 58% from August 16th, 2019 to its recent peak on January 10th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 42% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.6% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

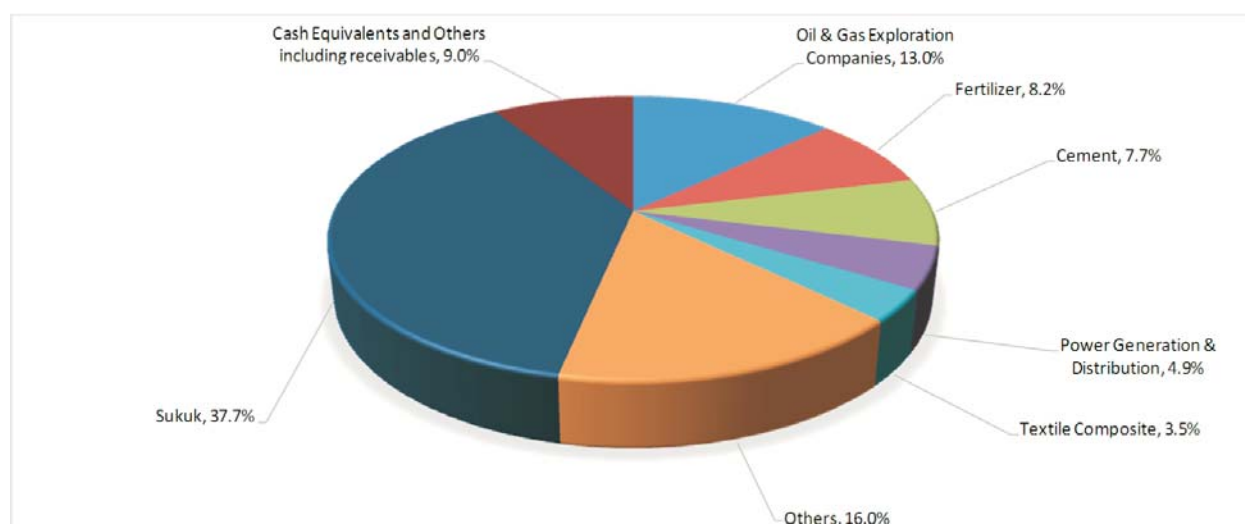
Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY2020 compared to Rs. 12 billion in FY2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.



During the fiscal year, NBP Islamic Sarmaya Izafa Fund increased by 8.6% versus the benchmark increased by 9.2%. Thus, the Fund underperformed the benchmark by 0.6% during the year. The drag on the Fund performance was on account of lagged performance of some of its key holdings belonging to defensive sectors that continued to trade at steep valuation discount compared to the market, during the period under review. We expect these stocks to exhibit strong performance going ahead given their undemanding valuations. Since its launch (October 26, 2007), the Fund has risen by 290.2%, versus the benchmark return of 168.0%, thus to date outperformance is 122.2%. This outperformance is net of management fee and all other expenses. The Fund size is 5,044 million as of June 30, 2020.

NBP Islamic Sarmaya Izafa Fund has earned total income of Rs.527.25 million during the year. After deducting total expenses of Rs.186.61 million, the net income is Rs.340.64 million. During the year, the unit price of NBP Islamic Sarmaya Izafa Fund has increased from Rs. 13.7410 on June 30, 2019 to Rs. 14.1851 on June 30, 2020. The resultant per unit gain is Re.0.4441 i.e.(3.23%).

The asset allocation of NBP Islamic Sarmaya Izafa Fund as on June 30, 2020 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.28% of the opening ex-NAV (7.25% of the par value) for the period ended June 30, 2020.

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 & Co., Chartered Accountants, retire and, Messrs Grant Thornton Anjum Rahman, Chartered Accountants, being offer for appointment for the year ending June 30, 2021. The Board has approved the appointment of Messrs Grant Thornton Anjum Rahman, Chartered Accountants, for the year ending June 30, 2021.



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

- 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.
- Proper books of account of the Fund have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Fund's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- A performance table/ key financial data is given in this annual report.
- Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
- The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.
- The detailed pattern of unit holding is disclosed in the note 27 to these financial statements.
- 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 24 to these financial statements.
- The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

Category	Names
Independent Directors	- Mr. Khalid Mansoor - Mr. Saad Amanullah Khan - Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	- Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) - Mr. Saad ur Rahman Khan - Syed Hasan Irtiza Kazmi - Mr. Ali Saigol - Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: September 17, 2020
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسلامک سرمایہ اضافہ فنڈ (NISIF) کی تیرہویں سالانہ رپورٹ برائے ختمہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 2019-20، اسٹاک مارکیٹ میں انتہائی اتار چڑھاؤ کے باعث مایوس کن سال رہا جیسا کہ KMI-30 انڈیکس میں سالانہ بنیادوں پر 1.6% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 ملین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 ملین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 ملین امریکی ڈالر کی آمد جیسی مثبت خبروں کے باوجود مارکیٹ کا آغاز منفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح 44,929 پر لے آیا جس نے مارکیٹ کے وسیع حصے میں حصص کی مالیت کو واضح کر دیا۔ پرکشش مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مانیٹری میں آسانی کی توقع کی بنا پر اسٹاک مارکیٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیرالجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KMI-30 انڈیکس میں 16 اگست، 2019 سے خلیفہ 58 فیصد اضافے کے ساتھ سے 10 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے منہ بنی بٹ اور T-Bills سے ہاٹ منی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاگ ڈاؤن/شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ اپنے عروج سے 42 فیصد گر گئی۔ معیشت کو کورونا وائرس وبائی مرض کے اثرات سے نجات دلانے کے لئے، پالیسی سازوں نے غیر معمولی مالی اور مالیاتی پالیسی اقدامات اٹھائے۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کیا اور کاروباری اداروں کی مدد اور قرضہ جاری رکھنے کے لئے، قرضوں کی ادائیگی سے متعلق کارپوریشن/تجارتی بینکوں کے انضباطی ضوابط میں ترمیم کی گئی۔ حکومت نے 1.2 ٹریلین روپے کا امدادی چیک دینے کا اعلان کیا، جو جی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپڈ فنانسنگ انسٹرومنٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 ملین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ممالک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے ناقص اور نا کافی انفراسٹرکچر کے باوجود بہت کم اموات کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جس کا پہلے خدشہ تھا۔ نتیجتاً مارکیٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.6 فیصد کی معمولی اضافے کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

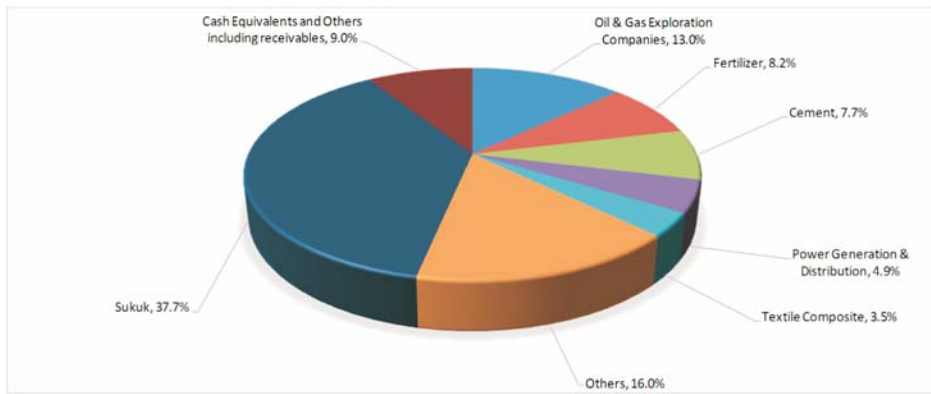
زیر جائزہ مالی سال کے دوران شعبہ دارکارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، سیمینٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، ٹیکنالوجی اور گلاس اینڈ سرامکس کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس، ایکلو ریشن، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اینڈ ڈسٹری بیوٹن، اور نیٹ ورکس کمپنیوں کے شعبے مارکیٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 ملین امریکی ڈالر کے خالص ان فلو کے ساتھ بڑے خریدار ہے، جبکہ انشورنس کمپنیوں نے 128 ملین امریکی ڈالر کے ساتھ پوزیشن سٹیکم کی دوسری جانب غیر ملکی سرمایہ کار 285 ملین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک/DFIs اور موہیل فنڈز بھی بالترتیب 55 ملین امریکی ڈالر اور 50 ملین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2019 میں 12 ملین روپے کے مقابلے مالی سال 2020 میں تقریباً 27 ملین روپے کے مجموعی تجارتی قیمت کے ساتھ قابل ذکر 127% زیادہ رہی۔ نئے اجارہ سکوک کے ساتھ بجلی کے شعبہ کو حکومت کے گارنٹی شدہ سکوک اور شریعہ کمپلیٹ کمرشل پیپرز کے اجراء نے طویل مدتی اور قلیل مدتی شریعہ کمپلیٹ ڈیٹ آلات کے زیر اثر مارکیٹ کی مدد کی۔ اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر جسکی وجہ (i) زرمبادلہ کی شرح گراوٹ، (ii) یوٹی لیسٹی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 میں گئے دیگر اقدامات، کے باعث پیدا ہونے والے خطرات کا مقابلہ کرنے کیلئے اسٹیٹ بینک آف پاکستان نے جولائی 2019 میں پالیسی کی شرح 100bps سے بڑھا کر 13.25 فیصد کردی۔ طویل وقفے کے بعد، اسٹیٹ بینک آف پاکستان نے 17 مارچ، 2020 کو منعقدہ اپنے MPC اجلاس میں پالیسی کی شرح کو 25bps سے کم کر دیا۔ معیشت کو کورونا وائرس کے اثرات سے نجات دلانے کے لئے، اسٹیٹ بینک آف پاکستان نے جارحانہ مانیٹری پالیسی میں آسانی پیدا کی اور مختصر مدت میں پالیسی کی شرح میں 625bps سے کم کر کے 7 فیصد کردی۔ پالیسی کی شرح میں کمی کے اثرات گورنمنٹ بانڈ منافع پر بھی اثر انداز ہوئے اور 3 ماہ 6 ماہ اور 12 ماہ کی T-Bills کے منافع میں بالترتیب 566bps، 580bps اور 608bps کی کمی واقع ہوئی۔ SBP نے زیر جائزہ مدت کے دوران سٹاکس (27) T-Bills نیلامیاں منعقد کیں اور کل 14,317 ملین روپے جمع کئے۔

زیر جائزہ مالی سال کے دوران، NBP اسلامک سرمایہ اضافہ فنڈ 9.2% پانچ مارک اضافہ کے مقابلے 8.6% کا اضافہ ہوا۔ لہذا زیر جائزہ مالی سال کے دوران فنڈ نے پانچ مارک میں 0.6% کی ایتر کارکردگی دکھائی۔ فنڈ کی کارکردگی پرست روی چند مختلف شعبوں سے متعلقہ کلیدی ہولڈنگز کی سست کارکردگی تھا، جسے زیر جائزہ رسک آف مدت کے دوران بلا امتیاز فروخت کر دیا گیا۔ ہم توقع کرتے ہیں کہ ان ذخائر کی وجہ سے مارکیٹ جذبات کی بہتری کے ساتھ کھوئے ہوئے مقام کو دوبارہ حاصل کریں گے جبکہ ان کی غیر متزلزل قیمتوں کا اندازہ ہوگا۔ اپنے آغاز (26 اکتوبر 2007) سے، فنڈ نے 168.0 فیصد پانچ مارک ریٹرن کے مقابلے 290.2 فیصد کا اضافہ حاصل کیا، چنانچہ آج تک بہتر کارکردگی 122.2 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا سائز 30 جون 2020 کو 5,044 ملین ہے۔

NBP اسلامک سرمایہ اضافہ فنڈ کو سال کے دوران 527.25 ملین روپے کی مجموعی آمدنی ہوئی۔ 186.61 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص آمدنی 340.64 ملین روپے ہے۔ سال کے دوران NBP اسلامک ایسٹ ایلیکیشن فنڈ کے پونٹ کی قیمت 30 جون 2019 کو 13.7410 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 14.1851 روپے ہو گئی، جس کے نتیجے میں پونٹ منافع 0.4441% روپے یعنی (3.23%) ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

30 جون 2020 کو این بی پی اسلامک سرمایہ اضافہ فنڈ کی ایسٹ ایلیکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اود پانچ ex-NAV کا 5.28% (بنیادی قدر کا 7.25%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر اکٹم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز Deloitte پوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹر کی صلاحیت سے ریٹائرڈ ہو گئے۔ میسرز Grant Thornton انٹرمیڈیٹ، چارٹرڈ اکاؤنٹنٹس نے تقرری کے لئے اپنے آپ کو پیش کیا اور بورڈ نے 30 جون 2021 کو ختم ہونے والے سال میں میسرز Grant Thornton انٹرمیڈیٹ، چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دی ہے۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریشن گورننس ریگولیشنز 2017 ("CCG") کی پیریڈ میں ڈائریکٹرز مینٹن

- مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔



- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5 انٹرئل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیلی / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

نام	کیٹگری
•1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سبھی (چیئرمین) •2 جناب سعد الرحمان خان •3 جناب سید حسن الرضی کاظمی •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Sarmaya Izafa Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.

Abdul Samad

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NBP Islamic Sarmaya Izafa Fund

NBP Islamic Sarmaya Izafa Fund (NISIF) is an Open-ended Shariah Compliant Asset Allocation Fund

Investment Objective of the Fund

Objective of NISIF is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

Benchmark

Daily weighted return of KMI-30 Index & 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP, based on Fund's actual allocation, effective from September 01, 2016. Previously average of (i) average 3-months Islamic banks deposit rate (ii) 6-months KIBOR or its Shariah Complaint Equivalent (iii) KMI 30 Index.

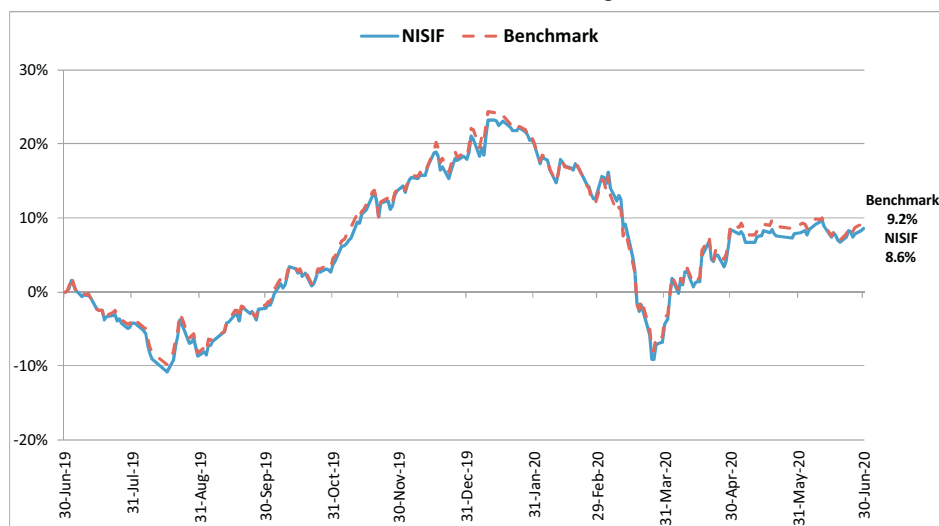
The fund category was changed to Islamic Asset Allocation from Islamic Balanced with effect from April 22, 2014. Consequently, allowed equity range is now 0% to 90% which previously was 30% to 70%. Previous benchmark was 50% KSE-30 Index & 50% 3-month Islamic Bank Deposit.

Fund performance review

This is the thirteenth annual report of the Fund. During the fiscal year, NBP Islamic Sarmaya Izafa Fund increased by 8.6% versus the benchmark increased by 9.2%. Thus, the Fund underperformed the benchmark by 0.6% during the year. Since its launch (October 26, 2007), the Fund has risen by 290.2%, versus the benchmark return of 168.0%, thus to date outperformance is 122.2%. This outperformance is net of management fee and all other expenses. Thus, NISIF has met its investment objective. During the year, the fund size of NISIF decreased by 26% to Rs 5,044 mn.

NISIF underperformed during the year as the Fund was overweight in key stocks in Commercial Banks, Textile Composite, Chemical, and Technology & Communication sectors that underperformed the market and underweight in key stocks in Fertilizer, Cement and Pharmaceuticals sectors that outperformed the market, which contributed to the underperformance. The chart below shows the performance of NISIF against the Benchmark for the year.

NISIF Performance vs. Benchmark during FY20





NISIF was around 57.1% invested in equities at the beginning of the year. During the year, we adjusted the allocation of the Fund based on our view on different asset classes. Towards the end of the year, NISIF was around 53.3% invested in equities.

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KMI-30 Index rose by a meagre 1.6% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 44,929 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KMI-30 Index surged by a massive 58% from August 16th, 2019 to its recent peak on January 10th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 42% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.6% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY2020 compared to Rs. 12 billion in FY2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

NBP Islamic Sarmaya Izafa Fund



NBP FUNDS
Managing Your Savings

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	53.3%	57.1%
Cash Equivalents	13.1%	40.9%
TFC/Sukuk	37.7%	1.9%
Other Net Assets / (Liabilities)	(4.1%)	0.1%
Total	100.0%	100.0%

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
Eden Housing (Sukuk II)	SUKUK	4,921,875	4,921,875	-	-	-
Total		4,921,875	4,921,875	-	-	-

Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
.June-20	7.25%	14.7573	14.0321

Unit Holding Pattern of NBP Sarmaya Izafa Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	554
1-1000	1754
1001-5000	1050
5001-10000	1032
10001-50000	2231
50001-100000	817
100001-500000	536
500001- 1000000	48
1000001- 5000000	36
5000001- 10000000	1
10000001- 100000000	1

During the period under question:

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability amounting to Rs. 67.814mn. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Re.0.1907 per unit. For details, investors are advised to read note 19 of the Financial Statement of the Scheme for the year ended June 30, 2020.



STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

NBP Islamic Sarmaya Izafa Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2020. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 17, 2020**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer



REPORT OF THE SHARIAH SUPERVISORY BOARD

August 31, 2020/ Muharram 11, 1443

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Twelfth year of operations of NBP Islamic Sarmaya Izafa Fund (NISIF). This report is being issued in accordance with clause 3.6.8 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance in line with the Shari'ah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries from the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of equity investments of NISIF in light of Shari'ah requirements. Following is a list of top investments of NISIF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used)

Company Name	(i) Nature of Business	(ii) Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation Limited	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56)	
The Hub Power Co. Ltd.*	Power Generation & Distribution Companies	32.34%	0.00%	7.32%	53.77%	(43.08)	
Mari Petroleum Company Limited.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Lucky Cement Limited	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
Oil & Gas Development Company Limited**	Oil & Gas Exploration Companies	0.00%	7.95%	7.76%	33.64%	90.21	142.32
Pakistan Petroleum Limited	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137



* Debt is considered excluding circular debt.

** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.

ii. On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NISIF are Shari'ah Compliant and in accordance with the criteria established by us.

iii. There are investments made by NISIF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NISIF for the year ended June 30, 2020 are not in compliance with the Shari'ah principles.

During the year, fund booked charity amounting to PKR 4,605,425/- wherein amount available for disbursement is PKR 8,581,773/-, which is inclusive of PKR 4,608,318/- provisional amount of previous year adjusted after the availability of the respective annual financial statements.

May Allah bless us with best Tawfeeq to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and On Behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Islamic Sarmaya Izafa Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NBP Islamic Sarmaya Izafa Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

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

Key audit matter

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Valuation and existence of investment Investments held at fair value through profit or loss represent are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund. The Fund's primary activity is, inter alia, to invest in listed equity shares and Government Ijara Sukuks, which are the main driver of the Fund's performance. Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which we have considered this as a key audit matter.	We performed the following procedures during our audit of investments: - obtained understanding of relevant controls placed by the Management Company applicable to the balance; - independently verified existence of investments from Central Depository Company (CDC) statements and other relevant document; - performed test of details on sale, purchase and maturity of investments on a sample basis; - tested valuation of investments; and - any differences identified during our testing that were over our acceptable threshold were investigated further.



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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Naresh Kumar.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 30, 2020
Place: Karachi



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020 ----- Rupees in '000 -----	2019
ASSETS			
Bank balances	5	622,432	2,798,299
Investments	6	4,586,516	4,042,624
Mark-up accrued and dividend receivable	7	34,678	49,921
Receivable against sale of investments		-	123,522
Receivable against transfer of units	9	798	-
Deposits, prepayments and other receivables	8	6,076	5,424
Total assets		5,250,500	7,019,790
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	10	47,220	61,288
Payable to Central Depository Company of Pakistan Limited - Trustee	11	563	784
Payable to the Securities and Exchange Commission of Pakistan	12	1,069	9,494
Payable against redemption of units		17,700	-
Accrued expenses and other liabilities	14	139,978	92,851
Total liabilities		206,530	164,417
NET ASSETS		5,043,970	6,855,373
UNIT HOLDERS' FUND (as per statement attached)		5,043,970	6,855,373
Contingencies and commitments	15		
Number of units			
Number of units in issue	16	355,582,420	498,898,266
Rupees			
Net asset value per unit	17	14.1851	13.7410

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- Rupees in '000 -----	2019 -----
INCOME			
Return / mark-up on:			
- bank balances		143,658	467,055
- sukuks		110,851	1,512
Dividend income		165,754	250,804
Net gain / (loss) on sale of investments		36,940	(532,904)
Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss		70,049	(970,024)
Total income / (loss)		527,252	(783,557)
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	10.1	81,218	199,884
Sindh Sales Tax on remuneration of the Management Company	10.2	10,558	25,985
Reimbursement of operational expenses to the Management Company	10.3	5,346	9,994
Selling and marketing expenses charged by the Management Company	10.4	66,697	39,977
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	6,346	10,994
Sindh Sales Tax on remuneration of the Trustee	11.2	825	1,429
Annual fee to the Securities and Exchange Commission of Pakistan	12	1,069	9,494
Securities transaction costs		3,458	11,678
Settlement and bank charges		2,354	1,235
Auditors' remuneration	18	663	603
Fund rating fee		231	231
Legal and professional charges		34	73
Annual listing fee		18	28
Printing charges		62	15
Shariah advisor fee		782	1,694
Total expenses		179,661	313,314
Net income / (loss) from operating activities		347,591	(1,096,871)
Provision for Sindh Workers' Welfare Fund	19	(6,952)	-
Net income / (loss) for the year before taxation		340,639	(1,096,871)
Taxation	20	-	-
Net income / (loss) for the year after taxation		340,639	(1,096,871)
Earnings per unit	21		
Allocation of net income for the year			
Net income / loss for the year after taxation		340,639	(1,096,871)
Income already paid on units redeemed		(17,903)	-
		322,736	(1,096,871)
Accounting income available for distribution:			
Relating to capital gain		96,398	-
Excluding capital gain		226,338	-
		322,736	-

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Net income / (loss) for the year after taxation	340,639	(1,096,871)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	340,639	(1,096,871)

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	2020			2019		
	(Rupees in '000)					
	Capital value	Undistributed income / accumulated loss	Total	Capital value	Undistributed income / accumulated loss	Total
Net assets at beginning of the year	7,451,921	(596,548)	6,855,373	11,002,026	500,323	11,502,349
Issuance of 214,446,764 units (2019: 157,502,225 units)						
- Capital value	2,965,068	-	2,965,068	2,443,303	-	2,443,303
- Element of income / (loss)	273,949	-	273,949	(40,887)	-	(40,887)
Total proceeds on issuance of units	3,239,017	-	3,239,017	2,402,416	-	2,402,416
Redemption of 357,762,610 units (2019: 400,077,784 units)						
- Capital value	(4,916,024)	-	(4,916,024)	(6,206,334)	-	(6,206,334)
- Element of income	(211,810)	(17,903)	(229,713)	253,813	-	253,813
Total payments on redemption of units	(5,127,834)	(17,903)	(5,145,737)	(5,952,521)	-	(5,952,521)
Total comprehensive income / (loss) for the year	-	340,639	340,639	-	(1,096,871)	(1,096,871)
Annual distribution at the rate of Re. 0.7252 per unit declared on June 26, 2020 as cash dividend	(18,334)	(226,988)	(245,322)	-	-	-
Net assets at end of the year	5,544,770	(500,800)	5,043,970	7,451,921	(596,548)	6,855,373
Undistributed income / accumulated loss brought forward						
- Realised		373,476			1,333,962	
- Unrealised		(970,024)			(833,639)	
		(596,548)			500,323	
Accounting income available for distribution						
- Relating to capital gain		96,398			-	
- Excluding capital gain		226,338			-	
Net income / (loss) for the year after taxation		322,736			(1,096,871)	
Annual distribution during the year		(226,988)			-	
Accumulated loss carried forward		(500,800)			(596,548)	
Accumulated loss carried forward						
- Realised		(570,849)			373,476	
- Unrealised		70,049			(970,024)	
		(500,800)			(596,548)	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the year		13.7410			15.5128	
Net assets value per unit at end of the year		14.1851			13.7410	

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

Note	2020 ----- Rupees in '000 -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year before taxation	340,639	(1,096,871)
Adjustments:		
Return / mark-up on;		
- bank balances	(143,658)	(467,055)
- sukuks	(110,851)	(1,512)
Dividend income	(165,754)	(250,804)
Net (gain) / loss on sale of investments	(36,940)	532,904
Net unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(70,049)	970,024
	(527,252)	783,557
	(186,613)	(313,314)
(Increase) / decrease in assets		
Investments - net	(436,903)	(314,590)
Receivable against sale of investments	123,522	(123,522)
Deposits, prepayments and other receivables	(652)	(110)
	(314,033)	(438,222)
(Decrease) / increase in liabilities		
Payable to the Management Company	(14,068)	(17,656)
Payable to the Trustee	(221)	(394)
Payable to the Securities and Exchange Commission of Pakistan	(8,425)	(2,881)
Accrued expenses and other liabilities	47,127	(1,668)
	24,413	(22,599)
Mark-up received on bank balances	175,315	462,163
Mark-up received on sukuks received	89,237	(5,174)
Dividend received	170,954	253,369
Net cash used in operating activities	(40,727)	(63,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	3,219,885	2,402,416
Amounts paid on redemption of units	(5,128,037)	(5,952,521)
Dividend paid	(226,988)	-
Net cash used in financing activities	(2,135,140)	(3,550,105)
Net decrease in cash and cash equivalents during the year	(2,175,867)	(3,613,882)
Cash and cash equivalents at the beginning of the year	2,798,299	6,412,181
Cash and cash equivalents at the end of the year	622,432	2,798,299

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Islamic Sarmaya Izafa Fund was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on October 07, 2013 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

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

The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company on June 24, 2020 and has assigned performance ranking of 4-star to the Fund.

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

1.2 Impact of COVID-19

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown.

General economic activities in Pakistan also slowed down together with fluctuating trend in Pakistan Stock Exchange during lock down period i.e. from March 22, 2020 to May 9, 2020. However, to deal with such situation, regulators / governments across the country have introduced measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time. These mainly include:

- Time period to regularize the exposure limits breach has been extended;
- Time period to compliance with minimum size has been increased;
- Time for the announcement of daily NAV has been relaxed; and
- Reduction in the interest rate by the State Bank of Pakistan

The management is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff including remote working. Further, the Management has not identified any material adverse impact on the financial performance of the Funds due to COVID-19 pandemic situation.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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



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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan. It requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification and valuation of financial assets (Note 4.2.2 and 5)
- (b) impairment of financial assets (Note 4.2.3)
- (c) provisions (Note 4.6)

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, interpretations 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



Effective from accounting period beginning on or after:

IFRS 16 - Leases: This standard superseded IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date	January 01, 2019
Amendments to IFRS 9 - Financial Instruments: Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IAS 19 - Employee Benefits: Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRS 14 – Regulatory Deferral Accounts	July 1, 2019
Amendments to IAS 28 - Investments in Associates and Joint Ventures: Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

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

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

Effective from accounting period beginning on or after:

Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 01, 2020
Amendments to IFRS 3 - Business Combinations: Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures - Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2023



Effective from accounting period beginning on or after:

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract

January 01, 2023

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 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.

4.2 Financial assets and liabilities

4.2.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

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

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

4.2.2 Classification and measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

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

Financial asset at amortised cost

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

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



Financial Asset at FVTOCI

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

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

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

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

Financial asset at FVTPL

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

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

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

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

Business Model Assessment

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

4.2.2.2 Financial liabilities

The fund classifies its financial liabilities in the following categories

- Measured at amortized cost (AC) ;or
- Measured at Fair value through profit or loss (FVTPL) ;or

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

Classification and measurement of financial liabilities

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

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.



- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

4.2.3 Impairment of financial assets

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of government securities:

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

Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

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

Basis of valuation of instruments (other than debt and government securities) at amortised cost

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the 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.



4.2.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.6 Derecognition

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

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

4.2.7 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.3 Impairment of non financial assets

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

4.4 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.

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

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

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

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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



4.6 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.

4.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Mark-up / return on bank balances and term deposits, term finance certificates and sukuks, government securities, letter of placement and commercial papers are recognised on a time apportionment basis using the effective interest method.

4.8 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income statement on accrual basis

4.9 Taxation

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

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.10 Distributions to the unit holders

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

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

4.11 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.

	Note	2020 ----- Rupees in '000 -----	2019
5 BANK BALANCES			
Current accounts	5.2	37,517	54,854
Savings accounts	5.1 & 5.3	584,915	2,743,445
		622,432	2,798,299



- 5.1 These savings accounts carry profit at rates ranging from 3.5% to 8.75% per annum (June 30, 2019: 2.40% to 13.85% per annum).
- 5.2 These include bank balances of Rs. 7.865 million (June 30, 2019: Rs. 4.798 million), maintained with National Bank of Pakistan.
- 5.3 These include a bank balances of Rs. 0.241 million (June 30, 2019: Rs. 0.037 million), which is maintained with National Bank of Pakistan, related party and carries mark-up at the rate of 6.25% (June 30, 2019: 10.25%) per annum.

6	INVESTMENTS	Note	2020	2019
			----- Rupees in '000 -----	-----
	At fair value through profit or loss			
	Listed equity securities	6.1	2,686,257	3,911,211
	Government securities - Ijarah sukuks	6.2	974,225	-
	Sukuks	6.3	926,034	131,413
			4,586,516	4,042,624

6.1 Listed equity securities

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	Sold during the period	As at June 30, 2020	Market value as at June 30, 2020	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

All shares have a nominal face value of Rs. 10 each except for shares of K-Electric Limited, Thal limited and Agriaautos Industries Company Limited, which have a face value of Rs. 5.

OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	153,680	-	-	42,400	111,280	33,963	0.57	0.68	0.13
Pakistan State Oil Company Limited (5.1.1) & (5.1.2)	802,938	-	102,888	556,300	349,526	55,281	0.93	1.11	0.13
Haseol Petroleum Limited	61,141	-	-	57,717	3,424	47	-	-	0.00
Sui Northern Gas Pipelines Limited	1,102,500	767,000	-	1,342,000	527,500	28,802	0.49	0.58	0.49
Shell Pakistan Limited	67,200	-	-	67,200	-	-	-	-	-
						118,093	1.99	2.37	

OIL AND GAS EXPLORATION COMPANIES

Oil and Gas Development Company Limited	3,424,400	415,000	-	2,118,500	1,720,900	187,578	3.16	3.78	0.04
Pakistan Oilfields Limited (5.1.1)	591,132	27,000	-	535,400	82,732	29,008	0.49	0.58	0.03
Pakistan Petroleum Limited (5.1.1)	2,829,761	1,135,000	429,252	2,378,700	2,015,313	174,889	2.95	3.53	0.10
Mari Petroleum Company Limited	210,786	-	21,079	18,800	213,065	263,486	4.44	5.31	0.19
						654,961	11.04	13.20	

REFINERY

National Refinery Limited	84,900	-	-	-	84,900	9,108	0.15	0.18	1.06

CHEMICALS

AKZO Noble Pakistan Limited	29,900	-	-	29,900	-	-	-	-	-
Dyneema Pakistan Limited	21,500	-	-	-	21,500	2,318	0.04	0.05	0.02
Ittihad Chemicals Limited	360,525	-	-	360,525	-	-	-	-	-
Engro Polymer & Chemicals Limited (5.1.1)	2,588,500	1,387,500	-	1,270,000	2,706,000	67,596	1.14	1.36	3.51
Lotte Chemical Pakistan Ltd	1,667,000	-	-	1,667,000	-	-	-	-	-
						69,914	1.18	1.41	

PAPERS AND BOARD

Cherat Packaging Limited	137,500	-	13,750	-	151,250	17,719	0.30	0.36	0.10

FOOD AND PERSONAL CARE PRODUCTS

Al Shaheer Corporation Limited	1,566,335	-	-	-	1,566,335	17,919	0.30	0.36	1.10

ENGINEERING

International Steels Limited	445,300	560,000	-	364,388	640,912	33,103	0.56	0.67	0.15
International Industries Limited	186,700	9,670	-	140,000	56,370	5,171	0.09	0.10	0.05
K.S.B. Pumps Company Limited	8,200	-	-	8,200	-	-	-	-	-
Mughal Iron And Steel Industries Limited	693,043	580,000	-	-	1,273,043	50,769	0.86	1.02	0.51
						89,043	1.51	1.79	

Balance carried forward

976,757 16 20

NBP Islamic Sarmaya Izafa Fund



NBP FUNDS
Managing Your Savings

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	Sold during the period	As at June 30, 2020	Market value as at June 30, 2020	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		----- % -----		
Balance brought forward						976,757	16	20	
CEMENT									
D.G. Khan Cement Company Limited	124,000	845,500	-	555,500	414,000	35,327	0.60	0.71	0.36
Lucky Cement Limited	348,750	283,000	-	99,400	532,350	245,722	4.14	4.96	0.16
Maple Leaf Cement Factory Limited	1,078,000	321,000	-	1,399,000	-	-	-	-	-
Attock Cement Pakistan Limited	44,760	-	-	44,760	-	-	-	-	-
Kohat Cement Company Limited	464,810	168,000	-	265,000	367,810	50,555	0.85	1.02	1.83
Fauji Cement Company Limited	-	2,920,000	-	-	2,920,000	49,290	0.83	0.99	2.12
Cherat Cement Company Limited	262,700	-	-	262,700	-	-	-	-	-
PECTO Cement Limited	239,200	-	-	-	239,200	4,980	0.08	0.10	0.48
						385,874	6.50	7.78	
TRANSPORT									
Pakistan National Shipping Corporation	152,200	-	-	-	152,200	11,500	0.19	0.23	0.12
TEXTILE COMPOSITE									
Nishat Mills Limited	2,219,900	114,000	-	858,100	1,475,800	115,127	1.94	2.32	0.42
Kohinoor Textile Mills Limited	1,046,780	-	-	220,000	826,780	29,359	0.49	0.59	6.20
Interloop Limited	761,377	-	-	-	761,377	33,440	0.56	0.67	-
Synthetic Products Limited	456,000	21	-	455,475	546	23	-	-	0.00
						177,949	2.99	3.58	
FERTILIZER									
Engro Corporation Limited (5.1.1)	1,606,020	91,000	-	540,500	1,156,520	338,768	5.71	6.83	0.22
Engro Fertilizers Limited	4,499,000	350,000	-	3,618,000	1,231,000	74,205	1.25	1.50	0.09
						412,973	6.97	8.32	
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited (5.1.1)	5,042,011	-	-	1,695,000	3,347,011	242,658	4.09	4.89	0.29
Lalpir Power Limited	407,000	-	-	-	407,000	4,750	0.08	0.10	0.11
K-Electric Limited	5,159,000	-	-	5,159,000	-	-	-	-	-
						247,408	4.17	4.99	
COMMERCIAL BANKS									
Meezan Bank Limited (Refer 5.1.2)	3,171,090	199,000	-	875,000	2,495,090	171,787	2.90	3.46	0.25
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	-	70,000	-	22,800	47,200	33,331	0.56	0.67	0.11
Honda Atlas Cars (Pakistan) Limited	6,600	148,200	-	-	154,800	29,982	0.51	0.60	0.11
						63,313	1.07	1.27	
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	234,500	-	-	-	234,500	14,241	0.24	0.29	1.76
Thal Limited	1	-	-	-	1	-	-	-	0.00
Agriautos Industries Co. Ltd.	1,400	-	-	-	1,400	255	-	0.01	0.00
						14,496	0.24	0.29	
PHARMACEUTICALS									
Ferozsons Laboratories Limited	4,500	-	-	-	4,500	1,351	0.02	0.03	0.01
The Searle Company Limited	3,817	65,000	-	-	68,817	13,710	0.23	0.28	0.05
AGP Limited	109,000	-	-	-	109,000	11,962	0.20	0.24	0.39
GlaxoSmithKline Pakistan Limited	172,900	-	-	144,500	28,400	4,944	0.08	0.10	0.01
						31,967	0.53	0.65	
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	437,500	-	-	426,650	10,850	422	0.01	0.01	0.01
Netsol Technologies Limited	676,200	-	-	-	676,200	33,614	0.57	0.68	0.64
Systems Limited	509,300	-	-	-	509,300	93,548	1.58	1.89	0.48
						127,584	2.16	2.58	
GLASS AND CERAMICS									
Tariq Glass Industries Limited	714,800	-	285,900	143,000	857,700	55,338	0.93	1.57	1.17
Shabbir Tiles and Ceramics Limited	1,094,000	-	-	243,000	851,000	6,791	0.11	0.14	0.08
Ghani Value Glass Limited	34,500	10,500	23,100	-	68,100	2,520	0.04	0.05	1.17
						64,649	1.08	1.76	
						2,686,257	45	55	
Carrying value before mark to market as at June 30, 2020						2,620,005			

6.1.1 Investments include shares with market value of Rs. 107.93 million (June 30, 2019: Rs. 205.87 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.

6.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be



released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

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

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

6.2 Government securities - Ijarah sukuks

Description	Period	Number of certificates				Market value as at June 30, 2020	Investment as a percentage of		
		As at July 01 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments	Issue size
						Rupees in '000'	----- % -----		
All certificates have a face value of Rs.100,000 each									
Ijarah sukuks- I	April 30, 2020 to April 30, 2025	-	97,500	-	97,500	472,875	9.38	10.31	0.63
Ijarah sukuks- II	May 29, 2020 to May 29, 2025	-	100,000	-	100,000	501,350	9.94	10.93	0.43
						<u>974,225</u>			
Carrying value before mark to market as at June 30, 2020						<u>979,200</u>			

6.3 Sukuks

Name of the investee company	Number of certificates				Market value as at June 30, 2020	Market value as at June 30, 2019	Investment as a percentage of		
	As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020			Net assets	Market value of total investme	Issue size
						Rupees in '000	----- % -----		
All sukuks have a face value of Rs. 5,000, 100,000 and 1,000,000 each respectively.									
Dubai Islamic Bank Pakistan Limited	129	-	-	129	132,384	131,413	2.23	2.67	0.03

NBP Islamic Sarmaya Izafa Fund



NBP FUNDS
Managing Your Savings

Engro Powergen Thar (Pvt) Limited	60,000	-	60,000	300,900	-	5.07	6.07	20.00
The HUB Power Company Limited	3,000	-	3,000	306,434	-	5.16	6.18	0.43
Engro Polymer Chemical Limited	850	-	86,316	86,316	-	1.45	1.74	9.86
PakEneqy	20,000	-	20,000	100,000	-	1.69	2.02	10.00

Market value as at June 30, 2020

926,034

Carrying value as at June 30, 2020

917,262

6.3.1 Other particulars of sukuks outstanding as at June 30, 2020 are as follows

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue Date	Maturity date
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR offer rate + 0.50% Spread	AA-	July 14, 2017	July 14, 2027
Engro Powergen Thar (Pvt) Limited	5,000	3 months KIBOR offer rate + 1.10% Spread	A	August 2, 2019	August 2, 2024
The HUB Power Company Limited	3,000	3 months KIBOR offer rate + 1.90% Spread	AA+	August 22, 2019	August 22, 2023
Engro Polymer Chemical Limited	100,000	3 months KIBOR offer rate + 0.90% Spread	AA	January 11, 2019	July 11, 2026
PakEneqy	5,000	3 months KIBOR offer rate + 0.90% Spread	AA	May 21, 2020	May 21, 2030

6.4 Non-performing sukuk classified as fair value through profit and loss

Name of the investee company	Note	Number of certificates				Market value as at June 30, 2020	Investment as a percentage of		
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments	Issue size

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

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

Eden Housing Limited	6.4.3	5,000	-	-	5,000	-	-	-	-

Carrying value as at June 30, 2020

4,922

Accumulated impairment

4,922

6.4.1 This represents investment in privately placed sukuks with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAF. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.4.2 The sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

6.4.3 Other particulars of sukuk outstanding as at June 30, 2020 are as follows:

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
Eden House Limited	984	6 Month KIBOR plus 2.5%	Not rated	March 31, 2008	March 31, 2013

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

Note

2020
-----Rupees in '000-----
2019

Market value of investments	6.1 - 6.3	4,586,516	4,042,624
Less: carrying value of investments before mark to market	6.1 - 6.3	(4,516,467)	(5,012,648)
		<u>70,049</u>	<u>(970,024)</u>



	2020	2019
	-----Rupees in '000-----	
7 MARK-UP ACCRUED AND DIVIDEND RECEIVABLE		
Mark-up accrued on bank balances	6,378	38,035
Mark-up accrued on government securities	-	6,686
Mark-up accrued on sukuks	28,300	-
Dividend receivable	-	5,200
	34,678	49,921
8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Security deposits with:		
- National Clearing Company of Pakistan Limited	2,500	2,500
- Central Depository Company of Pakistan Limited	100	100
Advance tax	3,339	2,714
Prepayments	137	110
	6,076	5,424

9 Receivable against transfer of units

This represented amount receivable from other collective investment scheme being managed by the Management Company of the Fund. This amount was received during the period in respect of units issued to various unit holders based on their request for transfer of units from other collective investment scheme to the Fund.

		2020	2019
		----- Rupees in '000 -----	
10 PAYABLE TO NBP FUND MANAGEMENT			
- MANAGEMENT COMPANY	Note		
Remuneration of the Management Company	10.1	6,242	12,236
Sindh Sales Tax on remuneration of the Management Company	10.2	811	1,591
Operational expenses	10.3	1,233	4,397
Selling and marketing expenses	10.4	17,717	17,590
Sales load and other transfer load		1,666	5,433
Sindh Sales Tax and Federal Excise Duty on sales load		19,551	20,041
		47,220	61,288

10.1 Under the provisions of the NBFC Regulations, the Management Company had charged remuneration at the rate of 2% of the average annual net assets, however, effective from July 12, 2019 the rate has been revised to 1.5% of the average annual net assets of the Fund from that date.

10.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

10.3 As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme. Accordingly, the Management Company has charged 0.1% of the average annual net assets.

10.4 The SECP through its Circular No. SCD/PRDD/Circular/394/2018 (Circular No. 5 of 2018) dated June 04, 2018 allowed to charge selling and marketing expenses to all categories of mutual funds (except fund of funds and money market funds) subject to the Board approval of and cap of 0.4% per annum of net assets or actual, whichever is lower. In current year, SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now removed the later requirement of capping (except "Fund of Funds"). Further, all the payments are required to be approved by the Trustee.

In pursuance of above circular, the Board has approved the limits to be charged in respect of these expenses.



Accordingly effective from July 12, 2019, the Fund had charged 0.4% to 1.35% of daily net asset value of the Fund, thereafter, this has been further revised by the Board from May 11, 2020 to 1.5% of daily net asset value of the Fund.

		2020	2019
	Note	Rupees in '000	Rupees in '000
11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	11.1	498	694
Sindh Sales Tax on remuneration of the Trustee	11.2	65	90
		563	784

- 11.1** 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.

The applicability of Tariff Structure to the Fund is same as upto Rs 1 billion of Net Assets @ 0.20% or 0.7 million per annum (whichever is higher) and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion.

Effective from 1 July, 2019 Tariff Structure to the Fund is revised as upto Rs 1 billion of Net Assets .@ 0.20% per annum and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion.

- 11.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019, fee has been reduced to 0.02% per annum from 0.075% per annum. The fee is paid annually in arrears.

13 PAYABLE AGAINST REDEMPTION OF UNITS

This represents amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are paid during the year 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.

		2020	2019
	Note	Rupees in '000	Rupees in '000
14 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		533	478
Provision for Sindh Workers' Welfare Fund	19	67,814	60,862
Federal Excise Duty on remuneration of the Management Company	14.1 & 14.2	18,406	18,406
Brokerage charges		473	197
Bank charges		385	38
Settlement charges		184	156
Printing charges		4	8
Charity	14.2	9,811	8,855
Withholding tax		40,667	222
Capital gain tax		235	1,595
Others		1,466	2,034
		139,978	92,851



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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 18.406 million as at June 30, 2019. Had the provision not been made, the net asset value per unit as at June 30, 2020 would have been higher by Rs.0.05176 per unit (June 30, 2019: Rs.0.0369 per unit).

- 14.2** According to the instruction of the shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 9.811 million (June 30, 2019: Rs 8.855 million) is outstanding in this regard after making charity payments of Rs.3.81 million (June 30, 2019: Rs.6.35 million) to charitable institutions

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

16	NUMBER OF UNITS IN ISSUE	Note	2020	2019
			Number of units	
	Total units in issue at the beginning of the year		498,898,266	741,473,825
	Add: units issued during the year	16.1	214,446,764	157,502,225
	Less: units redeemed during the year		(357,762,610)	(400,077,784)
	Total units in issue at the end of the year		355,582,420	498,898,266

- 16.1** These units includes 151,355 allocated units which are issued subsequently to unitholders

17 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.



18 AUDITORS' REMUNERATION

	2020	2019
	Rupees in '000	
Annual audit fee	378	360
Half yearly review fee	151	144
Out of pocket and sales tax expenses	134	99
	663	603

19 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) whereby all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs. 0.5 million in a tax year, were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF. In this regard, a constitutional petition was filed by certain CISs through their trustees in the High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During 2013 and 2014, judgements were made by Sindh High Court (SHC) and Peshawar High Courts respectively in favor of and against amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008.

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

The Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied, are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. On a query raised by Mutual Funds Association of Pakistan (MUFAP) on applicability of SWWF, SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In 2017, MUFAP recommended to its members that effective from January 12, 2017, Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan and Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, and the SECP through its letter dated February 01, 2017 affirmed above decisions.

As a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF amounting to Rs. 15.790 million and started recognising provision for SWWF.

As at June 30, 2020, the provision in relation to SWWF amounted to Rs. 67.814 million (June 30, 2019: Rs. 60.862 million). Had the provision not being made, the Net Asset Value per unit as at June 30, 2020 would have been higher by Rs. 0.1907 (June 30, 2019: Rs. 0.1220) per unit.

20 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 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding



distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute 90% of accounting income other than capital gains whether realised or unrealised to the unit holders. The fund has already distributed 90% of accounting income for the year ended June 30, 2020 to its unit holder. Accordingly, no provision in respect of taxation has been made in the current year.

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

21 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.

22 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its Circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks (5.5)	4,922	(4,922)	-	-	-

- 22.1 At the time of purchase, these sukuks were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

23 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset for the year) is 3.49% per annum including 0.36% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

24 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 24.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company its parent and sponsor.

It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 24.2 The transactions with connected persons and related parties are carried out at agreed term.



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

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

24.5 Details of transactions with connected persons and related parties are as follows:	2020	2019
	----- Rupees in '000 -----	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	81,218	199,884
Sindh Sales Tax on remuneration of the Management Company	10,558	25,985
Reimbursement of operational expenses to the Management Company	5,346	9,994
Sales load	24,843	766
Sindh Sales Tax and Federal Excise Duty on sales load	3,230	106
Selling and marketing expenses	66,697	39,977
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	6,346	10,994
Sindh Sales Tax on remuneration of the Trustee	825	1,429
CDS charges	270	162
Employees of the Management Company		
Units issued / transferred in: 3,643,422 units (2019: 302,331 units)	54,414	4,653
Units redeemed / transferred out: 3,344,773 units (2019: 375,410 units)	49,466	5,724
Dividend re-invest: 13,328 units (2019: Nil units)	188	-
Taurus Securities Limited (Subsidiary of Parent of the Management Company)		
Brokerage charges	231	635
Bank Islami Pakistan Limited (Common directorship with the Management Company)		
Mark-up on bank balances	35,006	136,833
Purchase of sukuk	287,500	-
International Industries Limited (Common directorship with the Management Company)		
Shares purchased Nil (2019: 187,800)	-	32,279
Shares sold Nil (2019: 139,000)	-	21,121
Dividend income	-	896
International Steel Limited (Common directorship with the Management Company)		
Shares purchased 560,000 (2019: 1,209,800)	28,297	199,905
Shares sold 363,500 (2019: 1,386,000)	12,594	214,484
Dividend income	446	3,076
Cherat Cement Company Limited (Common directorship with the Management Company) **		
Shares sold Nil (2019: 566,500)	-	37,536
Dividend income	-	2,387
The Hub power Company Limited (Common directorship with the Management Company) *		
Ordinary Shares sold 1,695,000 (2019: Nil)	150,872	-
Purchase of Sukuk	300,000	-
Sukuk Income	41,265	-
NBP Islamic Savings Fund (Fund Managed by Management Company)		
Purchase of Sukuk	88,457	-
NBP Islamic Mahana Amdani Fund (Fund Managed by Management Company)		
Purchase of Sukuk	193,476	-
National Clearing Company of Pakistan Limited ** (Common Directorship with the Management Company)		
NCCPL Charges	775	
Pakistan Stock Exchange Limited ** (Common Directorship with the Management Company)		
Listing fee paid	25	
Portfolio managed by Management Company		
Units issued / transferred in Nil units (2019: 1,210,978 units)	-	19,016
Units redeemed / transferred out 152,578 units (2019: 1,210,978 units)	2,016	18,075



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

June 30, June 30,
2020 2019
----- Rupees in '000 -----

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	6,242	12,236
Sindh Sales Tax on remuneration of the Management Company	811	1,591
Operational expenses	1,233	4,397
Sales load	1,666	5,433
Sindh Sales Tax and Federal Excise Duty on sales load	19,551	20,041
Selling and marketing expenses	17,717	17,590

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	498	694
Sindh Sales Tax on remuneration of the Trustee	65	90
CDS charges	184	23
Security deposit	100	100

National Bank of Pakistan (Parent of the Management Company)

Bank balances	8,107	4,836

International Industries Limited (Common directorship with the Management Company) *

Ordinary shares held Nil shares (2019: 186,700 shares)	-	36,700

International Steel Limited (Common directorship with the Management Company)

Ordinary shares held 640,912 shares (2019: 445,300 shares)	33,103	35,737

Bank Islami Pakistan Limited (Common directorship with the Management Company)

Bank balances	45,427	29,470
Mark-up accrued	763	20,441

Cherat Cement Company Limited (Common directorship with the Management Company) *

Ordinary shares held Nil shares (2019: 262,700 shares)	-	45,542

Askari Bank Limited (Common directorship with the Management Company) *

Bank balance	-	509

The Hub power Company Limited (Common directorship with the Management Company) *

Ordinary shares held 3,347,011 shares (2019: NIL)	242,658	-
Investment in sukuk	306,434	-
Profit Receivable	3,301	-

National Clearing Company of Pakistan Limited **

(Common Directorship with the Management Company)

NCCPL Charges payable	403	
Security Deposit	2,500	2,500

Summit Bank Limited (Common directorship with the Management Company) *

Bank balances	-	11,016

Employees of the Management Company

Investment held in the Fund 493,047 units (2019: 73,928 units)	6,994	1,016

(Portfolio managed by Management Company) *

Investment held in the Fund Nil units (2019: 152,578 units)	-	2,097

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

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



25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	32
2	Mr. Sajjad Anwar	CFA and MBA	20
3	Mr. Asim Wahab Khan	CFA	14
4	Mr. Muhammad Ali Bhabha	CFA, MBA, FRM and MS	25
5	Mr. Hassan Raza	ACCA, BSC and CFA	9

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

- NBP Balanced Fund
- NBP Financial Sector Fund
- NBP Islamic Energy Fund
- NBP Islamic Regular Income Fund
- NBP Islamic Sarmaya Izafa Fund
- NBP Stock Fund
-

26 TRANSACTIONS WITH BROKERS / DEALERS

List of top ten brokers by percentage of commission charged during the year ended June 30, 2020

S.No	Broker name	Percentage %
1	Khadim Ali Shah Bukhari Securities Private Limited	7.08
2	Taurus Securities Limited	6.71
3	Intermarket Securities	5.16
4	Foundation Securities	5.12
5	Arif Habib Securities Limited	4.95
6	Next Capital Limited	4.81
7	Optimus Capital Management Limited	4.33
8	J.S. Global Capital Limited	4.29
9	Topline Securities Limited	4.17
10	BMA Capital Management Limited	4.09

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

S.No	Broker name	Percentage %
1	Taurus Securities Limited	6.54
2	Arif Habib Securities Limited	6.24
3	EFG Hermes Pakistan Limited (formerly Invest & Finance Securities Limited)	4.93
4	Alfalah Securities (Private) Limited	4.30
5	Topline Securities (Private) Limited	4.01
6	Aqeel Karim Dehdi Securities (Private) Limited	3.88
7	Fortune Securities	3.79
8	Optimus Capital Management Limited	3.69
9	J.S. Global Capital Limited	3.50
10	Next Capital Limited	3.47



27 PATTERN OF UNIT HOLDING

As at June 30, 2020

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	7,927	3,533,506	70.05
Insurance companies	4	15,319.19	0.30
Retirement funds	63	796,355.89	15.79
Public limited companies	2	277,997.60	5.51
Others	64	420,790.99	8.34
	8,060	5,043,970	100

As at June 30, 2019

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	9,521	526,308	66.03
Insurance companies	5	64,011	0.93
Retirement funds	83	1,396,003	20.36
Public limited companies	2	258,013	3.76
Others	88	611,039	8.91
	9,699	2,855,374	100

28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 72nd, 73rd, 74th and 75th Board meetings were held on August 30, 2019, October 24, 2019, February 27, 2020 and April 27, 2020, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan	3	2	1	74th Meeting
Mr. Syed Hasan Irtiza Kazmi	3	3	-	-
Mr. Nasir Husain	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar	1	0	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy	1	1	-	-
Mr. Khalid Mansoor	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque	1	1	-	-
Mr. Saad Amanullah Khan	3	3	-	-
Dr. Amjad Waheed	4	4	-	-



- 28.1** Mr. Saad ur Rahman Khan, Mr. Syed Hasan Itiza Kazmi, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan were appointed as directors on Board, with effect from October 04, 2019
- 28.2** Mr. Nasir Husain , Mr. Abdul Hadi Palekar, Mr. Kamal Amir Chinoy and Mr. Shehryar Faruque were retired as directors from Board, with effect from October 04, 2019

29 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020			
	At fair value through profit	Amortised cost	Total
-----Rupees in '000-----			
Financial assets			
Bank balances	-	622,432	622,432
Investments	4,586,516	-	4,586,516
Mark-up accrued and dividend receivable	-	34,678	34,678
Receivable against transfer of units	-	798	798
Deposits	-	2,600	2,600
	4,586,516	660,508	5,247,024
Financial liabilities			
Payable to the Management Company	-	47,220	47,220
Payable to the Trustee	-	563	563
Accrued expenses and other liabilities	-	3,045	3,045
Net assets attributable to redeemable units	-	5,043,970	5,043,970
	-	5,094,798	5,094,798
As at June 30, 2019			
	At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----			
Financial assets			
Bank balances	-	2,798,299	2,798,299
Investments	4,042,624	-	4,042,624
Mark-up accrued and dividend receivable		49,921	49,921
Receivable against sale of investments		123,522	123,522
Deposits		2,600	2,600
	4,042,624	2,974,342	7,016,966
Financial liabilities			
Payable to the Management Company	-	61,288	78,944
Payable to the Trustee	-	784	1,178
Accrued expenses and other liabilities	-	2,911	13,168
Net assets attributable to redeemable units	-	6,855,373	11,502,349
	-	6,920,356	11,595,639



30 FINANCIAL RISK MANAGEMENT

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

30.1 Market risk

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

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

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

30.1.1 Currency risk

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

30.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

As at June 30, 2020, the Fund holds balance in saving accounts and sukuks which are exposed to interest rate risk. In case of 100 basis points increase / decrease in bank profit rates as on June 30, 2020, the net assets of the Fund would have been higher / lower by approximately Rs. 1510.949 million. (June 30, 2019: Rs. 28.749 million)

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the fund does not hold any fixed rate instrument that has been designated at fair value through profit and loss. Therefore, a change in interest rate as at June 30, 2020, would not have any affect on the income statement.

The Fund holds Government of Pakistan Ijara sukuks that not expose the Fund to fair value interest rate risk as at June 30, 2020. In case of 100 basis points increase in coupon rate on June 30, 2020, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher by Rs.10.9975 million (June 30, 2019: Rs. 0 million) and net income for the year would have been higher by Rs. 10.9975 million (June 30, 2019: Rs. Nil). In case of 100 basis points decrease in KIBOR, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower by Rs. 8.2721 million (June 30, 2019: Rs. Nil)



As at June 30, 2020

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					
Bank balances	10.40 - 14.80	622,432	584,915	-	37,517
Investments	6.63 - 15.50	4,586,516	-	1,900,259	2,686,257
Mark-up accrued and dividend receivable		34,678	-	-	34,678
Deposits		2,600	-	-	2,600
		5,246,226	584,915	-	2,761,052
Financial liabilities					
Payable to the Management Company		47,220	-	-	47,220
Payable to the Trustee		563	-	-	563
Accrued expenses and other liabilities		3,045	-	-	3,045
Net assets attributable to redeemable units		5,043,970	-	-	5,043,970
		5,094,798	-	-	5,094,798
On-balance sheet gap		151,428	584,915	-	(2,333,746)
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		-	-	-	-

As at June 30, 2019

Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%	Rupees in '000			
Financial assets					
Bank balances	2.40 - 6.75	2,798,299	2,743,445	-	54,854
Investments	11.26	4,042,624	-	131,413	3,911,211
Mark-up accrued and dividend receivable		49,921	-	-	49,921
Receivable against sale of investment		123,522	-	-	123,522
Deposits		2,600	-	-	2,600
Financial liabilities		7,016,966	2,743,445	-	4,142,108
Payable to the Management Company		61,288	-	-	61,288
Payable to the Trustee		784	-	-	784
Accrued expenses and other liabilities		2,911	-	-	2,911
Net assets attributable to redeemable units		6,855,373	-	-	6,855,373
		6,920,356	-	-	6,920,356
On-balance sheet gap		96,610	2,743,445	-	(2,778,248)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-



30.1.3 Price risk

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

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

In case of 5% increase / decrease in fair value on June 30, 2020, the net income for the year would increase / decrease by Rs. 32.499 million (2019: Rs.51.670 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant.

30.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. Credit risk arises from balances with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued mark-up on bank balances and advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein.

The Fund'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 Fund's significant credit risk arises mainly on account of its placements with banks. The credit rating profile of balances with banks is as follow:

Bank balances by rating category	2020	2019
AAA	2.72%	2.54%
AA+	0.34%	0.34%
AA	0.04%	0.04%
AA-	0.01%	0.01%
A+	7.89%	7.89%
A	88.99%	88.99%
A-	0.01%	0.01%
	<u>100%</u>	<u>100%</u>
Sukuks by rating category		
Non-performing		0%
Performing : AA- to AA+		100%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is as follows:



	June 30, 2020		June 30, 2019	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
Bank balances	622,432	622,432	2,798,299	2,798,299
Investments	3,612,291	3,612,291	131,413	131,413
Mark-up accrued and dividend receivable	34,678	34,678	49,921	49,921
Receivable against transfer of units	798	798	123,522	123,522
Deposits	2,600	2,600	2,600	2,600
	4,272,799	4,272,799	3,105,755	3,105,755

Concentration of credit risk

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

30.3 Liquidity risk

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

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

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

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

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

As at June 30, 2020				
	Total	Upto three months	Over three months and upto	Over one year
----- Rupees in '000 -----				
Financial liabilities				
Payable to the Management Company	47,220	47,220	-	-
Payable to the Trustee	563	563	-	-
Accrued expenses and other liabilities	3,045	3,045	-	-
Net assets attributable to redeemable units	5,043,970	5,043,970	-	-
	5,094,798	5,094,798	-	-



As at June 30, 2019

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

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

Financial liabilities

Payable to the Management Company	61,288	61,288	-	-
Payable to the Trustee	784	784	-	-
Accrued expenses and other liabilities	2,911	2,911	-	-
Net assets attributable to redeemable units	6,855,373	6,855,373	-	-
	<u>6,920,356</u>	<u>6,920,356</u>	<u>-</u>	<u>-</u>

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- 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).



June 30, 2020

Financial assets measured at fair value

	Carrying amount			Fair value		
	Fair value through profit & loss	Amortized cost	Total	Level 1	Level 2	Total
Government securities - Ijarah sukuks	974,225	-	974,225	-	974,225	974,225
Sukuks	926,034	-	926,034	-	926,034	926,034
Listed equity securities	2,686,257	-	2,686,257	2,686,257	-	2,686,257
	4,586,516	-	4,586,516	2,686,257	1,900,259	4,586,516

Financial assets not measured at fair value

Bank balances	-	622,432	622,432	-	-	-
Mark-up accrued and dividend receivable	-	34,678	34,678	-	-	-
Receivable against transfer of units	-	798	798	-	-	-
Deposits	-	2,600	2,600	-	-	-
	-	660,508	660,508	-	-	-

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company	-	47,220	47,220	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	563	563	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	1,069	1,069	-	-	-
Accrued expenses and other liabilities	-	3,045	3,045	-	-	-
	-	51,897	51,897	-	-	-

June 30, 2019

Financial assets measured at fair value

	Carrying amount			Fair value		
	Fair value through profit & loss	Amortized cost	Total	Level 1	Level 2	Total
Sukuks	131,413	-	131,413	-	131,413	131,413
Listed equity securities	3,911,211	-	3,911,211	3,911,211	-	3,911,211
	4,042,624	-	4,042,624	3,911,211	131,413	4,042,624

Financial assets not measured at fair value

Bank balances	-	2,798,299	2,798,299	-	-	-
Mark-up accrued and dividend receivable	-	49,921	49,921	-	-	-
Receivable against sale of investment	-	123,522	123,522	-	-	-
Deposits, prepayments and other receivables	-	5,424	5,424	-	-	-
	-	2,977,166	2,977,166	-	-	-

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company	-	61,288	61,288	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	784	784	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	9,494	9,494	-	-	-
Accrued expenses and other liabilities	-	-	-	-	-	-
	-	71,566	71,566	-	-	-

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



32 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 28, the Fund endeavours 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.

33 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 17, 2020.

34 GENERAL

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

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

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
Net assets at the year / period ended (Rs '000)	5,043,970	6,855,373	11,502,349	14,764,233	5,435,118	2,563,446
Net income for the year / period ended (Rs '000)	340,639	(1,096,871)	(1,323,940)	2,345,440	469,447	446,075
Net Asset Value per unit at the year / period ended (Rs)	14.1851	13.7410	15.5128	17.0820	15.5920	15.9909
Offer price per unit	14.6660	14.2088	16.0387	17.6611	16.2106	16.6309
Redemption price per unit	14.1851	13.7410	15.5128	17.0820	15.5920	15.9909
Ex - Highest offer price per unit (Rs.)	16.6461		17.8306	20.9116	16.3383	15.7930
Ex - Lowest offer price per unit (Rs.)	12.0508		15.2740	16.3405	14.0590	11.4213
Ex - Highest redemption price per unit (Rs.)	16.1003		17.2460	18.3107	15.7148	15.1854
Ex - Lowest redemption price per unit (Rs.)	11.6557		14.7732	14.2000	13.5225	11.3515
Opening Nav of Fiscal Year	13.0657	15.5128	16.9827	14.1982	13.7862	11.3515
Total return of the fund	8.57%		-8.66%	20.31%	13.10%	33.77%
- capital growth	3.40%		-8.66%	8.78%	2.95%	14.25%
- income distribution as a % of ex nav	5.17%	-	-	11.53%	10.15%	19.52%
- income distribution as a % of par value	7.25%	-	-	16.38%	15.38%	22.16%
Distribution						
Interim distribution per unit (Rs)	0.7252	-	-	1.6376	-	1.3794
Final distribution per unit (Rs)		-	-	0.0937	1.5380	0.8365
Distribution Dates						
Interim	26-Jun-20		-	21-Jun-17		-
Final				15-Sep-17	29-Jun-16	29-Jun-15 26-Jun-14 14-Jul-15
Average annual return of the fund (launch date October 29, 2007)						
Since inception to June 30, 2020	11.33%					
Since inception to June 30, 2019		11.60%				
Since inception to June 30, 2018			14.01%			
Since inception to June 30, 2017				16.65%		
Since inception to June 30, 2016					16.23%	
Since inception to June 30, 2015						16.70%
Since inception to June 30, 2014						
Since inception to June 30, 2013						
Since inception to June 30, 2012						
Since inception to June 30, 2011						
Since inception to June 30, 2010						
Portfolio Composition (Please see Fund Manager Report)						

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



PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Islamic Sarmaya Izafa Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. www.nbp-funds.com. A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NBP Islamic Sarmaya Izafa Fund				
	Resolutions	For	Against	Abstain*
Number	4	4	Nil	N/A
(%)	100%	100%	-	-

Head Office

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Email: info@nbpfunds.com

Website: www.nbpfunds.com

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NBP FINANCIAL SECTOR FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited



Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

Khan Center, 1st Floor,
Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2&4

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Office



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



Syed Hasan Irtiza Kazmi
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Mr. Saad ur Rehman
Director



Mr. Imran Zaffar
Director



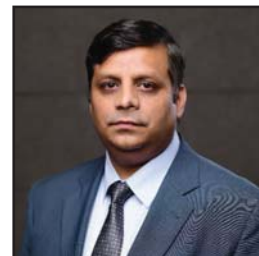
Senior Management



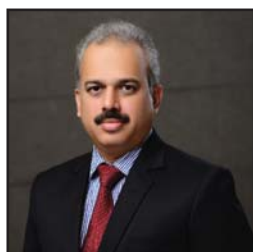
Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



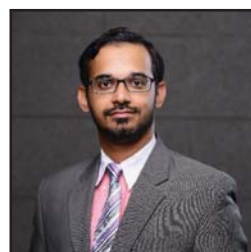
Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head Of Operations



Mr. Salman Ahmed, CFA
Head Of Product Development



Mr. Saadat Saeed, ACA, CFA
Head Of Investment Risk.



Mr. Shahid Javed
Head Of Operational Risk



Mr. Shahbaz Umer
Head Of Human Resource



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Third Annual Report for the period ended June 30, 2020, since launch of **NBP Financial Sector Fund** on February 14, 2018.

The objective of NBP Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector.

Fund's Performance

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KSE-100 Index rose by a meagre 1.5% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 28,765 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KSE-100 Index surged by a massive 50% from August 16th, 2019 to its recent peak on January 13th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 37% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.5% on a YoY basis.

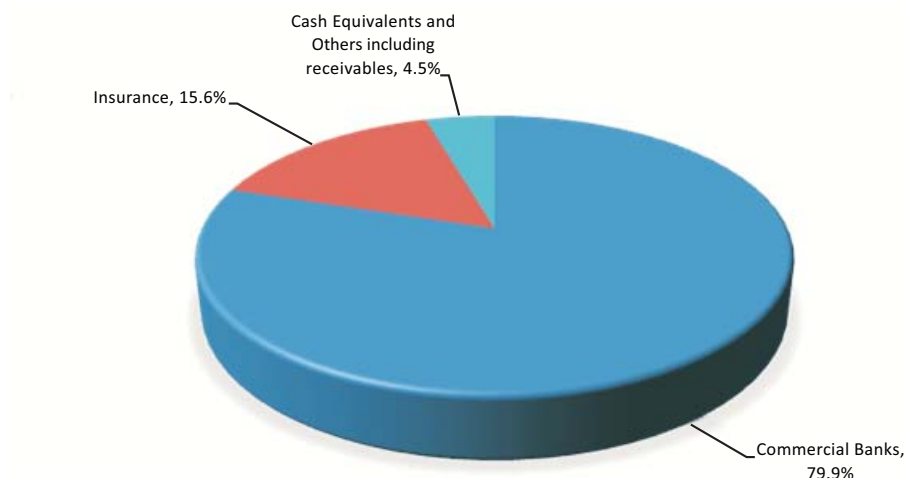
In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

During the fiscal year, NBP Financial Sector Fund decreased by 15.6% return as against the KSE-30 Index decreased by 0.5%, underperforming the benchmark by 15.1% during the year. The Fund underperformed as the fund was overweight in select Commercial Banks and Insurance sector stocks which underperformed the market. Since inception (February 14, 2018), NBP Financial Sector Fund has decreased by 23.5%, whereas the KSE-30 index has decreased by 20.8%, thus to date underperformance is 2.7%. This outperformance is net of management fee and all other expenses. The Fund size is 578 million as of June 30, 2020.



NBP Financial Sector Fund has earned a total loss of Rs. 80.924 million during the year. After incurring total expenses of Rs. 29.562 million, the net loss is Rs. 110.486 million. During the year, the unit price of NBP Financial Sector Fund has decreased from Rs. 9.0609 on June 30, 2019 to Rs. 7.6489 on June 30, 2020. The resultant per unit loss is Rs. 1.412 (-15.58%).

The asset allocation of NBP Financial Sector Fund as on June 30, 2020 is as follows:



Income Distribution

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

Taxation

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

Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2021.

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

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



- all directors is disclosed in the note 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 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.
 13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Saad ur Rahman Khan 3. Syed Hasan Irtiza Kazmi 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: September 17, 2020
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ میٹجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز نے آغاز (14 فروری 2018) سے NBP فنانشل سیکٹر فنڈ کی تیسری سالانہ رپورٹ برائے ختمہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

NBP فنانشل سیکٹر فنڈ کا مقصد سرمایہ کاروں کو مالیاتی شعبے سے وابستہ لیڈنگ ایکٹیو کے فعال طور پر انتظام کردہ پورٹ فولیو سے طویل مدتی سرمایہ کی نمو فراہم کرنا ہے۔

فنڈ کی کارکردگی

مالی سال 2019-20، اسٹاک مارکیٹ میں اتار چڑھاؤ کے باعث مایوس کن سال رہا جیسا کہ KSE-100 انڈیکس میں سالانہ بنیادوں پر 1.5% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 بلین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 ملین امریکی ڈالر کی آمد جیسی مثبت خبروں کے باوجود مارکیٹ کا آغاز منفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخت پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح 28,765 پر لے آیا جس نے مارکیٹ کے وسیع حصے میں حصص کی مالیت کو واضح کر دیا۔ پرکشش مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مانیٹری میں آسانی کی توقع کی بنا پر اسٹاک مارکیٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیر الجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KSE-100 انڈیکس میں 16 اگست، 2019 سے 50 فیصد اضافے کے ساتھ 13 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

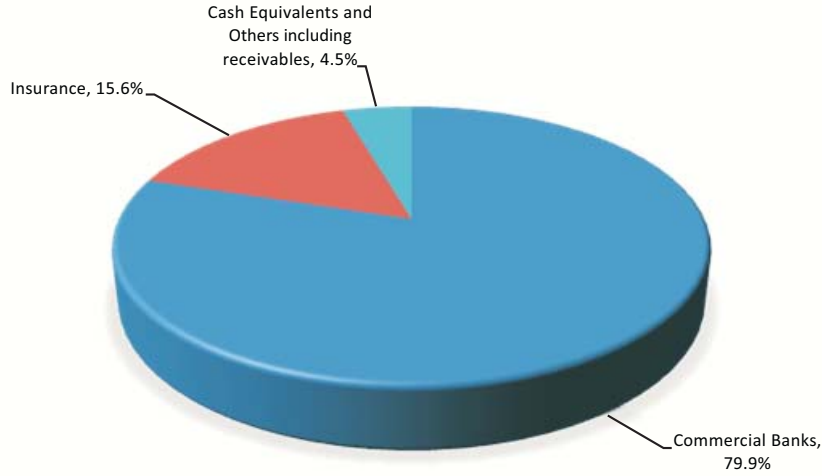
اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے منی بجٹ کے اندیشہ، اور T-Bills سے ہاٹ منی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن / شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ اپنے عروج سے 37 فیصد گر گئی۔ معیشت کو کورونا وائرس وبائی مرض کے اثرات سے نجات دلانے کے لئے، پالیسی سازوں نے غیر معمولی مالی اور مالیاتی پالیسی اقدامات اٹھائے۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کیا اور کاروباری اداروں کی مدد اور قرضہ جاری رکھنے کے لئے، قرضوں کی ادائیگی سے متعلق کارپوریٹ / تجارتی بینکوں کے انضباطی ضوابط میں ترمیم کی گئی۔ حکومت نے 1.2 ٹریلین روپے کا امدادی پیکیج دینے کا اعلان کیا، جو بی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپڈ فنڈنگ انسٹرومنٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا پانچ ماہی G20 ملائیم ملک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے ناقص اور نا کافی انفراسٹرکچر کے باوجود ہیلتھ کیمرے کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جس کا پہلے خدشہ تھا۔ نتیجتاً مارکیٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.5 فیصد کی معمولی اضافہ کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

زیر جائزہ مالی سال کے دوران شعبہ دارکارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، ہیمنٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، جینٹیلری اور گلاس اینڈ سرائیکس کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکسلوریٹیشن، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اینڈ ڈسٹری بیوٹن، اور نیٹ ورکس کپوزٹ کے شعبے مارکیٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 ملین امریکی ڈالر کے خالص ان فلو کے ساتھ بڑے خریدار رہے، جبکہ انشورنس کمپنیوں نے 128 ملین امریکی ڈالر کے ساتھ پوزیشن مستحکم کی دوسری جانب غیر ملکی سرمایہ کار 285 ملین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک / DFIs اور میچل فنڈز بھی بالترتیب 55 ملین امریکی ڈالر اور 50 ملین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔

مالی سال کے دوران، NBP فنانشل سیکٹر فنڈ KSE-30 انڈیکس میں 0.5% کی مقابلے 15.6% تک کم ہوا، سال کے دوران 15.1% کیٹچ مارک ایتر کارکردگی دیکھائی۔ فنڈ کی ایتر کارکردگی زیادہ کمرشل بینکس اور انشورنس سیکٹر اسٹاکس کے میں تھی جس نے مارکیٹ میں ایتر کارکردگی دکھائی۔ اپنے آغاز (14 فروری 2018) سے، NBP فنانشل سیکٹر فنڈ میں 23.5 فیصد کمی ہوئی، جبکہ KSE-30 انڈیکس 20.8 فیصد کم ہوا، چنانچہ آج تک ایتر کارکردگی 2.7% ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 30 جون 2020 کو 578 ملین ہے۔

NBP فنانشل سیکٹر فنڈ نے سال کے دوران 80.924 ملین روپے کا مجموعی خسارہ ہوا۔ 29.562 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص نقصان 110.486 ملین روپے ہے۔ سال کے دوران NBP فنانشل سیکٹر فنڈ کی پونٹ پرائس 30 جون 2019 کو 9.0609 روپے سے کم ہو کر 30 جون 2020 کو 7.6489 روپے ہو گئی۔ جس کے نتیجے میں فی پونٹ نقصان 1.412 روپے (-15.58%) ہے۔

30 جون 2020 کے مطابق NBP فنانشل سیکٹر فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



آمدنی کی تقسیم

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

ٹیکسیشن

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

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2021 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

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

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

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

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

5. انٹرل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

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

7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

8. پرفارمنس ٹیمپل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔



- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

نام	کیٹگری
•1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب سعد الرحمان خان •3 جناب سید حسن ارتضیٰ کاظمی •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

بورڈ اپنے اسٹاف اور رٹرنس کی طرف سے سخت محنت لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لا نا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ بینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Financial Sector Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.

Abdul Samad

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NBP Financial Sector Fund

NBP Financial Sector Fund is an Open-ended Equity Fund.

Investment Objective of the Fund

The objective of NBP Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector.

Benchmark

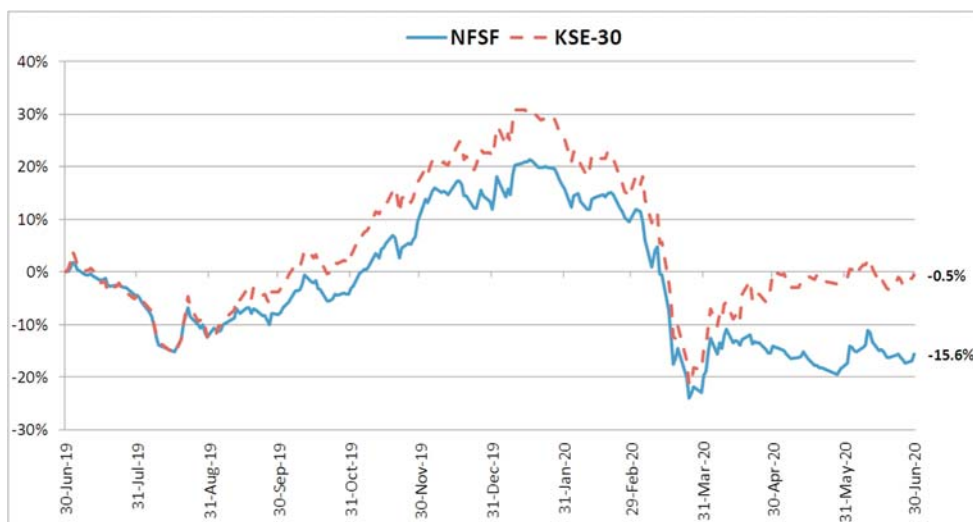
The Benchmark of the Fund is KSE-30 Index. (Total Return Index)

Fund performance review

This is the third annual report. During the fiscal year, NBP Financial Sector Fund decreased by 15.6% return as against the KSE-30 index decreased by 0.5%, underperforming the benchmark by 15.1% during the year. Since inception (February 14, 2018), NBP Financial Sector Fund has decreased by 23.5%, whereas the KSE-30 index has decreased by 20.8%, thus to date underperformance is 2.7%. This outperformance is net of management fee and all other expenses. The Fund size is 578 mln as of June 30, 2020.

NFSF underperformed during the year as the Fund was overweight in select Commercial Banks and Insurance sectors stocks which underperformed the market. The chart below shows the performance of NFSF against the Benchmark for the year.

NFSF Performance vs. Benchmark during FY20



Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KSE-100 Index rose by a meager 1.5% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 28,765 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the



multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KSE-100 Index surged by a massive 50% from August 16th, 2019 to its recent peak on January 13th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Corona virus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 37% from its previous peak. To cushion the economy from the impact of the Corona virus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.5% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	95.5%	94.9%
Cash Equivalents	3.9%	8.3%
Other Net Liabilities	0.6%	(3.2%)
Total	100.0%	100.0%

Distribution for the Financial Year 2020

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

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	4
1-1000	53
1001-5000	26
5001-10000	22
10001-50000	29
50001-100000	23
100001-500000	32
500001-1000000	2
1000001-5000000	8
5000001-10000000	-
10000001-100000000	2
Total	201



Sindh Workers' Welfare Fund (SWWF)

Due to net loss for the year, no provision in respect of Sindh Worker's Welfare Fund has been made.

During the period under question

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



INDEPENDENT AUDITORS' REPORT

To the Unit holders of NBP Financial Sector Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NBP Financial Sector Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	Net Asset Value (Refer note 5 to the annexed financial statements) Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2020 amounted to Rs. 552.118 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: • tested the design and operating effectiveness of the key controls for valuation of investments. • obtained independent confirmation for verifying the existence of the investment portfolio as at June 30, 2020 and traced balances in this confirmation with the books and records of the Fund. • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.



Other Information

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

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

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

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

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

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 29, 2020.



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Assets			
Bank balances	4	22,750	63,745
Investments	5	552,118	1,063,204
Profit receivable	6	98	889
Deposits and other receivables	7	2,948	2,948
Receivable against sale of investments		4,078	-
Preliminary expenses and floatation costs	8	1,755	2,426
Total assets		583,747	1,133,212
Liabilities			
Payable to NBP Fund Management Limited - the Management Company	10	4,442	6,430
Payable to Central Depository Company of Pakistan Limited - the Trustee	11	107	204
Payable to the Securities and Exchange Commission of Pakistan	12	152	1,103
Accrued expenses and other liabilities	13	649	4,847
Total liabilities		5,350	12,584
NET ASSETS		578,397	1,120,628
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		578,397	1,120,628
CONTINGENCIES AND COMMITMENTS	14		
NUMBER OF UNITS IN ISSUE			
	9	75,618,518	123,677,243
NET ASSET VALUE PER UNIT			
		7.6489	9.0609

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Income			
Profit on bank deposits		5,125	11,915
Dividend income		45,607	56,828
Gain / (loss) on sale of investments - net		16,393	(32,706)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	(148,049)	(129,206)
		<u>(131,656)</u>	<u>(161,912)</u>
Total loss		(80,924)	(93,169)
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	10.1	11,572	23,228
Sindh sales tax on remuneration of the Management Company	10.2	1,504	3,020
Allocated expenses	10.3	760	1,161
Selling and marketing expenses	10.4	9,338	4,646
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	11.1	1,513	2,160
Sindh sales tax on remuneration of the Trustee	11.2	197	281
Annual fees to the Securities and Exchange Commission of Pakistan	12.1	152	1,103
Securities transaction cost		2,655	2,291
Auditors' remuneration	15	563	446
Amortisation of preliminary expenses and floatation costs	8	671	669
Annual listing fee		28	28
Printing charges		44	25
Legal and professional charges		98	58
Settlement and bank charges		467	299
Total operating expenses		29,562	39,415
Net loss from operating activities		(110,486)	(132,584)
Net loss for the year before taxation		(110,486)	(132,584)
Taxation	17	-	-
Net loss for the year after taxation		(110,486)	(132,584)
(Loss) / earnings per unit	18		
Allocation of net income for the year:			
Net income for the period after taxation		-	-
Income already paid on units redeemed		-	-
		<u>-</u>	<u>-</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		<u>-</u>	<u>-</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Net loss for the year after taxation	(110,486)	(132,584)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(110,486)</u>	<u>(132,584)</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	Rupees in '000			Rupees in '000		
Net assets at beginning of the year	1,283,122	(162,494)	1,120,628	1,065,800	(29,910)	1,035,890
Issue of 71,390,449 units (2019: 138,094,532 units)						
- Capital value (at ex - net asset value per unit)	646,861	-	646,861	1,381,029	-	1,381,029
- Element of income / (loss)	60,785	-	60,785	(10,400)	-	(10,400)
Total proceeds on issuance of units	707,646	-	707,646	1,370,629	-	1,370,629
Redemption of 119,449,174 units (2019: 118,000,286 units)						
- Capital value (at ex - net asset value per unit)	(1,082,317)	-	(1,082,317)	(1,180,074)	-	(1,180,074)
- Element of (loss) / income	(57,074)	-	(57,074)	26,767	-	26,767
Total payments on redemption of units	(1,139,391)	-	(1,139,391)	(1,153,307)	-	(1,153,307)
Total comprehensive loss for the year	-	(110,486)	(110,486)	-	(132,584)	(132,584)
Net assets at end of the year	851,377	(272,980)	578,397	1,283,122	(162,494)	1,120,628
Accumulated loss brought forward						
- Realised (loss) / income		(33,288)			2,815	
- Unrealised loss		(129,206)			(32,725)	
		(162,494)			(29,910)	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	-			-		
Net loss for the year after taxation		(110,486)			(132,584)	
Accumulated loss carried forward		(272,980)			(162,494)	
Accumulated loss carried forward						
- Realised loss		(124,931)			(33,288)	
- Unrealised loss		(148,049)			(129,206)	
		(272,980)			(162,494)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		9.0609			10.0006	
Net assets value per unit at end of the year		7.6489			9.0609	

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

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

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(110,486)	(132,584)
Adjustments for:			
Profit on bank deposits		(5,125)	(11,915)
Amortisation of preliminary expenses and floatation costs	8	671	669
Dividend income		(45,607)	(56,828)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		148,049	129,206
		97,988	61,132
Decrease / (increase) in assets			
Investments		363,037	(292,886)
Receivable against sale of investments		(4,078)	-
		358,959	(292,886)
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - the Management Company		(1,988)	(4,770)
Payable to Central Depository Company of Pakistan Limited - the Trustee		(97)	7
Payable to the Securities and Exchange Commission of Pakistan		(951)	770
Accrued expenses and other liabilities		(4,198)	4,087
		(7,234)	94
		339,227	(364,244)
Dividend received		45,607	56,828
Interest received		5,916	11,512
Net cash generated from / (used in) operating activities		390,750	(295,904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		707,646	1,370,629
Net payments against redemption of units		(1,139,391)	(1,153,307)
Net cash (used in) / generated from financing activities		(431,745)	217,322
Net decrease in cash and cash equivalents		(40,995)	(78,582)
Cash and cash equivalents at the beginning of the year		63,745	142,327
Cash and cash equivalents at the end of the year	4	22,750	63,745

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

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

Chief Financial Officer

Chief Executive Officer

Director



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

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Financial Sector Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (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 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from February 7, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of NBP Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the financial sector. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 as at June 24, 2020 (2019: AM1) to the Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

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



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

2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations, and therefore have not been detailed in these financial statements.

2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective

2.3.1 The following amendments to the published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Standards, amendments and interpretations	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020

The Management is currently in the process of assessing the full impact of the these amendments on the financial statements of the Fund.

2.3.2 There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for taxation (notes 3.14 and 17).



2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.3 Financial assets

3.3.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These 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 recognised in the Income Statement.

3.3.2 Classification and subsequent measurement

3.3.2.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of assets and liabilities at fair value, with gains and losses recognised in the Income Statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment at 'fair value through other comprehensive income' (FVOCI). Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.



3.3.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.3.4 Regular way contracts

All regular way 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 asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.3.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.5 Offsetting of financial assets and financial liabilities

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

3.6 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.

3.7 Net asset value per unit

The Net Asset Value (NAV) 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 circulation at the year end.



3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

3.9 Distributions to unit holders

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

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

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

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Profit on bank balances is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.



3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

3.14 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed as cash dividend to the unit holders.

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

3.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 18.

3.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

4	BANK BALANCES	Note	2020	2019
			----- Rupees in '000 -----	
	Balances with banks in:			
	Savings accounts	4.1	21,895	62,567
	Current accounts		855	1,178
			<u>22,750</u>	<u>63,745</u>

- 4.1 These include a balance of Rs 7.636 million (2019: Rs. 41.331 million) maintained with BankIslami Pakistan Limited (a related party) that carry profit at the rate of 7.25% per annum (2019: 13% per annum). Other savings accounts of the Fund carry profit rates ranging from 4.5% to 8.3% per annum (2019: 9.5% to 13% per annum).

5	INVESTMENTS	Note	2020	2019
			----- Rupees in '000 -----	
	Financial asset at fair value through profit or loss			
	Quoted equity securities	5.1	<u>552,118</u>	<u>1,063,204</u>



5.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated otherwise.

Name of the investee company	As at July 01, 2019	Acquired during the year	Sold during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	----- Number of shares held -----				Rupees in '000	----- Percentage -----		

COMMERCIAL BANKS

Allied Bank Limited	1,026,000	-	593,500	432,500	33,122	6.00%	5.73%	0.04%
Askari Bank Limited (Note 5.1.1)	1,552,000	-	1,552,000	-	-	-	-	-
Bank Alfalah Limited (Note 5.1.1)	2,523,850	2,244,000	2,373,500	2,394,350	80,378	14.56%	13.90%	0.13%
Bank Al Habib Limited	1,903,000	744,000	1,296,000	1,351,000	70,657	12.80%	12.22%	0.12%
Bank of Punjab Limited (Note 5.1.1)	3,262,500	2,855,000	3,097,500	3,020,000	25,368	4.59%	4.39%	0.11%
Faysal Bank Limited (Note 5.1.2)	1,667,875	-	671,000	996,875	13,886	2.52%	2.40%	0.07%
Habib Bank Limited (Note 5.1.1)	1,395,700	1,084,800	1,631,500	849,000	82,243	14.90%	14.22%	0.06%
Habib Metropolitan Bank Limited	156,500	-	156,500	-	-	-	-	-
MCB Bank Limited (Note 5.1.1)	868,300	446,000	987,100	327,200	53,029	9.60%	9.17%	0.03%
Meezan Bank Limited	539,550	86,000	366,500	259,050	17,836	3.23%	3.08%	0.02%
National Bank of Pakistan Limited (Note 5.1.1)	392,000	588,500	340,500	640,000	17,696	3.21%	3.06%	0.03%
United Bank Limited (Note 5.1.1)	1,040,900	777,000	1,161,600	656,300	67,835	12.29%	11.73%	0.05%
					462,050	84%	80%	0.66%

INSURANCE

Adamjee Insurance Company Limited	2,064,500	967,000	978,000	2,053,500	67,991	12.31%	11.76%	0.59%
IGI Holdings Limited	-	146,300	24,300	122,000	22,077	4.00%	3.82%	0.09%
					90,068	16.31%	15.57%	0.67%

Total as at June 30, 2020

552,118 100% 95%

Carrying value as at June 30, 2020

700,167

Total as at June 30, 2019

1,063,204

Carrying value as at June 30, 2019

1,192,410

5.1.1 Investments include shares with market value of Rs 102.055 (2019: 132.778) million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

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



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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the current year, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 which required every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2020, the following bonus shares of the Fund have been withheld by Faysal Bank Limited at the time of declaration of bonus shares.

Name of the company	2020		2019	
	-----Bonus shares-----			
	Number of shares withheld	Market value as at June 30, 2020	Number of shares withheld	Market value as at June 30, 2019
	Rupees in '000		Rupees in '000	
Faysal Bank Limited	14,494	<u>202</u>	14,494	<u>312</u>
		<u>202</u>		<u>312</u>

5.2	Net unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	Note	2020	2019
			----- Rupees in '000 -----	-----
	Market value of investments	5.1	552,118	1,063,204
	Carrying value of investments	5.1	<u>(700,167)</u>	<u>(1,192,410)</u>
			<u>(148,049)</u>	<u>(129,206)</u>
6	PROFIT RECEIVABLE			
	Profit receivable on bank balances		<u>98</u>	<u>889</u>



		2020	2019
	Note	----- Rupees in '000 -----	
7 DEPOSITS AND OTHER RECEIVABLES			
Security deposit Central Depository Company of Pakistan Limited*		100	100
Security deposit with National Clearing Company of Pakistan Limited*		2,500	2,500
Advance tax	7.1	348	348
		<u>2,948</u>	<u>2,948</u>

* related party balance

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposits paid to the Fund has been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. The tax withheld on dividends and profit on bank deposits as at June 30, 2020 amounts to Rs 0.348 million (2019: Rs. 0.348 million).

For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by SHC in favour of FBR. A petition was filed in the Honourable Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on bank deposits and dividend amount has been shown as other receivables as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		2020	2019
	Note	----- Rupees in '000 -----	
8 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs incurred		2,426	3,095
Less: amortisation during the year	8.1	671	669
At the end of the year		<u>1,755</u>	<u>2,426</u>

- 8.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are 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 Regulation, 2008.

		2020	2019
		-----Number of units-----	
9 NUMBER OF UNITS IN ISSUE			
Total units in issue at the beginning of the year		123,677,243	103,582,997
Units issued during the year		71,390,449	138,094,532
Less: units redeemed during the year		119,449,174	118,000,286
Total units in issue at the end of the year		<u>75,618,518</u>	<u>123,677,243</u>



10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2020 ----- Rupees in '000 -----	2019
	Management fee payable	10.1	714	1,973
	Sindh sales tax payable on remuneration of the Management Company	10.2	93	256
	Allocated expenses payable	10.3	146	599
	Selling and marketing expenses payable	10.4	2,091	2,396
	Sales load and transfer load payable		1,237	1,067
	Sindh sales tax payable on sales load and transfer load		161	139
			4,442	6,430

- 10.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration under the following rates:

Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020	2019
2% of average daily net assets	1.5% of average daily net assets	2% of average daily net assets

The remuneration is payable to the Management Company in arrears.

- 10.2** During the year, an amount of Rs. 1.504 million (2019: Rs. 3.020 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (2019: 13%).
- 10.3** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%.

The Management Company has currently fixed a maximum capping of 0.1% (2019: 0.1%) per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.

- 10.4** The SECP has allowed the Asset Management Company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to maximum cap of 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% has been removed and now an asset management company is required to set a maximum limit for charging of such expenses to the Fund and the same should be approved by the Board of Directors of the Management Company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has charged selling and marketing expenses at the below mentioned rates duly approved by Board of Directors of the Management Company:

Effective Dates	Applicable Rates
From July 1, 2019 till July 11, 2019	0.4% per annum of average daily net assets
From July 12, 2019 till December 16, 2019	1.15% per annum of average daily net assets
From December 17, 2019 till May 10, 2020	1.35% per annum of average daily net assets
From May 11, 2020 till June 30, 2020	1.5% per annum of average daily net assets



11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
	Trustee fee payable	11.1	95	180
	Sindh Sales Tax payable on trustee fee	11.2	12	24
			<u>107</u>	<u>204</u>

- 11.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed. During the year, trustee has revised its tariff as follows:

2019		2020
Net assets (Rs.)	Fee	
- up to Rs. 1,000 million	Rs 0.7 million or 0.20% per annum of net assets, whichever is higher	0.20% per annum of net assets
- exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets, exceeding Rs.1,000 million	Rs 2.0 million plus 0.10% per annum of net assets, exceeding Rs.1,000 million

- 11.2 During the year, an amount of Rs 0.197 million (2019: Rs. 0.281 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

12	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
	Annual fee payable	12.1	<u>152</u>	<u>1,103</u>

- 12.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% of net assets during the current year.

13	ACCRUED EXPENSES AND OTHER LIABILITIES	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
	Auditors' remuneration payable	369	399
	Printing charges payable	10	50
	Brokerage payable	15	87
	Legal and professional charges payable	87	10
	Withholding tax payable	40	41
	Capital gain tax payable	7	2
	Bank charges payable	72	111
	Settlement charges payable	49	97
	Other payables	-	4,050
		<u>649</u>	<u>4,847</u>



14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

15 AUDITORS' REMUNERATION

	2020	2019
	-----Rupees in '000-----	
Annual audit fee	329	222
Half yearly review fee	132	116
Other certification	65	68
Out of pocket expenses	37	40
	<u>563</u>	<u>446</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.9% (2019: 3.39%) which includes 0.25% (2019: 0.38%) representing government levies on the Fund such as sales taxes, annual fee to SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

18 (LOSS) / EARNINGS PER UNIT

(Loss) / earnings per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

19.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

19.2 Transactions with connected persons / related parties are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.



- 19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of NBFC Regulations, 2008 and the Trust Deed.
- 19.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 19.6** Details of the transactions with related parties / connected persons during the year are as follows:

	2020	2019
	----- Rupees in '000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company	11,572	23,228
Sindh Sales Tax on remuneration of the Management Company	1,504	3,020
Units issued during the year Nil (2019: 4,814,847)	-	50,000
Units redeemed during the year Nil (2019: 9,194,271)	-	91,484
Selling and marketing expense	9,338	4,646
Allocated expenses	760	1,161
Sales load and transfer load	170	1,966
Sindh Sales Tax on sales load and transfer load	22	256
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration for the year	1,513	2,160
Sindh Sales Tax on remuneration	197	281
Key management personnel of the Management Company		
Units issued during the year 2,294,158 (2019: 1,125,604)	20,848	11,152
Units redeemed during the year 2,423,911 (2019: 1,522,904)	22,055	14,732
Humayun Bashir - director		
Units issued during the year Nil (2019: 503,591)	-	5,000
Units redeemed during the year Nil (2019: 1,015,514)	-	9,949
National Bank of Pakistan Limited - parent company		
Shares purchased - 588,500 (2019: 911,000)***	19,313	44,609
Shares sold - 340,500 (2019: 1,577,000)***	10,565	74,311
Portfolio managed by the Management Company		
Units issued during the year Nil (2019: 9,011,856)	-	85,616
Units redeemed during the year 2,491,783 (2019: 3,052,932)	23,529	30,030
Taurus Securities Limited - subsidiary of Parent Company		
Brokerage expense	107	133
BankIslami Pakistan Limited - common directorship		
Profit income	2,693	5,212
Askari Bank Limited - common directorship		
Shares purchased - Nil (2019: 721,500)***	-	16,939
Shares sold - 1,552,000 (2019: 1,212,000)***	27,074	26,827
Dividend Income	-	1,847
Pak Brunei Investment Company Limited - unit holder with more than 10% holding**		
Units issued during the year 40,056,505 (2019: Nil)	400,020	-
Units redeemed during the year 24,747,547 (2019: Nil)	264,333	-



	2020	2019
	----- Rupees in '000 -----	
United Bank Limited - unit holder with more than 10% holding		
Units issued during the year Nil (2019: 24,926,964)	-	250,000
Shares purchased - 777,000 (2019: 1,224,100)***	102,201	179,514
Shares sold - 1,161,600 (2019: 669,000)***	174,717	100,262
Dividend Income	7,147	9,274
Pakistan Stock Exchange Limited - common directorship**		
Listing fee paid	25	-
National Clearing Company of Pakistan Limited - common directorship		
Settlement charges	307	138
19.7 Amounts / balances outstanding as at year end		
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	714	1,973
Sindh Sales Tax on remuneration of the Management Company	93	256
Sales load and transfer load payable	1,237	1,067
Sindh Sales Tax payable on sales load and transfer load	161	139
Selling and marketing expenses payable	2,091	2,396
Allocated expenses payable	146	599
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee payable	95	180
Sindh Sales Tax payable on trustee fee	12	24
Security deposit	100	100
Key management personnel of the Management Company		
Units held 162,097 (2019: 241,621)	1,240	2,189
National Bank of Pakistan Limited - parent company		
Shares held - 640,000 (2019: 392,000)	17,696	13,195
BankIslami Pakistan Limited - common directorship		
Bank balances	7,636	41,331
Profit receivable	41	449
Pak Brunei Investment Company Limited - unit holder with more than 10% holding**		
Units held 22,502,305 (2019: Nil)	172,118	-
Summit Bank Limited - common directorship*		
Bank balances	-	1,178
Portfolio Managed by the Management Company		
Units held 5,773,289 (2019: 8,199,644)	44,159	74,296
Askari Bank Limited - common directorship*		
Shares held: Nil (2019: 1,552,000)	-	29,348
United Bank Limited - unit holder with more than 10% holding		
Units held 24,926,964 (2019: 24,926,964)	190,664	225,861
Shares held: 656,300 (2019: 1,040,900)	67,835	153,408
National Clearing Company of Pakistan Limited - common directorship		
Settlement charges payable	25	2
Security Deposit	2,500	2,500



- * Current year figure has not been shown as the company ceased to be a related party / connected person as at June 30, 2020.
- ** Prior year comparative has not been shown as the company was not a related party / connected person as at June 30, 2019.
- *** These are transactions involving shares of related parties held as part of portfolio of the Fund.
- 19.8** Other balances due to / from related parties / connected persons are included in the respective notes to these financial statements.

20 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Bank balances
Investments
Profit receivable
Receivable against sale of investments
Deposits and other receivables

June 30, 2020		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
22,750	-	22,750
-	552,118	552,118
98	-	98
4,078	-	4,078
2,600	-	2,600
29,526	552,118	581,644

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company
Payable to Central Depository Company of Pakistan Limited - the Trustee
Accrued expenses and other liabilities

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	4,442	4,442
-	107	107
-	602	602
-	5,151	5,151

Financial assets

Bank balances
Investments
Profit receivable
Deposits and other receivables

June 30, 2019		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
63,745	-	63,745
-	1,063,204	1,063,204
889	-	889
2,600	-	2,600
67,234	1,063,204	1,130,438



June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
Payable to NBP Fund Management Limited - the Management Company	6,430	6,430
Payable to Central Depository Company of Pakistan Limited - the Trustee	204	204
Accrued expenses and other liabilities	4,803	4,803
	11,437	11,437

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company

Payable to Central Depository Company of Pakistan Limited - the Trustee

Accrued expenses and other liabilities

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

21.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

(i) Yield / interest rate risk

Yield / 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. As at June 30, 2020, the Fund is exposed to such risk on its bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.23 million (2019 : Rs. 0.64 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020 and June 30, 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

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



(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) 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 instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 20% of net assets. There is no sector exposure limit on sector specific fund under NBFC Regulations.

In case of 5% increase / decrease in KSE 100 index on June 30, 2020, with all other variables held constant, the total comprehensive loss of the Fund for the year would increase / decrease by Rs. 27.606 million (2019: Rs. 53.16 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at 'fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

21.2 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 settlement of equity securities and daily 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:



Financial assets

Bank balances
Investments
Profit receivable
Receivable against sale of investments
Deposits and other receivables

June 30, 2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

22,750	-	-	-	-	-	22,750
-	-	-	-	-	552,118	552,118
98	-	-	-	-	-	98
4,078	-	-	-	-	-	4,078
-	-	-	-	-	2,600	2,600
26,926	-	-	-	-	554,718	581,644

Financial liabilities

Payable to NBP Fund Management Limited
- the Management Company
Payable to Central Depository Company of
of Pakistan - the Trustee
Accrued expenses and other liabilities

4,442	-	-	-	-	-	4,442
107	-	-	-	-	-	107
233	369	-	-	-	-	602
4,782	369	-	-	-	-	5,151

Net financial assets

22,144	(369)	-	-	-	554,718	576,493

Financial assets

Bank balances
Investments
Profit receivable
Deposits and other receivables

June 30, 2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

63,745	-	-	-	-	-	63,745
-	-	-	-	-	1,063,204	1,063,204
889	-	-	-	-	-	889
-	-	-	-	-	2,600	2,600
64,634	-	-	-	-	1,065,804	1,130,438

Financial liabilities

Payable to NBP Fund Management Limited
- the Management Company
Payable to Central Depository Company of
of Pakistan - the Trustee
Accrued expenses and other liabilities

6,430	-	-	-	-	-	6,430
204	-	-	-	-	-	204
4,404	399	-	-	-	-	4,803
11,039	399	-	-	-	-	11,438

Net financial assets

53,595	(399)	-	-	-	1,065,804	1,119,000

21.3 Credit risk

21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:



	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- Rupees in '000 -----			
Bank balances	22,750	22,750	63,745	63,745
Investments in quoted equity securities	552,118	-	1,063,204	-
Profit receivable	98	98	889	889
Deposits and other receivables	2,600	2,600	2,600	2,600
Receivable against sale of investments	4,078	4,078	-	-
	<u>581,644</u>	<u>29,526</u>	<u>1,130,438</u>	<u>67,234</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments' guidelines approved by the Investment Committee.

21.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements with banks and mark up accrued thereon. The credit rating profile of bank balances are as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	0.316	0.289
AA+	0.089	0.226
AA-	2.056	0.305
A+	1.320	3.656
A-	-	0.064
BBB-	0.147	-
	<u>3.928</u>	<u>4.541</u>

22 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.



Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020 and June 30, 2019, the Fund held the following financial instruments measured at fair values:

June 30, 2020		
Level 1	Level 2	Level 3
Rupees in '000		

Financial assets

At fair value through profit or loss

-Investments in quoted equity securities

552,118	-	-

June 30, 2019		
Level 1	Level 2	Level 3
Rupees in '000		

Financial assets

At fair value through profit or loss

-Investments in quoted equity securities

1,063,204	-	-

23 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.



24 UNIT HOLDING PATTERN OF THE FUND

Category	June 30, 2020			June 30, 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Bank and DFIs	2	362,782	62.72%	-	-	-
Insurance companies	1	17,880	3.09%	-	-	-
Individuals	193	145,889	25.22%	284	391,612	34.95%
Retirement funds	2	28,392	4.91%	9	215,247	19.21%
Others	3	23,454	4.06%	13	513,769	45.85%
	201	578,397	100%	306	1,120,628	100%

25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2020	Name of broker	2019
	% of commission paid		% of commission paid
Optimus Capital Management Limited	4.98%	Taurus Securities Limited	6.88%
Arif Habib Securities Limited	4.85%	EFG Hermes Pakistan Limited	4.48%
J.S. Global Capital Limited	4.79%	(Formerly: Invest & Finance Securities Limited)	
Taurus Securities Limited	4.72%	Arif Habib Securities Limited	4.44%
EFG Hermes Pakistan Limited	4.55%	Next Capital Limited	4.34%
Topline Securities (Private) Limited	4.51%	Alfalah Securities (Private) Limited	4.22%
Alfalah Securities (Private) Limited	4.45%	Topline Securities (Private) Limited	4.15%
BMA Capital Management Limited	4.32%	Optimus Capital Management Limited	4.12%
Ismail Iqbal Securities (Private) Limited	4.12%	J.S. Global Capital Limited	4.08%
Intermarket Securities Limited	3.74%	BMA Capital Management Limited	4.01%
		Insight Securities (Private) Limited	3.93%
		(Formerly Pardesi Securities (Private) Limited)	

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	32
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	20
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	14
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9



27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	Fund Manager	CFA	NBF, NIAAEF, NIEF, NIRIF, NISIF, NSIF, NSF

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 72nd, 73rd, 74th, 75th Board meetings were held on August 30, 2019, October 24, 2019, February 27, 2020, April 27, 2020, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of director	Number of meetings			Meetings not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [note 28.1]	3	2	1	74th Meeting
Syed Hasan Irtiza Kazmi [note 28.2]	3	3	-	-
Mr. Nasir Husain [note 28.3]	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar [note 28.4]	1	-	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [note 28.5]	1	1	-	-
Mr. Khalid Mansoor [note 28.6]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [note 28.7]	1	1	-	-
Mr. Saad Amanullah Khan [note 28.8]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

28.1 Mr. Saad ur Rahman Khan was appointed as director on the Board with effect from October 04, 2019.

28.2 Syed Hasan Irtiza Kazmi was appointed as director on the Board with effect from October 04, 2019.

28.3 Mr. Nasir Husain retired from the Board with effect from October 04, 2019.

28.4 Mr. Abdul Hadi Palekar retired from the Board with effect from October 04, 2019.

28.5 Mr. Kamal Amir Chinoy retired from the Board with effect from October 04, 2019.

28.6 Mr. Khalid Mansoor was appointed as director on the Board with effect from October 04, 2019.

28.7 Mr. Shehryar Faruque retired from the Board with effect from October 04, 2019.

28.8 Mr. Saad Amanullah Khan was appointed as director on the Board with effect from October 04, 2019.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 17, 2020.



30 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

31 GENERAL

Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

31.1 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Time period to ensure compliance with the minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- c) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

31.2 Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020	For the year ended June 30, 2019	For the period from February 14, 2018 to June 30, 2018
Net assets at the year / period ended (Rs '000)	578,397	1,120,628	1,035,890
Net loss for the year / period ended (Rs '000)	(110,486)	(132,584)	(29,910)
Net Asset Value per unit at the year / period ended (Rs)	7.6489	9.0609	10.0006
Offer Price per unit	7.9082	9.3685	10.3397
Redemption Price per unit	7.6489	9.0609	10.0006
Ex - Highest offer price per unit (Rs.)	11.3648	11.0033	11.2451
Ex - Lowest offer price per unit (Rs.)	7.1211	9.2630	10.0000
Ex - Highest redemption price per unit (Rs.)	10.9922	10.6425	10.8764
Ex - Lowest redemption price per unit (Rs.)	6.8876	8.9593	9.6907
Opening Nav of Fiscal Year	9.0609	10.0006	10.0000
Total return of the fund	-15.6%	-9.40%	0.01%
Capital growth	-15.6%	-9.40%	0.01%
Income distribution as a % of e x nav	-	-	-
Income distribution as a % of par value	-	-	-
Distribution			
Interim distribution per unit	-	-	-
Final distribution per unit	-	-	-
Distribution Dates			
Interim			
Final			
Average annual return of the fund (launch date February 14, 2018)			
(Since inception to June 30, 2020)	-10.7%		
(Since inception to June 30, 2019)		-6.93%	
(Since inception to June 30, 2018)			0.02%
Portfolio Composition (Please see Fund Manager Report)			
<i>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</i>			



PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP FINANCIAL SECTOR FUND				
Resolutions	For	Against	Abstain*	
Number	5	5	Nil	N/A
(%)	100%	100%	-	-

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NBP FUNDS

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NBP INCOME OPPORTUNITY FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

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



Faysal Bank Limited
Silk Bank Limited
Soneri Bank Limited
The Bank of Punjab
Telenor Microfinance Bank Limited
U Microfinance Bank Limited
Al Baraka Bank Limited
Dubai Islamic Bank Limited
Khushhali Bank Limited
Bankislami Pakistan Limited
NRSP Microfinance Bank Limited
First Microfinance Bank Limited
Mobilink Microfinance Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
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
Fax: 091-5703202

Multan Office:

Khan Center, 1st Floor,
Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2&4



Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Office



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



Syed Hasan Irtiza Kazmi
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Mr. Saad ur Rehman
Director



Mr. Imran Zaffar
Director

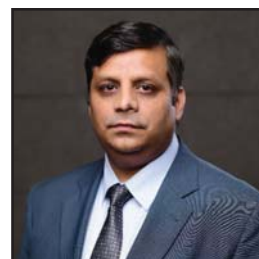
Senior Management



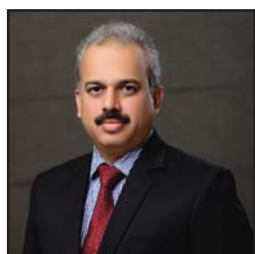
Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head Of Operations



Mr. Salman Ahmed, CFA
Head Of Product Development



Mr. Saadat Saeed, ACA, CFA
Head Of Investment Risk.



Mr. Shahid Javed
Head Of Operational Risk



Mr. Shahbaz Umer
Head Of Human Resource



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Fifteenth Annual Report of **NBP Income Opportunity Fund (NIOF)** for the year ended June 30, 2020.

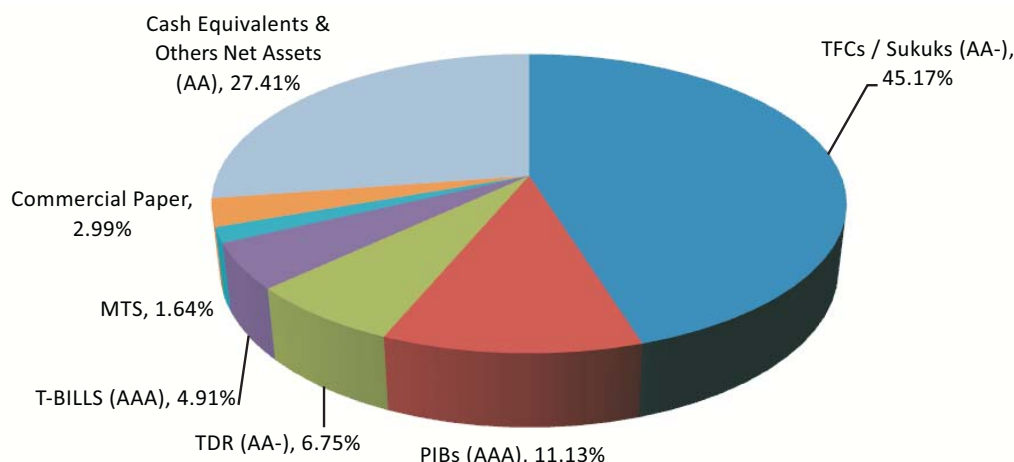
Fund's Performance

The size of NBP Income Opportunity Fund has decreased from Rs. 5,296 million to Rs. 4,000 million during the period, i.e. a decline of 24%. During the said period, the unit price of the Fund has increased from Rs. 9.4874 (Ex-Div) on June 30, 2019 to Rs. 10.7550 on June 30, 2020 thus posting a return of 13.3% as compared to its Benchmark return of 12.2% for the same period. The return of the Fund is net of management fee and all other expenses.

NIOF is categorized as an Income Scheme and has been awarded stability rating of A (f) by PACRA. During FY2020, trading activity in TFCs/Sukuks surged by 87% with a cumulative traded value of around Rs. 29 billion compared to Rs. 16 billion in FY2019. The market also witnessed a substantial increase in the primary issuance as the demand for long-term credit rose notably from the Power sector. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

The Fund has earned a total income of Rs. 699.77 million during the year. After accounting for total expenses of Rs. 102.80 million, the net income is Rs. 596.97 million.

The asset allocation of NBP Income Opportunity Fund as on June 30, 2020 is as follows:





Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 13.10% of the opening ex-NAV (14.06% of the par value) for the period ended June 30, 2020.

Taxation

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

Auditors

The present auditor Messrs Deloitte Yousuf Adil & Co., Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs A.F. Ferguson & Co., Chartered Accountants, for the year ending June 30, 2021.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 29 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 28 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 25 to these financial statements.
13. The Management 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, 2020, the Board included:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Saad ur Rahman Khan 3. Syed Hasan Irtiza Kazmi 4. Mr. Ali Saigol 5. Mr. Imran Zaffar



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: September 17, 2020
Place: Karachi.



ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی انکم اپرچونٹی فنڈ (NIOF) کی پندرہویں سالانہ رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

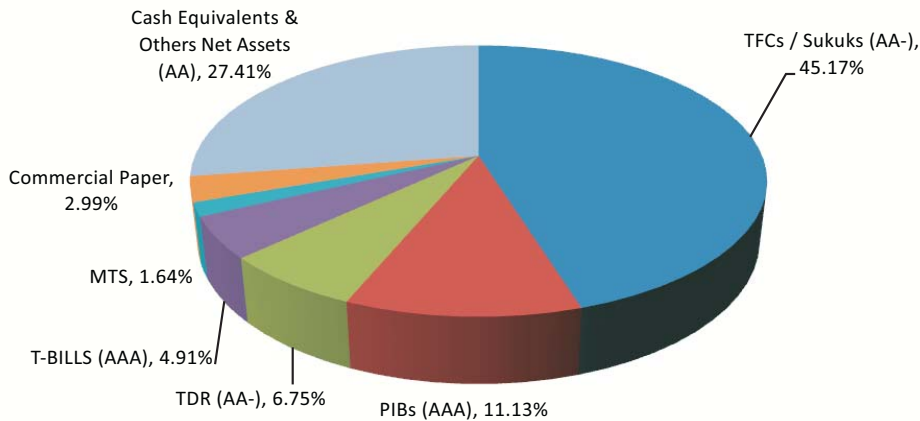
فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP انکم اپرچونٹی فنڈ کا سائز 5,296 ملین روپے سے کم ہو کر 4,000 ملین روپے ہو گیا ہے یعنی 24% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.4874 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 10.7550 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بنچ مارک 12.2% کے مقابلے میں 13.3% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ NIOF کی انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے (f) A کی مستحکم ریٹنگ دی گئی ہے۔

مالی سال 2020 کے دوران، TFCs / سلوک میں تجارتی سرگرمی مالی سال 2019 میں 16 ملین روپے کے مقابلے میں مالی سال 2020 کے دوران 87 فیصد اضافے کے ساتھ تقریباً 29 ملین روپے کی مجموعی تجارتی قیمت رہی۔ طویل مدتی کرڈٹ کی طلب خاص طور پر پاور سیکٹر کے شعبہ میں قابل ذکر حد تک بڑھ گئی جیسا کہ بنیادی اجراء میں اضافہ دیکھا گیا۔ اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر جسکی وجہ (i) زرمبادلہ کی شرح گراؤ، (ii) یوٹی لینی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 میں کئے گئے دیگر اقدامات، کے باعث پیدا ہونے والے خطرات کا مقابلہ کرنے کیلئے اسٹیٹ بینک آف پاکستان نے جولائی 2019 میں پالیسی کی شرح 100bps سے بڑھا کر 13.25 فیصد کر دی۔ طویل وقفے کے بعد، اسٹیٹ بینک آف پاکستان نے 17 مارچ، 2020 کو منعقدہ اپنے MPC اجلاس میں پالیسی کی شرح کو 25bps سے کم کر دیا۔ معیشت کو کورونا وائرس کے اثرات سے نجات دلانے کے لئے، اسٹیٹ بینک آف پاکستان نے جارحانہ مانیٹری پالیسی میں آسانی پیدا کی اور مختصر مدت میں پالیسی کی شرح 625bps سے کم کر کے 7 فیصد کر دی۔ پالیسی کی شرح میں کمی کے اثرات گورنمنٹ بانڈ منافع پر بھی اثر انداز ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ کی T-Bills کے منافع میں بالترتیب 566bps، 580bps اور 608bps کی کمی واقع ہوئی۔ SBP نے زیر جائزہ مدت کے دوران سٹائیکس (27) T-Bills نیلامیاں منعقد کیں اور کل 14,317 ملین روپے جمع کئے

این بی پی انکم اپرچونٹی فنڈ (NIOF) کو سال کے دوران 699.77 ملین روپے کی مجموعی آمدنی ہوئی ہے۔ 102.80 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 596.97 ملین روپے ہے۔

30 جون 2020 کو NIOF کی ایسٹ ایلوکیشن حسب ذیل ہے:





آمدنی کی تقسیم

مہجنت کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اویپنگ ex-NAV کا 13.10% (بنیادی قدر کا 14.06%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز Deloitte پوسٹ عادل اینڈ کو، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور فنڈ کے آڈیٹر کی صلاحیت میں اپنی پانچ سالہ مدت مکمل کر لی ہے۔ نان بینکنگ فنانس کمپنیز کی ریگولیشن (i) 38 اور نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز 2008 کے تقاضے کے مطابق ان کی تبدیلی ضروری ہے۔ بورڈ نے 30 جون 2021 کو ختم ہونے والے سال کے لئے میسرز اے ایف فرگوسن اینڈ کمپنی،، چارٹرڈ اکاؤنٹنٹس، کی تقرری کی منظوری دی ہے۔

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

1. مہجنت کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مہجنت کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 29 میں کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، ای ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی متاثری انٹریسٹ نہیں رکھتی۔



30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

نام	کینگری
1. جناب خالد منصور 2. جناب سعد امان اللہ خان 3. جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1. شیخ محمد عبدالواحد سیٹھی (چیئر مین) 2. جناب سعد الرحمان خان 3. جناب سید حسن ارتضیٰ کاظمی 4. جناب علی سیگل 5. جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجسٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Income Opportunity Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.

Abdul Samad

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NBP Income Opportunity Fund

NBP Income Opportunity Fund (NIOF) is an Open-End Income Scheme.

The objective of NIOF is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market & debt securities having good credit rating and liquidity.

Benchmark

6 Month - KIBOR.

Fund Performance Review

This is the Fifteenth Annual report since the launch of the Fund on April 21, 2006. The Fund size decreased by 24% during FY20 and stands at Rs. 4,000 million as of June 30, 2020. The Fund's return since its inception is 8.4% p.a. versus the benchmark return of 10.2% p.a. During FY20, the Fund posted a return of 13.3% as compared to the benchmark return of 12.2%. The return of the Fund is net of management fee and all other expenses.

The Yield to Maturity of the Fund at year-end FY20 is around 10.3% while that of the TFC portfolio is 9.7%. The yield does not include potential recovery in fully provided TFCs (Face Value of around Rs 874 million), which is a potential upside for the Fund. The Fund's TFC portfolio allocation is fairly diversified with exposure to Banking, Financial Service, Textile Composite, Sugar & Allied Industries and Power Generation & Distribution sectors.

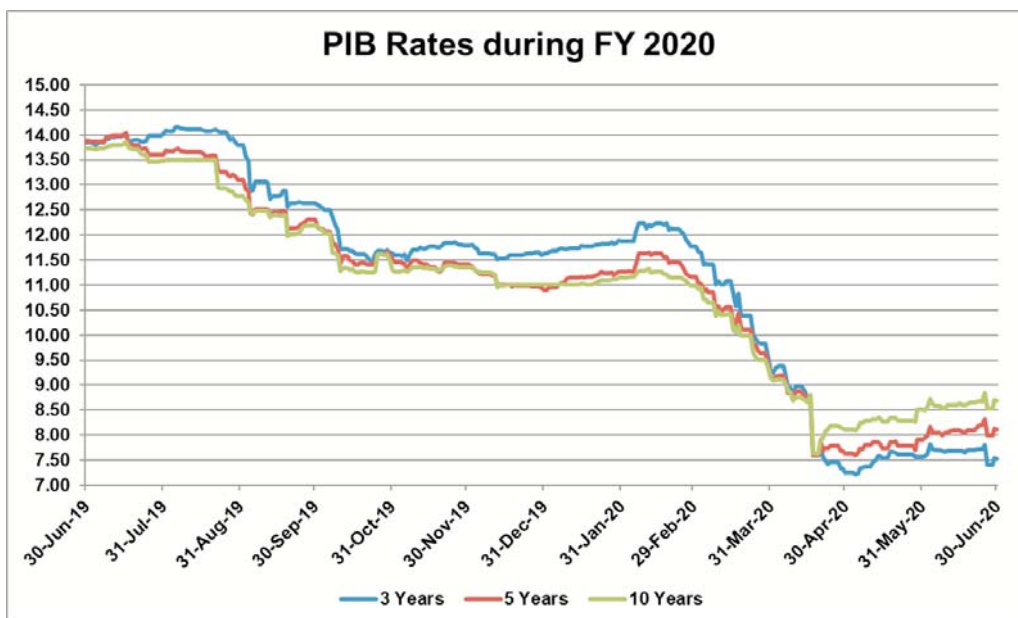
During FY2020, trading activity in TFCs/Sukuks surged by 87% with a cumulative traded value of around Rs. 29 billion compared to Rs. 16 billion in FY2019. The market also witnessed a substantial increase in the primary issuance as the demand for long-term credit rose notably from the Power sector. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation from the exchange rate depreciation, increase in utility prices, and other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
TFCs/Sukuks	45.17%	35.76%
PIBs	11.13%	-
T-Bills	4.91%	0.37%
Commercial Paper	2.99%	-
Placements with Banks	6.75%	2.43%
Money Market Placements	-	16.83%
Margin Trading System (MTS)	1.64%	-
Equity	-	-
Cash (Cash Equivalents) & Other Assets	27.41%	44.61%
Total	100.00%	100.00%



PIB yields during the year are shown in below graph:



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June-20	14.06%	12.1360	10.7303

Details of Non-Compliant Investments

Particulars	Type of investment	Value of Investment Before Provision	Provision Held	Value of Investment After Provision	% of Net Assets	% of Gross Assets
PACE Pakistan Limited - Revised 15-FEB-08 15-FEB-22	TFC	149,820,000	149,820,000	0	0%	0%
Azgard Nine Limited V (PPTFC Markup) 31-MAR-12 31-MAR-21	TFC	82,180,000	82,180,000	0	0%	0%
Worldcall RS - III 10-APR-18 20-SEP-26	TFC	74,976,975	74,976,975	0	0%	0%
New Allied Electronics Limited (PP) 15-MAY-07 15-NOV-20	TFC	31,706,536	31,706,536	0	0%	0%
AgriTech Limited V 01-JUL-11 01-JAN-25	TFC	32,320,000	32,320,000	0	0%	0%
AgriTech Limited I - Revised II 29-NOV-07 29-NOV-25	TFC	149,860,200	149,860,200	0	0%	0%
Azgard Nine Limited III (PP) - Revised 04-DEC-07 04-DEC-20	TFC	108,376,850	108,376,850	0	0%	0%
Saudi Pak Leasing Company Limited - Revised II 13-MAR-08 13-MAR-21	TFC	41,321,115	41,321,115	0	0%	0%
New Allied Electronics Limited II - Sukuk 03-DEC-07 03-DEC-20	Sukuk	44,148,934	44,148,934	0	0%	0%
Eden House Limited - Sukuk Revised 29-MAR-08 29-SEP-25	Sukuk	9,056,250	9,056,250	0	0%	0%
Dewan Cement Limited (Pre-IPO) 17-JAN-08 17-JAN-22	TFC	150,000,000	150,000,000	0	0%	0%
Azgard Nine Limited (Non-Voting Ordinary Shares)	Equity	12,854	12,854	0	0%	0%
Total		873,779,714	873,779,714	0	0%	0%



Unit Holding Pattern of NBP Income Opportunity Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	455
1-1000	1,226
1001-5000	387
5001-10000	167
10001-50000	476
50001-100000	256
100001-500000	311
500001-1000000	37
1000001-5000000	34
5000001-10000000	3
10000001- 100000000	3
100000001 - 1000000000	1
Total	3,356

During the period under question:

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Income Opportunity Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 41.682mn. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Re.0.1121 per unit. For details, investors are advised to read note 20 of the Financial Statement of the Scheme for the year ended June 30, 2020.



INDEPENDENT AUDITORS' REPORT

To the unit holders of NBP Income Opportunity Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **NBP Income Opportunity Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

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

Key audit matters

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	Valuation and existence of investment Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund. The Fund's primary activity is, inter alia, to invest in Government securities (treasury bills, Pakistan investment bond), term finance certificates, sukuks, term deposit receipt and commercial paper which is the main driver of the Fund's performance. Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.	We performed the following procedures during our audit of investments: - obtained understanding of relevant controls placed by the Management Company applicable to the balance; - independently verified existence of investments from Central Depository Company (CDC), Investor Portfolio - Services (IPS) account statements and other statement; - performed test of details on sale, purchase and maturity of investments on a sample basis;



S. No.	Key Audit Matter	How the matter was addressed in our audit
		• tested valuation of investments; and • any differences identified during our testing that were over our acceptable threshold were investigated.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Naresh Kumar**.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 30, 2020
Place: Karachi



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
ASSETS			
Bank balances	5	1,151,141	2,418,997
Investments	6	2,837,941	2,933,092
Receivable against margin trading system	7	65,692	-
Mark-up accrued	8	62,815	54,566
Deposits and other receivables	9	11,374	16,110
Receivable against transfer of units	10	16,636	2
Total assets		4,145,599	5,422,767
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	11	14,756	24,468
Payable to Central Depository Company of Pakistan Limited - Trustee	13	288	519
Payable to the Securities and Exchange Commission of Pakistan	14	964	4,307
Payable against redemption of units		1,222	1,534
Accrued expenses and other liabilities	15	127,952	96,170
Total liabilities		145,182	126,998
NET ASSETS		4,000,417	5,295,769
UNIT HOLDERS' FUND (as per statement attached)		4,000,417	5,295,769
Contingencies and commitments	16		
Number of units			
Number of units in issue	17	371,960,210	493,535,933
Rupees			
Net asset value per unit	18	10.7550	10.7303

The annexed notes from 1 to 35 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	Rupees in '000	
INCOME			
Return / mark-up on:			
- bank balances and term deposit receipts		288,284	325,094
- term finance certificates and sukuks		302,400	198,273
- government securities		48,947	15,431
- letter of placement and commercial papers		40,594	42,661
- margin trading system		1,645	13,971
Net loss on spread transactions		(617)	(4,102)
Dividend income on spread transactions		7,723	9,485
Net gain / (loss) on sale of investments		10,842	(358)
Net unrealised loss on re-measurement of investments at fair value through profit or loss	6.9	(46)	(17,545)
Reversal of provision in respect of non-performing investments		-	19,879
Total income		699,772	602,789
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	11.1	38,508	49,097
Sindh Sales Tax on remuneration of the Management Company	11.2	5,006	6,383
Reimbursement of operational expenses to the Management Company	11.3	4,820	5,743
Selling and marketing expenses	12	33,266	18,085
Remuneration of Central Depository Company of Pakistan Limited - Trustee	13.1	3,615	5,620
Sindh Sales Tax on remuneration of the Trustee	13.2	470	731
Annual fee to the Securities and Exchange Commission of Pakistan	14	964	4,307
Securities transaction costs		1,374	993
Settlement and bank charges		1,389	2,509
Auditors' remuneration	19	688	645
Fund rating fee		478	457
Printing expense		9	-
Annual listing fee		28	28
Total expenses		90,615	94,598
Net income from operating activities		609,157	508,191
Provision for Sindh Workers' Welfare Fund	20	(12,183)	(10,164)
Net income for the year before taxation		596,974	498,027
Taxation	21	-	-
Net income for the year after taxation		596,974	498,027
Earnings per unit	22		
Allocation of net income for the year			
Net income for the year after taxation		596,974	498,027
Income already paid on units redeemed		(169,492)	(106,779)
		427,482	391,248
Accounting income available for distribution			
Relating to capital gain		8,254	-
Excluding capital gain		419,228	391,248
		427,482	391,248

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	-----
Net income for the year after taxation	596,974	498,027
Other comprehensive income		
Items that may not be reclassified subsequently to income statement:		
Net unrealised gain on re-measurement of investments classified as 'fair value through other comprehensive income' before sale of investments	-	6,549
Total comprehensive income for the year	596,974	504,576

The annexed notes from 1 to 35 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NBP FUNDS
Managing Your Savings

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020

	2020				2019			
	(Rupees in '000)							
	Capital value	Undistributed income	Fair value through Other Comprehensive Income reserve (FVTOCI)	Total	Capital value	Undistributed income	Fair value through Other Comprehensive Income reserve (FVTOCI)	Total
Net assets at beginning of the year	4,800,495	495,274	-	5,295,769	5,590,674	760,482	-	6,351,156
Issuance of 304,146,950 units (2019: 460,526,320 units)								
- Capital value	3,306,998	-	-	3,306,998	4,925,973	-	-	4,925,973
- Element of income	84,933	-	-	84,933	97,853	-	-	97,853
Total proceeds on issuance of units	3,391,931	-	-	3,391,931	5,023,826	-	-	5,023,826
Redemption of 425,722,673 units (2019: 530,693,909 units)								
- Capital value	(4,568,132)	-	-	(4,568,132)	(5,676,514)	-	-	(5,676,514)
- Element of loss	(84,216)	(169,492)	-	(253,708)	(22,219)	(106,779)	-	(128,998)
Total payments on redemption of units	(4,652,348)	(169,492)	-	(4,821,840)	(5,698,733)	(106,779)	-	(5,805,512)
Total comprehensive income for the year	-	596,974	-	596,974	-	498,027	6,549	504,576
Transfer due to sale of investments classified at FVTOCI	-	-	-	-	-	6,549	(6,549)	-
Interim distribution @ Rs. 1.4057 / unit declared on June 26, 2020	(43,410)	(419,007)	-	(462,417)	-	-	-	-
Interim distribution @ Re. 0.5589 / unit declared on June 24, 2019	-	-	-	-	(39,560)	(229,467)	-	(269,027)
Interim distribution @ Re. 0.3754 / unit declared on December 20, 2018	-	-	-	-	(37,391)	(150,323)	-	(187,714)
Final distribution @ Re.0.5704 / unit declared on July 04, 2018	-	-	-	-	(38,321)	(283,215)	-	(321,536)
	(43,410)	(419,007)	-	(462,417)	(115,272)	(663,005)	-	(778,277)
Net assets at end of the year	3,496,668	503,749	-	4,000,417	4,800,495	495,274	-	5,295,769
Undistributed income brought forward								
- Realised		512,819				779,623		
- Unrealised		(17,545)				(19,141)		
		495,274				760,482		
Accounting income available for distribution								
- Relating to capital gain		8,254				-		
- Excluding capital gains		419,228				391,248		
		427,482				391,248		
Other comprehensive income transferred to Undistributed income		-				6,549		
Interim / final distributions		(419,007)				(663,005)		
Undistributed income carried forward		503,749				495,274		
Undistributed income carried forward								
- Realised		503,795				512,819		
- Unrealised		(46)				(17,545)		
		503,749				495,274		
					- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the year				10.7303				11.2668
Net assets value per unit at end of the year				10.7550				10.7300

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
Note	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	596,974	498,027
Adjustments:		
Return / markup on:		
- bank balances and term deposit receipts	(288,284)	(325,094)
- term finance certificates and sukuks	(302,400)	(198,273)
- government securities	(48,947)	(15,431)
- letter of placement and commercial papers	(40,594)	(42,661)
- margin trading system	(1,645)	(13,971)
Net loss on spread transactions	617	4,102
Dividend income on spread transactions	(7,723)	(9,485)
Net unrealised loss on re-measurement of investments at fair value through profit or loss	46	17,545
Net (gain) / loss on sale of investments	(10,842)	358
Provision for Sindh Workers' Welfare Fund	12,183	10,164
Reversal of provision in respect of non-performing investments	-	(19,879)
	(687,589)	(592,625)
	(90,615)	(94,598)
(Increase) / decrease in assets		
Investments - net	(22,905)	(332,080)
Receivable against margin trading system	(65,692)	316,768
Deposits and other receivables	4,736	(6,121)
	(83,861)	(21,433)
Increase / (decrease) in liabilities		
Payable to the Management Company	(9,712)	11,101
Payable to the Trustee	(231)	(100)
Payable to the Securities and Exchange Commission of Pakistan	(3,343)	(1,926)
Accrued expenses and other liabilities	19,599	(9,552)
	6,313	(477)
Mark-up received on bank balances and term deposit receipts	277,398	326,777
Mark-up received on term finance certificates and sukuks	316,574	177,908
Mark-up received on government securities	37,599	15,431
Mark-up received on margin trading system	1,456	14,867
Mark-up received on letter of placement and commercial papers	40,594	42,661
Income from spread transactions received	(617)	(4,102)
Dividend received on spread transactions	7,723	9,505
Net cash generated from operating activities	512,564	466,539
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	3,331,887	4,908,551
Amounts paid on redemption of units	(4,822,152)	(5,805,512)
Distributions paid	(419,007)	(663,005)
Net cash used in financing activities	(1,909,272)	(1,559,966)
Net decrease in cash and cash equivalents during the year	(1,396,708)	(1,093,427)
Cash and cash equivalents at the beginning of the year	2,547,849	3,641,276
Cash and cash equivalents at the end of the year	1,151,141	2,547,849

5.4

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019****1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** NBP Income Opportunity Fund ("the Fund") was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on February 11, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as an income scheme and other allied matters.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund classified as an 'income scheme' by the Management Company and is listed on the Pakistan Stock Exchange Limited. 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 objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return by investing in money market and debt securities having good credit rating and liquidity. Other avenues of investments include ready future arbitrage in listed securities and transactions under margin trading system.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and a stability rating of A(f) to the Fund.

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

1.2 Impact of COVID -19

"A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown.

General economic activities in Pakistan also slowed down together with fluctuating trend in Pakistan Stock Exchange during lock down period i.e. from March 22, 2020 to May 9, 2020. However, to deal with such situation, regulators / governments across the country have introduced measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time. These mainly include:

- Time period to regularize the exposure limits breach has been extended;
- Time period to compliance with minimum size has been increased;
- Time for the announcement of daily NAV has been relaxed; and
- Reduction in the interest rate by the State Bank of Pakistan

The management is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff including remote working. Further, the Management has not identified any material adverse impact on the financial performance of the Funds due to COVID-19 pandemic situation.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards



as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan. It requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification and valuation of financial assets (Note 4.2.2.1 and 6)
- (b) impairment of financial assets (Note 4.2.3)
- (c) provisions (Note 4.6)

3. ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS:

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact, other than certain additional disclosures on the Fund's financial statements.



Effective from accounting period beginning on or after:

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
IFRS 14 – Regulatory Deferral Accounts.	July 01, 2019

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

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

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

Effective from accounting period beginning on or after:

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform.	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions.	January 01, 2020



Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.

January 01, 2022

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.

January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract.

January 01, 2022

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.

January 01, 2023

Certain annual improvements have also been made to a number of IFRSs, which are also not expected to have material impact on final reporting of the fund.

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

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 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.

4.2 Financial assets and liabilities

4.2.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

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

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

4.2.2 Classification and measurement

4.2.2.1 Financial Assets

IFRS 9 contains three principal classification categories for financial assets:

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



Financial asset at amortised cost

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

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

Financial Asset at FVTOCI

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

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

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

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

Financial asset at FVTPL

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

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

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

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

Business Model Assessment

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost. Further, the Fund has investment in term deposit receipts which are classified as 'at fair value through profit or loss'.



4.2.2.2 Financial Liabilities

The Company classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Measured at Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

Classification and measurement of financial liabilities

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

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

The adoption of IFRS 9 does not have any impact on the Fund's accounting policies related to financial liabilities.

4.2.3 Impairment of financial assets

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the



average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

Basis of valuation of equity securities:

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

4.2.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.6 Derecognition

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

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

4.2.7 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.3 Impairment of non financial assets

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

4.4 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.

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

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

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

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all



units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

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

4.6 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.

4.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Mark-up / return on bank balances and term deposits, term finance certificates and sukuks, government securities, letter of placement and commercial papers are recognised on a time apportionment basis using the effective interest method.
- Income on transactions under margin trading system is recognised on an accrual basis.

4.8 Expenses

All expenses, including remuneration of the Management Company, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

4.9 Distributions to the unit holders

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

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

4.10 Taxation

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

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

4.11 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.



4.12 Spread transactions (ready-future transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as 'financial assets at fair value through profit or loss and carried on the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the Income Statement.

4.13 Securities under margin trading system

Securities purchased under margin financing are included as 'receivable against Margin Trading System (MTS)' at the fair value of consideration given. All MTS transactions are accounted for on the settlement date. Income on MTS is calculated on outstanding balance at agreed rates and recorded in the income statement. Transaction costs are expensed in the income statement.

		2020	2019
	Note	Rupees in '000	
5. BANK BALANCES			
Current accounts	5.1	7,396	10,769
Saving accounts	5.2 and 5.3	1,143,745	2,408,228
		1,151,141	2,418,997

5.1 These include bank balance of Rs. 0.07 million (June 30, 2019: Rs. 0.07 million), maintained with National Bank of Pakistan (related party).

5.2 These saving accounts carry mark-up at the rates ranging from 5.5% to 15.5% per annum (2019: 6.10% to 14.00% per annum).

5.3 These include bank balances of Rs. 8.94 million and Rs. 1.19 million (June 30, 2019: Rs. 13.70 million and Rs. 0.12 million), which are maintained with National Bank of Pakistan and Bank Islami Pakistan Limited (related parties) respectively, and parties carry mark-up at the rate of 5.5% and 7.25% (June 30, 2019: 8.75%) per annum.

		2020	2019
	Note	Rupees in '000	
5.4 Cash and cash equivalents			
Current accounts		7,396	10,769
Saving accounts		1,143,745	2,408,228
Term deposit receipts		-	128,852
		1,151,141	2,547,849

6. INVESTMENTS

At fair value through profit or loss

Equity securities - listed	6.1	-	-
Equity securities - listed (spread transactions)	6.2	-	-
Government securities	6.3	641,545	19,788
Term finance certificates - listed	6.4	-	162,359
Term finance certificates - unlisted	6.5	868,428	1,298,388
Sukuks	6.6	938,553	433,270
Term deposit receipts	6.7	270,000	128,852
Commercial paper	6.8	119,415	890,435
		2,837,941	2,933,092



6.1 Equity securities - listed at fair value through profit or loss

Name of the investee company	Number of shares					Market value as at June 30, 2020	Investment as a percentage of		
	As at July 01, 2019	Purchased during the year	Bonus / Right shares	Sold during the year	As at June 30, 2020		Net assets	Market value of total investments	Paid-up capital of the investee company

Rs. in '000

%

All shares have a nominal face value of Rs 10 each.

PERSONAL GOODS

Azgard Nine Limited - Non-voting	308	-	-	-	308	-	-	-	-
Carrying value / market value as at June 30, 2020									

6.2 Equity securities - listed (spread transactions) at fair value through profit or loss

The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market.

Name of the investee company	Number of shares				Market value as at June 30, 2020	Investment as a percentage of		
	As at July 01, 2019	Purchased during the year	Sold during the year	As at June 30, 2020		Net assets	Market value of total investments	Paid-up capital of the investee company

Rs. in '000

%

All shares have a nominal face value of Rs. 10 each except for K-Electric Limited which have a face value of Rs. 3 each.

AUTOMOBILE ASSEMBLER

Pak Suzuki Motor Company Limited	-	13,000	13,000	-	-	-	-	-
The General Tyre and Rubber	-	3,000	3,000	-	-	-	-	-

CEMENT

D.G. Khan Cement Company Limited	-	178,000	178,000	-	-	-	-	-
Fauji Cement Company Limited	-	1,643,000	1,643,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	606,500	606,500	-	-	-	-	-
Lucky Cement Limited	-	423,000	423,000	-	-	-	-	-
Pioneer Cement Limited	-	607,500	607,500	-	-	-	-	-
Kohat Cement Company Limited	-	1,500	1,500	-	-	-	-	-

COMMERCIAL BANKS

Habib Bank Limited	-	22,500	22,500	-	-	-	-	-
Bank of Punjab	-	5,891,000	5,891,000	-	-	-	-	-

FERTILIZER

Engro Fertilizers Limited	-	201,000	201,000	-	-	-	-	-
Engro Corporation Limited	-	72,500	72,500	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	576,500	576,500	-	-	-	-	-
Fauji Fertilizer Company Limited	-	18,500	18,500	-	-	-	-	-

POWER GENERATION AND DISTRIBUTION

K-Electric Limited	-	2,927,000	2,927,000	-	-	-	-	-
Kot Addu Power Company Limited	-	3,000	3,000	-	-	-	-	-



Name of the investee company	Number of shares				Market value as at June 30, 2020	Investment as a percentage of		
	As at July 01, 2019	Purchased during the year	Sold during the year	As at June 30, 2020		Net assets	Market value of total investments	Paid-up capital of the investee company
					Rs. in '000		%	
OIL AND GAS EXPLORATION COMPANIES								
Oil and Gas Development Company Limited	-	487,500	487,500	-	-	-	-	-
Pakistan Petroleum Limited	-	335,500	335,500	-	-	-	-	-
Pakistan Oilfields Limited	-	97,000	97,000	-	-	-	-	-
OIL AND GAS MARKETING COMPANIES								
Pakistan State Oil Company Limited	-	183,000	183,000	-	-	-	-	-
Sui Southern Gas Company Limited	-	1,073,500	1,073,500	-	-	-	-	-
HASCOL Petroleum Limited	-	534,000	534,000	-	-	-	-	-
FOOD AND PERSONAL CARE PRODUCTS								
Frieslandcampins Engro Foods Limited	-	1,000	1,000	-	-	-	-	-
Unity Food Limited	-	4,269,000	4,269,000	-	-	-	-	-
REFINERY								
Attock Refinery Limited	-	150,000	150,000	-	-	-	-	-
National Refinery Limited	-	16,500	16,500	-	-	-	-	-
CABLE AND ELECTRICAL GOODS								
Pak Elektron Limited	-	1,109,000	1,109,000	-	-	-	-	-
PHARMACEUTICALS								
The Searle Company Limited	-	94,500	94,500	-	-	-	-	-
TEXTILE COMPOSITE								
Nishat Mills Limited	-	125,500	125,500	-	-	-	-	-
TECHNOLOGY AND COMMUNICATION								
Avanceon Limited	-	25,000	25,000	-	-	-	-	-
STEEL INDUSTRY								
Mughal Iron and Steel industries	-	107,500	107,500	-	-	-	-	-
Ameril Steel Limited	-	325,500	325,500	-	-	-	-	-
CHEMICAL								
Engro Polymer & Chemicals Limited	-	81,000	81,000	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	760,500	760,500	-	-	-	-	-
Descon Oxychem Limited	-	500	500	-	-	-	-	-
Carrying value / market value as at June 30, 2020								



6.3 Government securities

6.3.1 Market treasury bills

Issue Date	Tenor	Face value				Market value as at June 30, 2020	Investment as a percentage of	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments
----- Rupees in '000 -----						----- % -----		
May 9, 2019	3 months	20,000	-	20,000	-	-	-	-
October 10, 2019	1 year	-	500,000	500,000	-	-	-	-
November 7, 2019	1 year	-	500,000	500,000	-	-	-	-
December 11, 2019	3 months	-	150,000	150,000	-	-	-	-
January 20, 2020	3 months	-	150,000	150,000	-	-	-	-
February 18, 2020	3 months	-	150,000	150,000	-	-	-	-
February 27, 2020	3 months	-	250,000	250,000	-	-	-	-
February 27, 2020	1 year	-	250,000	250,000	-	-	-	-
March 12, 2020	3 months	-	375,000	375,000	-	-	-	-
March 12, 2020	1 year	-	250,000	250,000	-	-	-	-
May 7, 2020	6 months	-	100,000	-	100,000	97,626	2.44	3.44
May 7, 2020	3 months	-	375,000	375,000	-	-	-	-
June 18, 2020	3 months	-	100,000	-	100,000	98,656	2.47	3.48
Market value as at June 30, 2020						196,282		
Carrying value before mark to market as at June 30, 2020						195,903		

6.3.1.1 The effective yield on market treasury bills is 13.43% per annum (June 30, 2019: 12.58% per annum).

6.3.1.2 Investments include treasury bills with market value of Rs.196.2 million (June 30, 2019: Rs. 19.789 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no. 11 dated October 23, 2007 issued by SECP.

6.3.2 Pakistan investment bonds

Issue Date	Tenor	Face value				Market value as at June 30, 2020	Investment as a percentage of	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments
----- Rupees in '000 -----						----- % -----		
September 19, 2019	3 years	-	100,000	-	100,000	103,283	2.58	3.64
September 19, 2019	5 years	-	325,000	-	325,000	341,980	8.55	12.05
Market value as at June 30, 2020						<u>445,263</u>		
Carrying value before mark to market as at June 30, 2020						<u>416,357</u>		

6.3.2.1 These Pakistan investment bonds carry rate of return ranging from 9% to 9.5% per annum.



6.4 Term finance certificates - listed

Name of the investee company	Number of certificates				Market value as at June 30, 2020	Investment as a percentage of		
	As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments	Issue size
					Rs. in '000		%	
All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise.								
Bank Alfalah Limited - V	32,550	-	32,550	-	-	-	-	3.26
Pace (Pakistan) Limited 6.4.1	30,000	-	-	30,000	-	-	-	10.00
Saudi Pak Leasing Company Limited 6.4.1	15,000	-	-	15,000	-	-	-	10.00
Worldcall Telecom Limited 6.4.1	45,000	-	-	45,000	-	-	-	0.06
Carrying value / market value as at June 30, 2020								

6.4.1 The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly has been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 266.11 million against investee companies have been maintained by valuing the investments as per circular no. 1 of 2009 and circular no. 33 of 2012.

6.4.2 Other particulars of term finance certificates - listed outstanding as at June 30, 2020 are as follows:

Name of the investee company	Face value *	Mark-up rate per annum	Rating	Issue date	Maturity date
Bank Alfalah Limited - V	-	6 months KIBOR offer rate + 1.25%	AA	20-Feb-13	20-Feb-21
Pace (Pakistan) Limited	4,994	6 months KIBOR offer rate + 2.00%	Not rated	15-Feb-08	15-Feb-17
Saudi Pak Leasing Company Limited	2,775	6.87% fixed rate	Not rated	13-Mar-08	13-Mar-13
Worldcall Telecom Limited	1,705	6 Month KIBOR offer rate + 1.6%	Not rated	7-Oct-08	7-Oct-13

* It represents unredeemed value of the investments

6.5 Term finance certificates - unlisted

Name of the investee company	Issue date	Number of certificates				Market value as at June 30, 2020	Investment as a percentage of		
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments	Issue size
						Rs. in '000		%	

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

Habib Bank Limited		2,000	-	2,000	-	-	-	-	0.10
JS Bank Limited	December 14, 2016	60,000	-	-	60,000	293,992	7.35	10.36	10.00
Jahangir Siddiqui and Company Limited	June 24, 2016	20,000	-	-	20,000	24,620	0.62	0.87	6.67
Jahangir Siddiqui and Company Limited	July 18, 2017	23,340	-	-	23,340	71,299	1.78	2.51	5.84
Silk Bank Limited	August 10, 2017	20,000	-	-	20,000	89,713	2.24	3.16	5.00
JS Bank Limited	December 29, 2017	1,000	-	-	1,000	87,572	2.19	3.09	0.33



Name of the investee company	Issue date	Number of certificates				Market value as at June 30, 2020	Investment as a percentage of		
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		Net assets	Market value of total investments	Issue size
						Rs. in '000	----- % -----		

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

Jahangir Siddiqui and Company Limited	March 06, 2018	30,000	-	-	30,000	148,800	3.72	5.24	3.49
Bank of Punjab	April 16, 2018	1,500	-	-	1,500	132,483	3.31	4.67	10.00
Kashf Foundation	September 30, 2019	-	20	-	20	19,949	0.50	0.70	10.00
Azgard Nine Limited III (Note 6.5.1)	December 4, 2007	50,000	-	-	50,000	-	-	-	-
Azgard Nine Limited V (Note 6.5.1)	March 31, 2012	16,436	-	-	16,436	-	-	-	-
Dewan Cement Limited (Note 6.5.1)	January 14, 2008	30,000	-	-	30,000	-	-	-	-
New Allied Electronics Industries (Private) Limited	May 15, 2007	15,000	-	-	15,000	-	-	-	-
AgriTech Limited V (Note 6.5.1)	July 1, 2011	6,464	-	-	6,464	-	-	-	-
AgriTech Limited I (Note 6.5.1)	November 29, 2007	30,000	-	-	30,000	-	-	-	-
Market value as at June 30, 2020						868,428			
Carrying value before mark to market as at June 30, 2020						902,754			

6.5.1 The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly has been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 554.44 million against investee companies have been maintained by valuing the investments as per circular no. 1 of 2009 and circular no. 33 of 2012.

6.5.2 Other particulars of term finance certificates - unlisted outstanding as at June 30, 2020 are as follows:

Name of the investee company	Face value *	Mark-up rate per annum	Rating	Issue date	Maturity date
JS Bank Limited	4,993	6 months KIBOR offer rate + 1.4%	A+	December 14, 2016	December 16, 2023
Jahangir Siddiqui and Company Limited	1,250	6 months KIBOR offer rate + 1.65%	AA+	June 24, 2016	June 24, 2021
Jahangir Siddiqui and Company Limited	3,125	6 months KIBOR offer rate + 1.4%	AA+	July 18, 2017	July 18, 2022
Silk Bank Limited	4,998	6 months KIBOR offer rate + 1.85%	A-	August 10, 2017	August 10, 2025
JS Bank Limited	99,900	6 months KIBOR offer rate + 1.4%	A+	December 29, 2017	December 29, 2024
Jahangir Siddiqui and Company Limited	5,000	6 months KIBOR offer rate + 1.4%	AA+	March 6, 2018	March 5, 2023
Bank of Punjab	99,920	6 months KIBOR offer rate + 1.25%	AA-	April 16, 2018	April 13, 2028
Kashf Foundation	1,000,000	3 months KIBOR offer rate + 2.25%	A	September 30, 2019	September 30, 2023
Azgard Nine Limited III	4,496	6 months KIBOR offer rate + 2.25%	Not rated	December 4, 2007	December 4, 2014
Azgard Nine Limited V	5,000	-	Not rated	March 31, 2012	March 31, 2019
Dewan Cement Limited	5,000	6 months KIBOR offer rate + 2%	Not rated	January 14, 2008	January 14, 2014
New Allied Electronics Industries (Private) Limited	1,250	3 months KIBOR offer rate + 3%	Not rated	May 15, 2007	May 15, 2011
AgriTech Limited V	4,999	11% fixed rate	Not rated	July 1, 2011	January 1, 2018
AgriTech Limited I	3,997	6 months KIBOR offer rate + 1.75%	Not rated	November 29, 2007	November 29, 2014

* It represents unredeemed value of the investments



6.6 Sukuks

Name of the investee company	Issue date	Number of certificates				Market value as at June 30, 2020	Investment as a percentage of		
		As at July 01, 2019	Purchased during the year	Matured during the year	As at June 30, 2020		Net assets	Market value of total investments	Issue size

Rs. in '000 ----- % -----

All term finance certificates have a face value of Rs. 100,000 each unless stated otherwise.

Dawood Hercules Corporation Limited	November 17, 2017	4,830	-	2,275	2,555	180,626	4.52	6.36	4.91
HUBCO	August 22, 2019	-	3,000	2,000	1,000	102,145	2.55	3.60	1.43
Javedan Corporation Limited	October 04, 2018	1,000	-	-	1,000	97,098	2.43	3.42	3.34
KE	December 27, 2019	-	80,000	-	80,000	400,000	10.00	14.09	9.60
Masood Textile Mills Ltd.	December 17, 2019	-	1,000	-	1,000	99,184	2.48	3.49	0.04
Shakarganj Foods	July 10, 2018	70	-	-	70	59,500	1.49	2.10	4.83
New Allied Electronics Industries (Private) Limited (Note 6.6.1)	December 03, 2007	9,000	-	-	9,000	-	-	-	-
Eden Housing Limited (Note 6.6.1)	March 29, 2008	9,200	-	-	9,200	-	-	-	-

Market value as at June 30, 2020

938,553

Carrying value before mark to market as at June 30, 2020

933,558

6.6.1 The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly has been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 53.21 million against investee companies have been maintained by valuing the investments as per circular no. 1 of 2009 and circular no. 33 of 2012.

6.7 These represents Mobilink Microfinance Bank Limited term deposit having original maturity period of more than three months. This carries mark-up rate of 15.6% per annum.

6.8 This represents the purchase of commercial paper from TPL Trakker Limited on January 15, 2020 (having face value of Rs. 120 million). This carries profit at the rate of 16% per annum and will mature on July 13, 2020.

6.9 Net unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss	Note	2020	2019
		----- Rupees in '000 -----	-----
Market value of investments	6.1 - 6.6	2,448,526	2,104,961
Less: Carrying value of investments	6.1 - 6.6	(2,448,572)	(2,122,506)
		<u>(46)</u>	<u>(17,545)</u>

7. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

7.1 These carry average mark-up rate of 9.77% (June 30, 2019: Nil) per annum and are matured at the option of financee subject to maximum period of 60 days.



		2020	2019
		Rupees in '000	
8. MARK-UP ACCRUED			
Mark-up accrued on bank balances and term deposit receipts		15,853	4,967
Mark-up accrued on margin trading system		189	-
Mark-up accrued on:			
- Term finance certificate and sukuks		268,038	282,212
- Pakistan Investment Bonds		11,348	-
Less: Income suspended over non-performing debt securities		(232,613)	(232,613)
		46,773	49,599
		62,815	54,566
9. DEPOSITS AND OTHER RECEIVABLES			
Security deposits with:			
- Central Depository Company of Pakistan Limited		100	100
- National Clearing Company of Pakistan Limited		2,750	2,750
		2,850	2,850
Advance tax		8,074	8,074
Others		450	5,186
		11,374	16,110
10.	This represents amount receivable from other collective investment scheme being managed by the Management Company of the Fund. This amount was received during the period in respect of units issued to various unit holders based on their request for transfer of units from other collective investment scheme to the Fund.		
		2020	2019
11. PAYABLE TO THE NBP FUND MANAGEMENT LIMITED		Rupees in '000	
- MANAGEMENT COMPANY			
Remuneration of the Management Company	11.1	2,303	4,463
Sindh Sales Tax on remuneration of the Management Company	11.2	299	580
Operational expense	11.3	1,011	2,737
Selling and marketing expenses	12	7,075	10,948
Sales load		2,221	3,700
Sindh Sales Tax and Federal Excise Duty on sales load		1,847	2,040
		14,756	24,468
11.1	Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to charged remuneration upto 1.5% of the average net assets of the Fund. The Management Company had charged 8% of the daily net income subject to minimum 0.5% and maximum of 1% of the average net assets. However, percentage on daily net income has been changed to 6% from July 12, 2019 where, no change in the maximum and minimum limits.		
	Daily net income is calculated by deducting all expenses of the fund excluding Management fees and related sales tax thereon from gross income.		
11.2	This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the services provided by the Management Company as required by the Sindh Sales Tax on Services Act, 2011.		
11.3	As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme. Accordingly, the Management Company has charged 0.1% of the average annual net assets.		



12. SELLING AND MARKETING EXPENSES

The SECP through its Circular No. SCD/PRDD/Circular/394/2018 (Circular No. 5 of 2018) dated June 04, 2018 allowed to charge selling and marketing expenses to all categories of mutual funds (except fund of funds and money market funds) subject to, Board approval of and cap of 0.4% per annum of net assets or actual whichever is lower and Board approval. In current year, SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now removed cap of 0.4% on all open end funds (except "Fund of Funds"). In addition to the requirement of Board approval, now these expenses to be paid to AMC on reimbursement basis and subject to approval of the Trustee. Further, all the payments are required to be approved by the Trustee.

In pursuance of above circular, the Board has approved the limits to be charged in respect of these expenses. Accordingly effective from July 12, 2019, the Fund has charged 0.7% of daily net asset value of the Fund.

		2020	2019
13.	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note ----- Rupees in '000 -----	
	Remuneration of the trustee	13.1 254	459
	Sindh Sales Tax on remuneration of the trustee	13.2 34	60
		<u>288</u>	<u>519</u>

13.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration to the Trustee is 0.075% of Net assets which is payable monthly in arrears.

13.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

14. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "income scheme" is required to pay an annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019, fee has been reduced to 0.02% per annum from 0.075% per annum. The fee is paid annually in arrears.

		2020	2019
15.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note ----- Rupees in '000 -----	
	Auditors' remuneration	521	442
	Provision for Sindh Workers' Welfare Fund	20 41,682	29,499
	Federal Excise Duty on remuneration of the Management Company	15.1 39,241	39,241
	Brokerage charges	24	-
	Settlement charges	263	40
	Printing charges	43	99
	Withholding tax	44,513	22,396
	Capital gain tax	1,126	3,448
	Legal and professional charges	355	420
	Dividend payable	-	346
	Others	184	239
		<u>127,952</u>	<u>96,170</u>



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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED aggregating to Rs. 39.240 million as at June 30, 2020.

Had the provision not been made, the net asset value per unit as at June 30, 2020 would have been higher by Re. 0.1055 per unit (June 30, 2019: Re. 0.0795 per unit).

16. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2020 and as at June 30, 2019.

		2020	2019
17.	NUMBER OF UNITS IN ISSUE	----- Number of Units -----	
	Total units in issue at the beginning of the year	493,535,933	563,703,522
	Add: units issued during the year	304,146,950	460,526,320
	Less: units redeemed during the year	(425,722,673)	(530,693,909)
	Total units in issue at the end of the year	371,960,210	493,535,933

- 17.1** These units includes 516,239 allocated units which are issued subsequently to unitholders

18. 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.

19.	AUDITORS' REMUNERATION	2020	2019
		----- Rupees in '000 -----	
	Annual audit fee	401	382
	Half yearly review fee	175	167
	Out of pocket expenses and sales tax expense	112	96
		688	645

20. WORKERS WELFARE FUND AND SINDH WORKER'S WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) whereby all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs. 0.5



million in a tax year, were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF. In this regard, a constitutional petition was filed by certain CISs through their trustees in the High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During 2013 and 2014, judgements were made by Sindh High Court (SHC) and Peshawar High Courts respectively in favor of and against amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008.

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

The Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied, are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. On a query raised by Mutual Funds Association of Pakistan (MUFAP) on applicability of SWWF, SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

In 2017, MUFAP recommended to its members that effective from January 12, 2017, Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan and Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

"MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, and the SECP through its letter dated February 01, 2017 affirmed above decisions.

As a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF amounting to Rs. 31.22 million and started recognising provision for SWWF.

As at June 30, 2020, the provision in relation to SWWF amounted to Rs. 41.682 million (2019: Rs. 29.499 million). Had the provision not being made, the net asset value per unit as at June 30, 2020 would have been higher by Re. 0.1121 (June 30, 2019: Re. 0.0598) per unit.

21. 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 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute 90% of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2020 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.



22. 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.

23. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 2.13% per annum including 0.39% representing government levies on Collective Investment Scheme such as sales tax, provision for SWWF and SECP fee for the year.

24. DETAILS OF NON-COMPLIANT INVESTMENTS

The SECP vide Circular no. 7 of 2009 dated March 6, 2009, required all asset management companies to categorize funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

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

Following is the detail of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
			----- Rupees in ' 000 -----		-----%-----		
Azgard Nine Limited III	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	108,377	(108,377)	-	-	-
Azgard Nine Limited V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	82,180	(82,180)	-	-	-
Agri-tech Limited I	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	149,860	(149,860)	-	-	-
Agri-tech Limited V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	32,320	(32,320)	-	-	-



Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
			----- Rupees in ' 000 -----		-----%-----		
Dewan Cement Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	150,000	(150,000)	-	-	-
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks (24.1)	9,056	(9,056)	-	-	-
New Allied Electronics Industries (Private) Limited - PPTFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	31,707	(31,707)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks (24.1)	44,149	(44,149)	-	-	-
Pace Pakistan Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	149,820	(149,820)	-	-	-
Saudi Pak Leasing Company Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	41,321	(41,321)	-	-	-
Worldcall Telecom Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates (24.1)	74,977	(74,977)	-	-	-
Azgard Nine Limited (Non-voting)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Shares (24.1)	-	-	-	-	-
			13	(13)	-	-	-
Total carrying value and accumulated impairment as at June 30, 2020			873,780	(873,780)	-		

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



25. TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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

25.2 The transactions with connected persons are carried out at agreed terms.

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

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

25.5 Details of the transactions with connected persons are as follows: 2020 2019
----- Rupees in '000 -----

NBP Fund Management Limited (Management Company)

Remuneration of the Management Company	38,508	49,097
Sindh Sales Tax on remuneration of the Management Company	5,006	6,383
Reimbursement of operational expenses to the Management Company	4,820	5,743
Sales load and related Sindh Sales Tax and Federal Excise Duty	3,299	2,791
Selling and marketing expenses	33,266	18,085

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	3,615	5,620
Sindh sales tax on remuneration of the Trustee	470	731
CDS charges	507	672

National Bank of Pakistan (Parent of the Management Company)

Mark-up on bank balances	628	292
Sale of Market treasury bill	312,863	-

Summit Bank Limited (Common Directorship with the Management Company) *

Mark-up on bank balances	-	40

Muhammad Murtaza Ali - Company Secretary of Management Company

Units issued / transferred in: 42,568 units (2019: Nil units)	500	-
Units redeemed / transferred out: 42,568 units (2019: Nil units)	505	-

Humayun Bashir - Director

Units issued / transferred in: 6,867,017 units (2019: 4,037,92,163 units)	78,554	43,584
Units redeemed / transferred out: 9,056,745 units (2019: 1,888,289 units)	103,379	21,000
Dividend re-invest: Nil units (2019: 40,855 units)	-	438



	2020	2019
	----- Rupees in '000 -----	
Employees of the Management Company		
Units issued / transferred in: 1,677,119 units (2019: 2,389,294 units)	19,303	25,472
Units redeemed / transferred out: 3,194,883 units (2019: 1,771,365 units)	36,077	19,212
Dividend re-invest: 30,585 units (2019: 72,333 units)	329	774
NBP Employees Pension Fund (Pension Fund of the Parent of Management Company)		
Dividend re-invest: 12,400,168 units (June 30, 2019: 10,673,283 units)	133,289	114,275
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Mark-up on bank balances	725	87
NBP Money Market Fund (CIS Managed by NBP Fund Management)		
Purchase of Market treasury bill	147,300	-
NBP Government Securities Savings Fund (CIS Managed by NBP Fund Management)		
Sale of Market treasury bill	44,946	-
NBP Mahana Amdani Fund (CIS Managed by NBP Fund Management)		
Sale of Commercial paper	199,529	-
NBP Savings Fund (CIS Managed by NBP Fund Management)		
Sale of Commercial paper	23,182	-
The HUB Power Company (Common Directorship)		
Purchase of Sukuk	200,000	-
Purchase of Commercial paper	185,883	-
Rental Income on HUBCO Sukuk	27,845	-
Fauji Fertilizer Company (Common Directorship)		
Purchase of Sukuk	101,386	-
National Clearing Company of Pakistan Limited (Common Directorship)		
NCCPL charges	251	-
Laga & levy charges	122	-
Pakistan Stock Exchange (Common Directorship)		
Annual Listing Fee Paid	25	-
Portfolios managed by the Management Company		
Units issued / transferred in: 1,864,028 units (2019: 12,312,892 units)	20,100	126,912
Units redeemed / transferred out: 6,828,487 units (2019: 18,146,358 units)	74,042	198,103
Dividend re-invest: Nil units (2019: 1,612 units)	-	17



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

25.6 Amounts outstanding as at year end are as follows:

	2020	2019
	----- Rupees in '000 -----	
NBP Fund Management Limited		
Remuneration of the Management Company	2,303	4,463
Sindh Sales Tax on remuneration of the Management Company	299	580
Operational expense	1,011	2,737
Selling and marketing expenses	7,075	10,948
Sales load	2,221	3,700
Sindh Sales Tax and Federal Excise Duty on sales load	1,847	2,040
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the trustee	254	459
Sindh sales tax on remuneration of the trustee	34	60
CDC charges	113	40
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balance	8,943	13,708
Accrued markup on bank balance	13	8
Summit Bank Limited (Common Directorship with the Management Company) *		
Bank balance	-	13,207
Accrued markup on bank balance	-	10
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Bank balance	1,196	117
Accrued markup on bank balance	149	4
Askari Bank Limited (Common Directorship with the Management Company) *		
Bank balance	-	6,360
Accrued markup on bank balance	-	4
Humayun Bashir (Director)		
Investment held in the Fund: Nil units (June 30, 2019: 2,189,728 units)	-	23,496
National Clearing Company of Pakistan Limited (Common Directorship)		
NCCPL charges payable	143	-
Laga & levy charges payable	7	-
Security Deposit	2,750	2,750
The HUB Power Company (Common Directorship)		
HUBCO Sukuk	102,145	-
NBP Employees Pension Funds		
Investment held in the Fund: 107,220,828 units (June 30, 2019: 94,820,660 units)	1,153,160	1,017,454
Employees of the Management Company		
Investment held in the Fund: 599,936 units (June 30, 2019: 1,500,944 units)	6,452	16,106
Portfolios managed by the Management Company		
Investment held in the Fund: Nil units (June 30, 2019: 4,964,459 units)	-	53,272



*Current year balance with this party has not been disclosed as it is not connected person and related party during the year.

26. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	32
2	Mr. Sajjad Anwar	MBA and CFA	20
3	Mr. Asim Wahab Khan	CFA	14
4	Mr. Muhammad Ali Bhabha	CFA, FRM, MBA and MS (CS)	25
5	Mr. Hasan Raza	ACCA, BSC and CFA	9

26.1 Mr. Muhammad Ali Bhabha is the manager of the Fund. Other funds being managed by the Fund Manager are as follows:

- NBP Active Allocation Riba Free Savings Fund
- NBP Financial Sector Income Fund
- NBP Money Market Fund
- NBP Government Securities Plan I
- NBP Government Securities Savings Fund
- NBP Government Securities Liquid Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Money Market Fund
- NBP Islamic Savings Fund
- NBP Mahana Amdani Fund
- NBP Riba Free Savings Fund
- NBP Savings Fund

27. TRANSACTIONS WITH BROKERS / DEALERS

List of top ten brokers by percentage of commission charged during the year June 30, 2020.

S.No	Particulars	Percentage
1	Adam Securities (Private) Limited	21.93
2	Alfalah Securities (Private) Limited	3.18
3	EFG Hermes Pakistan Limited	1.39
4	MRA Securities Limited	56.33
5	J.S. Global Capital Limited	2.50
6	Continental Exchange (Private) Limited	0.34
7	Icon Securities (Private) Limited	0.86
8	Bright Capital (Private) Limited	4.80
9	Bma Capital Management Limited	1.90
10	Vector Capital (Private) Limited	1.50
11	Next Capital Limited	5.26



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

S.No	Particulars	Percentage
1	Adam Securities (Private) Limited	17.12
2	Alfalah Securities (Private) Limited	3.94
3	EFG Hermes Pakistan Limited	0.80
4	First Capital Equities Limited	9.26
5	MRA Securities Limited	48.14
6	Icon Securities (Private) Limited	0.11
7	Taurus Securities Limited	13.69
8	SC Security (Private) Limited	6.94

28. PATTERN OF UNIT HOLDING

As at June 30, 2020

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
(Rupees in '000)			
Individuals	3,206	1,414,924	35.37
Non-Banking Financial Companies	1	-	-
Associated companies and directors	2	1,153,197	28.83
Insurance companies	6	60,933	1.52
Retirement funds	39	608,942	15.22
Public listed companies	6	208,700	5.22
Others	96	553,721	13.84
	3,356	4,000,417	100

As at June 30, 2019

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
(Rupees in '000)			
Individuals	3,337	2,084,831	39.37
Non-Banking Financial Companies	1	-	-
Associated companies and directors	4	1,041,618	19.67
Insurance companies	5	166,318	3.14
Retirement funds	40	649,067	12.26
Public listed companies	9	257,244	4.86
Others	122	1,096,691	20.71
	3,518	5,295,769	100


29. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 72nd, 73rd, 74th, 75th Board meetings were held on August 30, 2019, October 24, 2019, February 27, 2020, April 27, 2020, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan *	3	2	1	74th Meeting
Mr. Syed Hasan Irtiza Kazmi *	3	3	-	-
Mr. Nasir Husain	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar	1	-	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy	1	1	-	-
Mr. Khalid Mansoor	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque	1	1	-	-
Mr. Saad Amanullah Khan	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

* Mr. Saad ur Rahman Khan, Mr. Syed Hasan Irtiza Kazmi, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan were opted as directors on Board with effect from October 04, 2019.

* Mr. Nasir Husain, Mr. Abdul Hadi Palekar, Mr. Kamal Amir Chinoy and Mr. Shehryar Faruque were retired as directors on Board with effect from October 04, 2019.

30. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020

At fair value through profit or loss	At amortised cost	Total

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

Financial assets

Bank balances	-	1,151,141	1,151,141
Investments	2,837,941	-	2,837,941
Receivable against margin trading system	-	65,692	65,692
Mark-up accrued	-	62,815	62,815
Receivable against transfer of units	-	16,636	16,636
Deposits	-	2,850	2,850
	2,837,941	1,299,134	4,137,075

Financial liabilities

Payable to the Management Company	-	14,756	14,756
Payable to the Trustee	-	288	288
Accrued expenses and other liabilities	-	1,390	1,390
Payable against redemption of units	-	1,222	1,222
Net assets attributable to redeemable units	-	4,000,417	4,000,417
	-	4,018,073	4,018,073



As at June 30, 2019

	At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----			
Financial Assets			
Bank balances	-	2,418,997	2,418,997
Investments	2,933,092	-	2,933,092
Receivable against margin trading system	-	-	-
Mark-up accrued	-	54,566	54,566
Receivable against sale of investments	-	-	-
Deposits	-	2,850	2,850
	<u>2,933,092</u>	<u>2,476,413</u>	<u>5,409,505</u>
Financial Liabilities			
Payable to the Management Company	-	24,468	24,468
Payable to the Trustee	-	519	519
Accrued expenses and other liabilities	-	62,118	62,118
Net assets attributable to redeemable units	-	5,295,769	5,295,769
	<u>-</u>	<u>5,382,874</u>	<u>5,382,874</u>

31. FINANCIAL RISK MANAGEMENT

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

31.1 Market risk

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

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

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

31.1.1 Currency risk

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

31.1.2 Interest rate risk

Yield / Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result because of the changes in market interest rates. The Fund is mainly exposed to interest risk on balances held with banks in savings account.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2020, the Fund holds KIBOR based interest bearing term finance certificates, sukuks and balance in saving accounts which are exposed to interest rate risk. In case of 100 basis points increase/decrease in KIBOR and bank profit rates as on June 30, 2020 with all other variables held constant, the net assets of the Fund would have been higher / lower by Rs. 29.51 million (2019: Rs. 43.02 million).



b) Sensitivity analysis for fixed rate instruments

The Fund holds market treasury bills and Pakistan investment bonds that expose the Fund to fair value interest rate risk as at June 30, 2020. In case of 100 basis points increase in coupon rate on June 30, 2020, with all other variables held constant, the net assets of the Fund as of year end and net income for the year would have been higher by Rs. 0.960 million (2019: Rs. 1.286). In case of 100 basis points decrease in KIBOR on 30 June 2020, with all other variables held constant, the net assets of the Fund as of year end and net income for the year would have been lower by Rs. 0.947 million (June 30, 2019: Rs. 1.095).

As at June 30, 2020

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

Bank balances	5.5- 15.5	1,151,141	1,143,745	-	-	7,396
Investments	7.70 - 15.90	2,837,941	270,000	119,415	2,448,526	-
Receivable against margin trading system		65,692	65,692	-	-	-
Mark-up accrued		62,815	-	-	-	62,815
Receivable against transfer of units		16,636	-	-	-	16,636
Deposits		2,850	-	-	-	2,850
		4,137,075	1,479,437	119,415	2,448,526	89,697

Financial liabilities

Payable to the Management Company	14,756	-	-	-	14,756
Payable to the Trustee	288	-	-	-	288
Accrued expenses and other liabilities	1,390	-	-	-	1,390
Payable against redemption of units	1,222	-	-	-	1,222
Net assets attributable to redeemable units	4,000,417	-	-	-	4,000,417
	4,018,073	-	-	-	4,018,073

On-balance sheet gap	119,002	1,479,437	119,415	2,448,526	(3,928,376)
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-



As at June 30, 2019

Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
%	-----		Rupees in '000 -----		

On-balance sheet financial instruments

Financial assets

Bank balances	4.5 - 14	2,418,997	2,408,228	-	-	10,769
Investments	7.61 - 14.71	2,933,092	128,852	890,435	1,913,805	-
Receivable against margin trading system		-	-	-	-	-
Mark-up accrued		54,566	-	-	-	54,566
Receivable against sale of investments		-	-	-	-	-
Deposits		2,850	-	-	-	2,850
		5,409,505	2,537,080	890,435	1,913,805	68,185

Financial liabilities

Payable to the Management Company	24,468	-	-	-	24,468
Payable to the Trustee	519	-	-	-	519
Accrued expenses and other liabilities	62,118	-	-	-	62,118
Net assets attributable to redeemable units	5,295,769	-	-	-	5,295,769
	5,382,874	-	-	-	5,382,874
On-balance sheet gap	26,631	2,537,080	890,435	1,913,805	(5,314,689)
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-

31.1.3 Price risk

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

The Fund is exposed to equity price risk because of investment held by the Fund and classified in the statement of assets and liabilities as fair value through profit and loss'.

As at June 30, 2020, the year Fund has Nil balance of equity security. In case of 5% increase / decrease in fair value on June 30, 2020, the net income for the year would increase / decrease by Rs. Nil (2019: Rs 1.814 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as fair value through profit and loss'. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant.



31.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, mark-up accrued receivable on investment, bank balances and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the investment Committee) require the Fund to invest in debt securities that have been rated by a well known rating agency. The risk of default is considered minimal due to inherent systematic measures taken therein. Therefore, the Fund does not expect to incur material credit losses on its financial assets.

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

Bank balances by rating category	June 30, 2020	June 30, 2019
AAA	6%	26%
AA+	1%	1%
AA-	30%	17%
A+	29%	44%
A	33%	11%
Suspended	1%	1%
	100%	100%

Term finance certificates and sukuks by rating category

AAA	0%	10%
AA+	41%	16%
AA	0%	31%
AA-	23%	13%
A+	21%	21%
A	10%	4%
A-	0%	5%
BBB+	5%	0%
	100%	100%

The maximum exposure to credit risk before any credit enhancement as follows:

	June 30, 2020		June 30, 2019	
	Amount of financial assets	Maximum exposure	Amount of financial assets	Maximum exposure
	-----Rupees in '000 -----		-----Rupees in '000 -----	
Balances with banks	1,151,141	1,151,141	2,418,997	2,418,997
Investments	2,837,941	2,196,396	2,933,092	2,913,304
Receivable against margin trading system	65,692	65,692	-	-
Mark-up accrued	62,815	62,815	54,566	54,566
Deposits	2,850	2,850	2,850	2,850
	4,120,439	3,478,894	5,409,505	5,389,717



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.

31.3 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 reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

June 30, 2020			
Total	Upto three months	Over three months and upto one year	Over one year
Rupees in '000			

Financial liabilities

Payable to the Management Company	14,756	14,756	-	-
Payable to the Trustee	288	288	-	-
Accrued expenses and other liabilities	1,390	1,390	-	-
Payable against redemption of units	1,222	1,222	-	-
Net assets attributable to redeemable units	4,000,417	4,000,417	-	-
	4,018,073	4,018,073	-	-



June 30, 2019			
Total	Upto three months	Over three months and upto one year	Over one year
Rupees in '000			

Financial liabilities

Payable to the Management Company	24,468	24,468	-	-
Payable to the Trustee	519	519	-	-
Accrued expenses and other liabilities	62,118	62,118	-	-
Net assets attributable to redeemable units	5,295,769	5,295,769	-	-
	<u>5,382,874</u>	<u>5,382,874</u>	<u>-</u>	<u>-</u>

32 Fair value of financial instruments

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

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

NBP INCOME OPPORTUNITY FUND



NBP FUNDS
Managing Your Savings

June 30, 2020

Carrying amount				Fair value	
At fair value through profit or loss	Fair value through other comprehensive income	Amortized Cost	Total	Level 2	Total

----- Rupees -----

Financial assets measured at fair value

Government securities	641,545	-	-	641,545	641,545	641,545
Term finance certificates - unlisted	868,428	-	-	868,428	868,428	868,428
Commercial paper	119,415	-	-	119,415	119,415	119,415
Sukuks	938,553	-	-	938,553	938,553	938,553
	2,567,941	-	-	2,567,941	2,567,941	2,567,941

Financial assets not measured at fair value

Term deposit receipts	270,000	-	-	270,000	270,000	270,000
Bank balances	-	-	1,151,141	1,151,141	-	-
Receivable against margin trading system	-	-	65,692	65,692	-	-
Mark-up accrued	-	-	62,815	62,815	-	-
Receivable against sale of investments	-	-	16,636	16,636	-	-
Deposits, prepayments and other receivables	-	-	11,374	11,374	-	-
	270,000	-	1,307,658	1,577,658	270,000	270,000

Financial liabilities not measured at fair value

Payable to the Management Company	-	-	14,756	14,756	-	-
Remuneration payable to the Trustee	-	-	288	288	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	964	964	-	-
Payable against purchase of investment	-	-	1,222	1,222	-	-
Accrued expenses and other liabilities	-	-	127,952	127,952	-	-
Net assets attributable to redeemable units	-	-	4,000,417	4,000,417	-	-
	-	-	4,145,599	4,145,599	-	-

Carrying amount					Fair value	
At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 2	Total

----- Rupees -----

June 30, 2019

Financial assets measured at fair value

Equity securities - listed	-	-	-	-	-	-
Equity securities - listed (spread transactions)	-	-	-	-	-	-
Government securities	19,788	-	-	19,788	19,788	19,788
Term finance certificates - listed	162,359	-	-	162,359	162,359	162,359
Term finance certificates - unlisted	1,298,388	-	-	1,298,388	1,298,388	1,298,388
Commercial paper	890,435	-	-	890,435	-	-
Sukuks	433,270	-	-	433,270	433,270	433,270
	2,804,240	-	-	2,804,240	1,913,805	1,913,805

Financial assets not measured at fair value

Term deposits	128,852	-	-	128,852	128,852	128,852
Bank balances	-	-	2,418,997	2,418,997	-	-
Receivable against margin trading system	-	-	-	-	-	-
Mark-up accrued	-	-	54,566	54,566	-	-
Receivable against sale of investments	-	-	2	2	-	-
Deposits, prepayments and other receivables	-	-	16,110	16,110	-	-
	128,852	-	2,489,675	2,618,527	128,852	128,852

Financial liabilities not measured at fair value

Payable to the Management Company	-	-	-	24,468	24,477	-	-
Remuneration payable to the Trustee	-	-	-	519	529	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	-	-	4,307	4,307	-	-
Payable against purchase of investment	-	-	-	1,534	1,534	-	-
Accrued expenses and other liabilities	-	-	-	96,170	96,180	-	-
Net assets attributable to redeemable units	-	-	-	5,295,769	5,295,769	-	-
	-	-	-	5,422,767	5,422,796	-	-



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

33 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 31, 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.

34 GENERAL

- 34.1** Figures have been rounded off to the nearest thousand rupees.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 17, 2020.

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year 2018	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
Net assets (Rs. '000')	4,000,417	5,295,769	6,351,157	8,199,128	6,274,223	5,242,537
Net Income / (loss) (Rs. '000')	596,574	498,027	434,363	290,906	226,587	301,448
Net Asset Value per units (Rs.)	10.7550	10.7303	11.2668	10.6964	10.7016	11.559
Offer price per unit	10.8765	10.8515	11.3941	10.8173	10.8431	11.7132
Redemption price per unit	10.7550	10.7303	11.2668	10.6964	10.7016	11.559
Ex - Highest offer price per unit (Rs.)	10.8772	11.3930	11.3941	10.8225	10.8431	10.8419
Ex - Lowest offer price per unit (Rs.)	9.4903	10.8200	10.8180	10.1963	10.0903	9.5761
Ex - Highest redemption price per unit (Rs.)	10.7557	11.2657	11.2668	10.7023	10.7016	10.6992
Ex - Lowest redemption price per unit (Rs.)	9.4903	10.6991	10.6943	10.0663	9.9553	9.45
Fiscal Year Opening Ex NAV	9.4874	10.6964	10.6964	10.0640	9.9539	9.4481
Total return of the fund	13.32%	9.20%	5.33%	6.28%	7.51%	13.21%
Capital growth	0.22%	0.47%	0.00%	-0.45%	0.06%	0.96%
Income distribution as % of Ex-NAV	13.10%	8.73%	5.33%	6.74%	7.46%	12.25%
Income distribution as % of Par Value	14.06%	9.34%	5.70%	6.78%	7.97%	11.58%
Interim distribution per unit	1.4057	0.9343		0.6780	0.7971	0.29
Final distribution per unit	-	-	0.5704	-		0.87
Distribution dates						29-June-2015 13-Feb-2014, 30-Apr-
Interim	26-Jun-20	20-Dec-18		21-Jun-17	30-June-2016	
Interim	-	24-Jun-19				
Final	-	-	4-Jul-18			14-July-2015
Average annual return (launch date 28-03-08)						
(Since inception to June 30, 2020)	8.42%					
(Since inception to June 30, 2019)		8.10%				
(Since inception to June 30, 2018)			7.96%			
(Since inception to June 30, 2017)				8.20%		
(Since inception to June 30, 2016)					8.39%	
(Since inception to June 30, 2015)						8.85%
(Since inception to June 30, 2014)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	180 Days		34 Days	30 Days	57 Days	57 Days

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

Head Office

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

UAN: 021-111-111-632

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Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds



NBP FUNDS

Managing Your Savings

AM1

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NBP STOCK FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

MCB Bank Limited
MCB Islamic Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Sindh Bank Limited



National Bank of Pakistan
Samba Bank Limited
Zarai Taraqati Bank Limited
Faysal Bank Limited
Soneri Bank Limited
The Bank of Punjab
Albaraka Bank of Pakistan
Silk Bank Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
U Microfinance Bank Limited
Telenor Microfinance Bank Limited
Khushhali Microfinance Bank Limited
The First Microfinance Bank Limited
Mobilink Microfinance Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

Khan Center, 1st Floor,
Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2&4

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Office



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



Syed Hasan Irtiza Kazmi
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Mr. Saad ur Rehman
Director



Mr. Imran Zaffar
Director

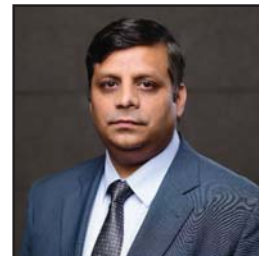
Senior Management



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head Of Operations



Mr. Salman Ahmed, CFA
Head Of Product Development



Mr. Saadat Saeed, ACA, CFA
Head Of Investment Risk.



Mr. Shahid Javed
Head Of Operational Risk



Mr. Shahbaz Umer
Head Of Human Resource



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Fourteen Annual Report of NBP Stock Fund for the year ended June 30, 2020.

Fund's Performance

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KSE-100 Index rose by a meager 1.5% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 28,765 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KSE-100 Index surged by a massive 50% from August 16th, 2019 to its recent peak on January 13th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Corona virus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 37% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.5% on a YoY basis.

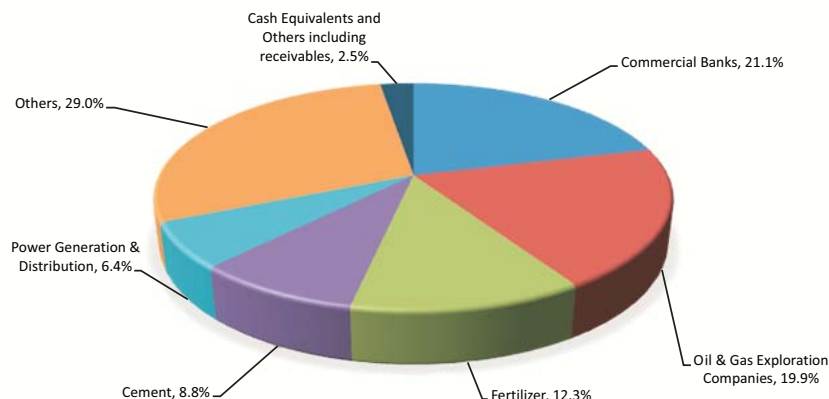
In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

During the fiscal year, NBP Stock Fund decreased by 0.2% as against the KSE-30 Index decrease by 0.5%, outperforming the market by 0.3% during the year. The Fund outperformed on the back of proactive asset allocation. Furthermore, the Fund was overweight in key stocks in Oil & Gas Exploration Companies, Technology & Communication, and Engineering sectors that outperformed the market and was underweight in key stocks in Commercial Banks, Power Generation & Distribution Companies, and Automobile Assembler sectors that underperformed the market, which contributed to the outperformance. Since inception (January 19, 2007), NSF has risen by 339.6%, whereas the KSE-30 Index has increased by 62.9%, thus to date out-performance is 276.7%. This outperformance is net of management fee and all other expenses. The Fund size is 13,702 million as of June 30, 2020.



NBP Stock Fund has earned a total income of Rs. 72.309 million during the year. After deducting total expenses of Rs. 456.579 million, the net loss is Rs. 384.270 million. During the year, the unit price of NBP Stock Fund has decreased from Rs. 11.9914 on June 30, 2019 to Rs. 11.9682 on June 30, 2020. The resultant per unit loss is Rs. 0.0232 (-0.19%).

The asset allocation of NBP Stock Fund as on June 30, 2020 is as follows:



Income Distribution

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

Taxation

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

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2021.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 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 21 to these financial statements.



13. The Management 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, 2020, the Board included:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Saad ur Rahman Khan 3. Syed Hasan Irtiza Kazmi 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: September 17, 2020
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی اسٹاک فنڈ (NSF) کی چودھویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2020ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 2019-20، اسٹاک مارکیٹ میں انتہائی اتار چڑھاؤ کے باعث مابوں کن سال رہا جیسا کہ KSE-100 انڈیکس میں سالانہ بنیادوں پر 1.5% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 بلین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 بلین امریکی ڈالر کی آمد جیسی مثبت خبروں کے باوجود مارکیٹ کا آغاز متنی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح 28,765 پر لے آیا جس نے مارکیٹ کے وسیع حصے میں حصص کی مالیت کو واضح کر دیا۔ پرکشش مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مانیٹری میں آسانی کی توقع کی بنا پر اسٹاک مارکیٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیرالجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KSE-100 انڈیکس میں 16 اگست، 2019 سے خلیفہ 50 فیصد اضافے کے ساتھ سے 13 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے منی بجٹ کے اندیشہ، اور T-Bills سے ہاٹ منی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن / شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ اپنے عروج سے 37 فیصد گر گئی۔ معیشت کو کورونا وائرس وبائی مرض کے اثرات سے نجات دلانے کے لئے، پالیسی سازوں نے غیر معمولی مالی اور مالیاتی پالیسی اقدامات اٹھائے۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کیا اور کاروباری اداروں کی مدد اور قرضہ جاری رکھنے کے لئے، قرضوں کی ادائیگی سے متعلق کارپوریٹس / تجارتی بینکوں کے انضباطی ضوابط میں ترمیم کی گئی۔ حکومت نے 1.2 ٹریلین روپے کا امدادی پیکیج دینے کا اعلان کیا، جو بی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپڈ فنانسنگ انسٹرومنٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ممالک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے ناقص اور نا کافی انفراسٹرکچر کے باوجود نسبتاً کم اموات کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جبکہ پہلے خدشہ تھا۔ نتیجتاً مارکیٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.5 فیصد کی معمولی اضافہ کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

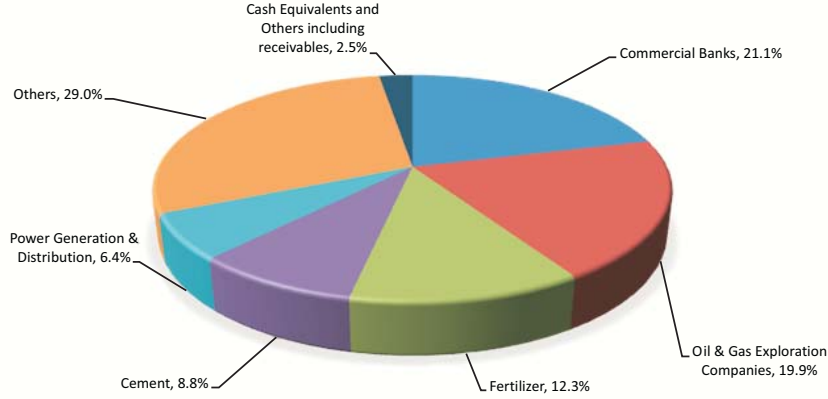
زیر جائزہ مالی سال کے دوران شعبہ دار کارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، سیمینٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، ٹیکسٹائل اور گلاس اینڈ سرامکس کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکسپلوریشن، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اینڈ ڈسٹری بیوٹن، اور ٹیکسٹائل کمپوزٹ کے شعبے مارکیٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 بلین امریکی ڈالر کے خالص ان فلو کے ساتھ بڑے خریدار رہے، جبکہ انشورنس کمپنیوں نے 128 بلین امریکی ڈالر کے ساتھ پوزیشن مستحکم کی دوسری جانب غیر ملکی سرمایہ کار 285 بلین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک / DFIs اور میوچل فنڈز بھی بالترتیب 55 بلین امریکی ڈالر اور 50 بلین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔

مالی سال کے دوران، NBP اسٹاک فنڈ میں KSE-30 انڈیکس کی 0.5% کمی کے مقابلے 0.2% کمی ہوئی، لہذا سال کے دوران مارکیٹ سے 0.3% کی بہتر کارکردگی دکھائی۔ فنڈ نے پرو ایکٹو ایسٹ ایلوکیشن کی بنا پر بہتر کارکردگی ظاہر کی۔ اس کے علاوہ، فنڈ نے آئل اینڈ گیس ایکسپلوریشن کمپنیوں، ٹیکسٹائل کمپنیوں اور انجینئرنگ سیکٹرز میں کلیدی اسٹاکس کو زیادہ اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی دکھائی اور کمرشل بینکوں، پاور جنریشن اینڈ ڈسٹری بیوٹن کمپنیوں اور آٹوموبائل اسمبلر سیکٹرز کو کم اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا، جس کے باعث کارکردگی بہتر رہی۔ فنڈ کے آغاز (19 جنوری 2007) کے بعد سے NSF میں 339.6% کا اضافہ ہوا، جبکہ KSE-30 انڈیکس 62.9% سے بڑھا، لہذا فنڈ کی آج تک 276.7% سے بہتر کارکردگی ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2020 کو فنڈ کا سائز 13,702 ملین روپے ہے۔



NBP اسٹاک فنڈ کو اس مدت کے دوران 72.309 ملین روپے کی آمدنی ہوئی۔ 456.579 ملین روپے کے اخراجات منہا کرنے کے بعد خالص خسارہ 384.270 ملین روپے ہے۔ سال کے دوران NBP اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 11.9914 روپے سے کم ہو کر 30 جون 2020 کو 11.9682 روپے ہو گئی۔ جس کے نتیجے میں فی یونٹ خسارہ 0.0232 روپے (-0.19%) ہے۔

30 جون 2020 کو این بی پی فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

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

فیکسیشن

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

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2021 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

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

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

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

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

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

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

7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو جوئی نہیں کی گئی۔

8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔



- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پٹرین مالیاتی گوشواروں کے نوٹ 224 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
•1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب سعد الرحمان خان •3 جناب سید حسن الرضی کاظمی •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Stock Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.

Abdul Samad

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NBP Stock Fund

NBP Stock Fund is an Open-ended Equity Fund

Investment Objective of the Fund

The objective of NBP 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.

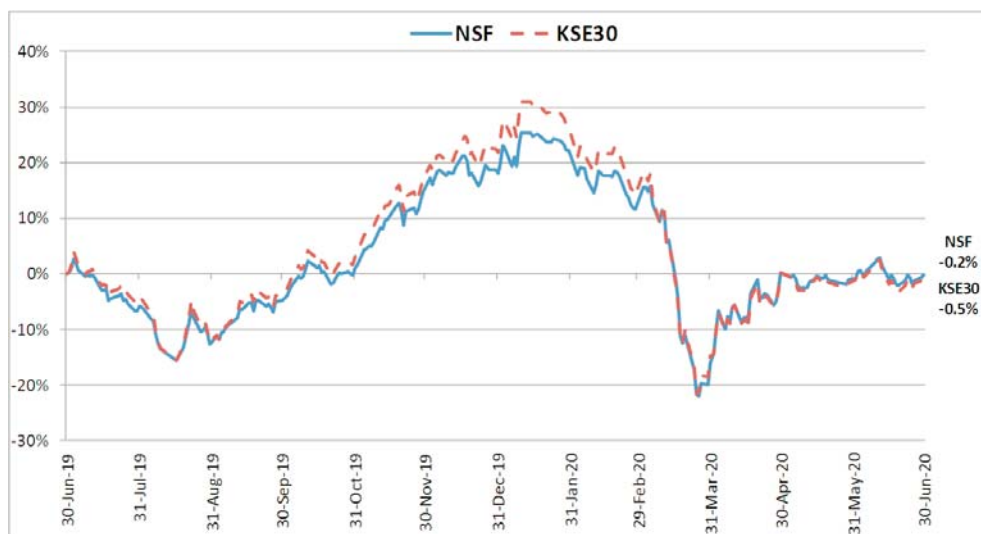
Fund performance review

This is the fourteenth annual report of the Fund. During the fiscal year, NBP Stock Fund decreased by 0.2% as against the KSE-30 index decrease by 0.5%, outperforming the market by 0.3% during the year. Since inception (January 19, 2007), NSF has risen by 339.6%, whereas the KSE-30 index has increased by 62.9%, thus to date out-performance is 276.7%. This outperformance is net of management fee and all other expenses. Thus, NSF has met its investment objective. During the year, the fund size of NSF increased by 15% to Rs 13,702mn.

NSF outperformed on the back of proactive asset allocation. Furthermore, the Fund was overweight in key stocks in Oil & Gas Exploration Companies, Technology & Communication, and Engineering sectors that outperformed the market and was underweight in key stocks in Commercial Banks, Power Generation & Distribution Companies, and Automobile Assembler sectors that underperformed the market, which contributed to the outperformance.

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

NSF Performance vs. Benchmark during FY20



At the beginning of the year, NSF was around 94.5% invested in equities. During the year, we proactively adjusted our exposure in equities. At the end of the year, NSF was around 97.5% invested in equities.



Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KSE-100 Index rose by a meagre 1.5% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 28,765 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KSE-100 Index surged by a massive 50% from August 16th, 2019 to its recent peak on January 13th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 37% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.5% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	97.5%	94.5%
Cash Equivalents	4.1%	5.9%
Other Net Liabilities	(1.6%)	(0.4%)
Total	100.0%	100.0%



Distribution for the Financial Year 2020

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

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
1-1000	770
1001-5000	535
5001-10000	338
10001-50000	764
50001-100000	298
100001-500000	315
500001-1000000	38
1000001-5000000	70
5000001-10000000	16
10000001-100000000	16
100000001-1000000000	3
Total	3163

During the period under question:

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 108.972 Million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.0952 / 0.79%. For details investors are advised to read note 13.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



INDEPENDENT AUDITORS' REPORT

To the Unit Holders of the NBP Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Stock Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2020, income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement and for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report for 2020, but does not include the financial statements and our auditors' report thereon.

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

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

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

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



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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most



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

Report on Other Legal and Regulatory Requirements

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

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

Date: September 30, 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
Assets			
Bank balances	5	563,575	702,620
Investments	6	13,362,869	11,245,759
Dividend and profit receivable	7	2,788	30,120
Receivable against sale of investments		46,766	136,329
Receivables from funds under management by Management Company against conversion of units		1,708	-
Advance, deposits and prepayment	8	7,312	7,301
Total assets		13,985,018	12,122,129
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	71,625	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee	10	1,377	1,264
Payable to Securities and Exchange Commission of Pakistan	11	2,620	14,148
Payable against redemption of units	12	56,816	-
Accrued expenses and other liabilities	13	150,961	149,226
Total liabilities		283,399	226,870
Net assets		13,701,619	11,895,259
Unit holders' fund (as per statement attached)		13,701,619	11,895,259
Contingency and commitment	14		
(Number of units)			
Number of units in issue	15	1,144,834,476	991,980,340
(Rupees)			
Net assets value per unit		11.9682	11.9914

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
Income			
Dividend income		610,955	718,546
Gain / (loss) on sale of investments at fair value through profit or loss (FVTPL) - net		54,637	(910,747)
Profit on bank deposits		101,517	147,025
Income from government securities		13,661	25,335
Net unrealised diminution on re-measurement of investments at FVTPL		(708,461)	(2,360,951)
Total income / (loss)		72,309	(2,380,792)
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	9.1	198,289	297,857
Sindh Sales Tax on remuneration to Management Company	9.2	25,778	38,721
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	14,100	15,893
Sindh Sales Tax on remuneration to Trustee	10.2	1,833	2,066
Selling and marketing expenses	9.3	166,326	59,571
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	13,100	14,893
Annual fee - Securities and Exchange Commission of Pakistan		2,620	14,148
Securities transaction cost		30,955	21,006
Settlement and bank charges		2,393	2,728
Auditors' remuneration	16	767	711
Fund rating fee		232	222
Annual listing fee		27	28
Legal and professional fees		67	72
Printing charges		92	13
Total expenses		456,579	467,929
Net loss from operating activities		(384,270)	(2,848,721)
Provision for Sindh Workers' Welfare Fund	13.1	-	-
Net loss for the year before taxation		(384,270)	(2,848,721)
Taxation	17	-	-
Net loss for the year		(384,270)	(2,848,721)

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

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020 (Rupees in '000)	2019
Net loss for the year	(384,270)	(2,848,721)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(384,270)	(2,848,721)

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2020

Note	2020			2019		
	Value	Accumulated losses	Total	Value	Undistributed income / Accumulated (loss)	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	12,191,631	(296,372)	11,895,259	12,431,591	2,552,349	14,983,940
Issue of 823,439,531 units (2019: 545,757,834 units)						
- Capital value	9,874,193	-	9,874,193	7,980,399	-	7,980,399
- Element of income / (loss)	529,240	-	529,240	(308,013)	-	(308,013)
Total proceeds on issuance of units	10,403,433	-	10,403,433	7,672,386	-	7,672,386
Redemption of 670,585,395 units (2019: 578,485,493 units)						
- Capital value	(8,041,258)	-	(8,041,258)	(8,458,962)	-	(8,458,962)
- Element of income / (loss)	(171,545)	-	(171,545)	546,616	-	546,616
Total payments on redemption of units	(8,212,803)	-	(8,212,803)	(7,912,346)	-	(7,912,346)
Total comprehensive loss for the year	-	(384,270)	(384,270)	-	(2,848,721)	(2,848,721)
Net assets at end of the year	14,382,261	(680,642)	13,701,619	12,191,631	(296,372)	11,895,259
Accumulated (loss) / Undistributed income brought forward						
- Realised		2,064,579			3,535,171	
- Unrealised		(2,360,951)			(982,822)	
		(296,372)			2,552,349	
Total comprehensive loss for the year		(384,270)			(2,848,721)	
Accumulated losses carried forward		(680,642)			(296,372)	
Accumulated losses carried forward						
- Realised		27,819			2,064,579	
- Unrealised		(708,461)			(2,360,951)	
		(680,642)			(296,372)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		11.9914			14.6226	
Net assets value per unit at end of the year		11.9682			11.9914	

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

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

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		(384,270)	(2,848,721)
Adjustments:			
Net unrealised diminution on re-measurement of investments at FVTPL		708,461	2,360,951
		324,191	(487,770)
(Increase) / decrease in assets			
Investments		(2,825,571)	(791,811)
Dividend and profit receivable		27,332	(2,025)
Receivable against sale of investments		89,563	(121,383)
Advance, deposits and prepayment		(11)	(110)
		(2,708,687)	(915,329)
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		9,393	(9,125)
Payable to Central Depository Company of Pakistan Limited - Trustee		113	(304)
Payable to Securities and Exchange Commission of Pakistan		(11,528)	(836)
Accrued expenses and other liabilities		1,735	(3,433)
		(287)	(13,698)
Net cash (used in) operating activities		(2,384,783)	(1,416,797)
CASH FLOWS FROM FINANCING ACTIVITIES			
	18		
Amount received against issuance of units		10,401,725	7,672,386
Amount paid on redemption of units		(8,155,987)	(7,912,346)
Net cash from / (used in) financing activities		2,245,738	(239,960)
Net (decrease) in cash and cash equivalents during the year		(139,045)	(1,656,757)
Cash and cash equivalents at beginning of the year		702,620	2,359,377
Cash and cash equivalents at end of the year	5	563,575	702,620

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The NBP Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 06 December 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 01 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-ended mutual fund classified as an "equity scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The core objective of the Fund, is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and performance rating of '4-Star' to the Fund.
- 1.6** Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

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



2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

- (a) Valuation of investment (Note 4.2.4)
- (b) Provisions (Note 4.6)
- (c) Element of income (Note 4.9)
- (d) Classification and Impairment of financial assets (Note 4.2.1 and Note 4.2.5)

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The application of amendments are not likely to have an impact on Fund's financial statements.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. The application of amendments are not likely to have an impact on Fund's financial statements.



- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The application of amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - There is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The application of amendments are not likely to have an impact on Fund's financial statements.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The application of amendments are not likely to have an impact on Fund's financial statements.



- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The application of amendments are not likely to have an impact on Fund's financial statements.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The application of above amendments are not likely to have an impact on Fund's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

4.1 New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.2 Financial Assets

4.2.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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



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

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

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

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

Business model assessment

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

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

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

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

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

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



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

The Fund has determined that it has two business models.

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

Reclassifications

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

4.2.2 Regular way contracts

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

4.2.3 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 expensed as incurred in the income statement.

4.2.4 Subsequent measurement

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

Financial assets at FVTPL

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

Financial assets at amortised cost

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

The fair value of financial assets are determined as follows:

a) Equity securities

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

b) Government securities

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



4.2.5 Impairment of financial assets

Financial assets at amortised cost

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

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

4.2.6 Derecognition

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

4.2.7 Offsetting of financial assets and financial liabilities

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

4.3 Cash and cash equivalents

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

4.4 Financial liabilities

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

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

4.5 Derivatives

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

4.6 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.

4.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income



for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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

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

4.8 Issue and redemption of units

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

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

4.9 Element of income

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

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

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

4.10 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.

4.11 Net assets value per unit

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



4.12 Revenue recognition

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

4.13 Distribution

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

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

5 BANK BALANCES

		2020	2019
		(Rupees in '000)	
In current accounts		25,456	28,600
In savings accounts	5.1 & 5.2	538,119	674,020
		<u>563,575</u>	<u>702,620</u>

5.1 These accounts carry profit at rates ranging from 3.00% to 15.50% (2019: 3.00% to 13.00%) per annum.

5.2 These includes cheques amounting to Rs. 2.116 million (30 June 2019: Rs. 81.567 million) issued on account of redemption of units and cheques amounting to Rs. 2.482 million (30 June 2019: Rs. 18.587 million) received on account of issuance of units.

6 INVESTMENTS

At fair value through profit or loss

- Listed equity securities	6.1	<u>13,362,869</u>	<u>11,245,759</u>



6.1 Investment in listed equity securities

*All shares have a nominal face value of Rs.10 each except for the shares of Thal Limited, Dynea Pakistan Limited, and Agriauto Industries Limited NC which have a face value of Rs.5, K-Electric Limited which have a face value of Rs 3.5 each, and Hum Network Limited which have a face value of Rs. 1 each.

Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2020	Market value /carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)					(Rupees in '000)	(%)			
Refinery										
Attock Refinery Limited	2,000	-	-	-	2,000	-	-	-	-	-
	2,000	-	-	-	2,000	-	-	-	-	-
Oil and Gas Exploration Companies										
Mari Petroleum Company Limited	414,228	266,861	48,317	-	17,500	711,906	880,378	6.43	6.59	0.53
Oil & Gas Development Company Limited (refer note 6.1.1)	6,411,381	6,215,100	-	-	6,075,172	6,551,309	714,093	5.21	5.34	0.15
Pakistan Oilfields Limited (refer note 6.1.1)	937,396	1,322,790	-	-	1,055,032	1,205,154	422,563	3.08	3.16	0.42
Pakistan Petroleum Limited (refer note 6.1.1)	4,635,059	6,345,380	871,872	-	3,648,600	8,203,711	711,918	5.20	5.33	0.30
	12,398,064	14,150,131	920,189	-	10,796,304	16,672,080	2,728,952	19.92	20.42	
Oil and Gas Marketing Companies										
Attock Petroleum Limited	151,010	3,960	-	-	-	154,970	47,297	0.35	0.35	0.16
Hascol Petroleum Limited (refer note 6.1.2)	17,635	-	-	-	13,562	4,073	55	-	-	-
Pakistan State Oil Company Limited (refer note 6.1.1)	1,182,740	2,461,731	235,448	-	2,075,700	1,804,219	285,355	2.08	2.14	0.38
Shell Pakistan Limited	148,200	-	-	-	96,300	51,900	9,476	0.07	0.07	0.05
Sui Northern Gas Pipelines Limited	2,338,700	4,716,300	-	-	3,402,500	3,652,500	199,426	1.46	1.49	0.58
Sui Southern Gas Company Limited	2,000	-	-	-	2,000	-	-	-	-	-
	3,840,285	7,181,991	235,448	-	5,590,062	5,667,662	541,609	3.96	4.05	
Investment Banks/ Investment Companies/ Security Companies										
Dawood Hercules Corporation Limited	116,400	-	-	-	3,500	112,900	14,442	0.11	0.11	0.02
Fertilizer										
Engro Corporation Limited (refer note 6.1.1)	2,354,314	1,720,239	-	-	1,822,400	2,252,153	659,700	4.81	4.94	0.39
Engro Fertilizers Limited	5,832,500	8,360,471	-	-	6,896,000	7,296,971	439,861	3.21	3.29	0.55
Fauji Fertilizer Bin Qasim Company Limited	-	10,235,000	-	-	4,024,500	6,210,500	99,120	0.72	0.74	0.66
Fauji Fertilizer Company Limited	7,330,000	2,675,400	-	-	5,762,700	4,242,700	466,655	3.41	3.49	0.33
	15,633,214	22,991,110	-	-	18,505,600	20,115,224	1,679,778	12.15	12.46	
Chemical										
Engro Polymer & Chemicals Limited	5,596,569	14,214,405	-	-	9,083,500	10,727,474	267,972	1.96	2.01	1.18
I.C.I Pakistan Ltd	-	142,050	-	-	-	142,050	98,684	0.72	0.74	0.15
Dynea Pakistan Limited*	-	19,000	-	-	-	19,000	2,049	0.01	0.02	0.10
Ittehad Chemicals Limited	3,000	-	-	-	3,000	-	-	-	-	-
Lotte Chemical Pakistan Limited	3,921,500	-	-	-	3,921,500	-	-	-	-	-
	9,521,069	14,375,455	-	-	13,008,000	10,888,524	368,705	2.69	2.77	
Automobile Parts and Accessories										
Agriauto Industries Limited NC*	-	7,000	-	-	-	7,000	1,274	0.01	0.01	0.02
Baluchistan Wheels Limited	87,000	-	-	-	-	87,000	5,284	0.04	0.04	0.65
Thal Limited*	119,389	307,200	-	-	-	426,589	138,616	1.01	1.04	0.53
	206,389	314,200	-	-	-	520,589	145,174	1.06	1.09	



Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2020	Market value /carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)				(Rupees in '000)		(%)			
Cement										
Attock Cement Pakistan Limited	1	820	-	-	821	-	-	-	-	-
Cherat Cement Company Limited	632,700	717,000	-	-	1,349,700	-	-	-	-	-
D.G. Khan Cement Company Limited	575,000	2,606,500	-	-	3,181,500	-	-	-	-	-
Fauji Cement Company Limited	2,000,000	16,196,000	-	-	8,680,000	9,516,000	160,630	1.17	1.20	0.69
Fecto Cement Limited	243,200	-	-	-	-	243,200	5,063	0.04	0.04	0.48
Kohat Cement Company Limited	415,190	1,407,130	-	-	99,000	1,723,320	236,870	1.73	1.77	0.86
Lucky Cement Limited (refer note 6.1.1)	594,533	1,606,000	-	-	827,300	1,373,233	633,857	4.63	4.74	0.42
Maple Leaf Cement Factory Limited	3,875,001	9,991,000	-	850,000	8,295,000	6,421,001	166,818	1.22	1.25	0.58
Pioneer Cement Limited	720,300	1,065,500	-	-	1,785,800	-	-	-	-	-
	9,055,925	33,589,950	-	850,000	24,219,121	19,276,754	1,203,238	8.79	9.00	
Paper and Board										
Roshan Packages Ltd	-	46,000	-	-	-	46,000	1,031	0.01	0.01	0.03
Century Paper and Board Mills Limited	2,867,600	170,000	-	-	106,500	2,931,100	209,779	1.53	1.57	1.99
Cherat Packaging Limited	555,090	-	34,409	-	211,000	378,499	44,341	0.32	0.33	0.89
	3,422,690	216,000	34,409	-	317,500	3,355,599	255,151	1.86	1.91	
Automobile Assembler										
Honda Atlas Cars (Pakistan) Limited	-	790,900	-	-	-	790,900	153,182	1.12	1.15	0.55
Indus Motor Company Limited	19,270	53,160	-	-	16,960	55,470	55,192	0.40	0.41	0.07
Millat Tractors Limited	-	265,950	-	-	41,800	224,150	158,286	1.16	1.18	0.45
Pak Suzuki Motor Company Limited	50	-	-	-	50	-	-	-	-	-
	19,320	1,110,010	-	-	58,810	1,070,520	366,660	2.68	2.74	
Pharmaceuticals										
Abot Laboratories (Pakistan) Limited	29,550	1,150	-	-	26,750	3,950	2,619	0.02	0.02	-
Ferozsons Laboratories Limited	-	108,000	-	-	69,000	39,000	11,717	0.09	0.09	0.13
AGP Limited	385,000	-	-	-	-	385,000	42,250	0.31	0.32	0.14
GlaxoSmithKline (Pakistan) Limited	11,400	238,700	-	-	-	250,100	43,537	0.32	0.33	0.08
GlaxoSmithKline Consumer Healthcare Pakistan Limited	15,600	-	-	-	-	15,600	4,238	0.03	0.03	0.01
The Searle Company Limited (refer note 6.1.2)	47,327	931,250	-	-	978,577	978,577	194,962	1.42	1.46	0.46
	488,877	1,279,100	-	-	95,750	1,672,227	299,323	2.19	2.25	
Engineering										
International Industries Limited	407,900	50,000	16,590	-	388,600	85,890	7,879	0.06	0.06	0.07
Aisha Steel Ltd	-	2,220,000	-	-	2,220,000	-	-	-	-	-
International Steel Limited	1,477,500	3,199,200	-	-	2,094,000	2,582,700	133,396	0.97	1.00	0.59
Amreli Steels Limited	-	4,989,000	-	-	106,500	4,882,500	159,365	1.16	1.19	1.64
Ittefaq Iron Industries Limited	-	2,900,000	-	-	700,500	2,199,500	15,199	0.11	0.11	1.52
Mughal Iron and Steel Industries Limited (refer note 6.1.2)	3,828,887	895,500	-	-	692,000	4,032,387	160,812	1.17	1.20	1.60
	5,714,287	14,253,700	16,590	-	6,201,600	13,782,977	476,651	3.47	3.56	
Textile Composite										
Azgard Nine Limited (Non-voting)	806,400	-	-	-	-	806,400	5,645	0.04	0.04	0.16
Gul Ahmed Textile Mills Limited	7,408,200	3,406,460	988,640	-	3,414,500	8,388,800	240,171	1.75	1.80	1.96
Crescent Textile Mills Ltd	-	9,000	-	-	9,000	-	-	-	-	-
Interloop Limited	1,970,328	296,373	-	-	-	2,266,701	99,553	0.73	0.75	0.26
Kohinoor Textile Mills Limited (refer note 6.1.2)	2,315,339	30,180	-	-	450,000	1,895,519	67,310	0.49	0.50	0.63
Nishat Chunian Limited	3,855,300	914,500	-	-	2,822,000	1,947,800	63,206	0.46	0.47	0.81
Nishat Mills Limited	1,919,400	3,698,700	-	-	1,912,900	3,705,200	289,043	2.11	2.16	1.05
Sapphire Fibres Limited	40	-	-	2	42	-	-	-	-	-
	18,275,007	8,355,213	988,640	2	8,608,442	19,010,420	764,928	5.58	5.72	



Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2020	Market value /carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)					(Rupees in '000)		(%)		
Food and Personal Care Products										
Matco Foods Limited	-	15,450	-	-	-	15,450	294	-	-	0.01
Al-Shaheer Corporation Limited (refer note 6.1.2)	1,854,288	-	-	745,140	606,500	1,992,928	22,799	0.17	0.17	1.00
	1,854,288	15,450	-	745,140	606,500	2,008,378	23,093	0.17	0.17	
Technology and Communication										
Hum Network Limited*	-	3,408,000	-	-	1,835,000	1,573,000	19,741	0.14	0.15	0.17
Avanceon Limited (refer note 6.1.2)	661,250	-	1,633	-	644,921	17,962	635	-	-	0.01
Netsol Technologies Limited	1,554,900	13,700	-	-	464,000	1,104,600	54,910	0.40	0.41	1.23
System Limited	1,725,900	33,710	-	-	217,000	1,542,610	283,347	2.07	2.12	1.25
	3,942,050	3,455,410	1,633	-	3,160,921	4,238,172	358,633	2.61	2.68	
Power Generation and Distribution										
K-Electric Limited*	7,972,000	6,000,000	-	-	3,808,000	10,164,000	30,594	0.22	0.23	0.04
Nishat Power Ltd.	-	35,000	-	-	-	35,000	793	0.01	0.01	0.01
Lalpir Power Ltd.	-	5,776,500	-	-	-	5,776,500	67,412	0.49	0.50	1.52
Nishat Chunian Power Ltd	-	1,367,000	-	-	-	1,367,000	20,669	0.15	0.15	0.37
Kot Addu Power Company Limited	-	2,551,000	-	-	450,000	2,101,000	42,335	0.31	0.32	0.24
Pakgen Power Limited	739,500	875,000	-	-	-	1,614,500	19,390	0.14	0.15	0.43
Saif Power Limited	470,000	100,000	-	-	-	570,000	9,160	0.07	0.07	0.15
The Hub Power Company Limited (refer note 6.1.1)	8,892,603	4,031,008	-	-	3,378,500	9,545,111	692,028	5.05	5.18	0.74
	18,074,103	20,735,508	-	-	7,636,500	31,173,111	882,381	6.44	6.61	
Commercial Banks										
Allied Bank Limited	3,897,201	268,400	-	-	860,000	3,305,601	253,143	1.85	1.89	0.29
Askari Bank Limited	1,200,000	10,500	-	-	1,210,500	-	-	-	-	-
Bank Al-Falah Limited	16,836,750	8,677,164	-	-	7,332,600	18,181,314	610,347	4.45	4.57	1.02
Bank Al-Habib Limited (refer note 6.1.1)	7,880,150	2,687,798	-	-	1,382,000	9,185,948	480,425	3.51	3.60	0.83
Bank of Punjab	9,934,500	4,000,000	-	-	5,009,000	8,925,500	74,974	0.55	0.56	0.34
Faysal Bank Limited (refer note 6.1.2)	3,831,250	2,931,288	-	-	1,361,500	5,401,038	75,236	0.55	0.56	0.36
National Bank of Pakistan	-	330,000	-	-	-	330,000	9,125	0.07	0.07	0.02
Habib Bank Limited	5,275,633	5,275,200	-	-	3,573,100	6,977,733	675,933	4.93	5.06	0.48
Habib Metropolitan Bank Limited	79,000	-	-	-	79,000	-	-	-	-	-
MCB Bank Limited	2,198,800	1,294,778	-	-	2,092,600	1,400,978	227,056	1.66	1.70	0.12
Meezan Bank Limited	381,217	215,850	-	-	115,500	481,567	33,156	0.24	0.25	0.04
United Bank Limited	5,009,340	3,068,856	-	-	3,759,314	4,318,882	446,400	3.26	3.34	0.35
	56,523,841	28,759,834	-	-	26,775,114	58,508,561	2,885,795	21.07	21.60	
Modarbas										
Sindh Modaraba	1,295,500	-	-	-	1,136,500	159,000	1,305	0.01	0.01	0.35
Glass and Ceramics										
Ghani Value Glass Limited	7,500	-	-	4,125	-	11,625	430	-	-	0.02
Tariq Glass Industries Limited	1,652,200	829,700	1,171,200	-	-	3,653,100	235,698	1.72	1.76	3.32
	1,659,700	829,700	1,171,200	4,125	-	3,664,725	236,128	1.72	1.76	
Cable and Electric Goods										
Pak Elektron Limited	500	3,336,000	-	-	3,336,500	-	-	-	-	-
Sugar and Allied Industries										
Mirpurkhas Sugar Mills Ltd	-	14,500	1,450	-	15,950	-	-	-	-	-



6.2 Market Treasury Bills

Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2020	Market value /carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
(Number of shares)						(Rupees in '000)	(%)			
Miscellaneous										
Tri-Pack Films Limited	1,001	-	-	-	1,001	-	-	-	-	-
TPL Properties Limited	432,032	-	-	-	432,032	-	-	-	-	-
Synthetic Products Limited	174,000	-	6,960	-	-	180,960	7,524	0.05	0.06	0.20
	607,033	-	6,960	-	433,033	180,960	7,524	0.05	0.06	
Insurance										
Adamjee Insurance Co. Ltd	-	2,502,000	-	-	-	2,502,000	82,842	0.60	0.62	0.71
TPL Insurance Ltd	-	2,500,000	-	-	-	2,500,000	55,000	0.40	0.41	2.66
	-	5,002,000	-	-	-	5,002,000	137,842	1.00	1.03	
Total - 30 June 2020	162,534,142	179,965,262	3,376,519	1,599,267	130,507,707	216,967,483	13,362,869	97.53	100.00	
Carrying value before fair value adjustment as at 30 June 2020							14,071,330			

6.1.1 Investments include shares with market value of Rs. 185.026 million (30 June 2019: Rs. 190.742 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.

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

During the year ended 30 June 2018, the Honourable Supreme Court of Pakistan (HSC) passed a judgement on 27 June 2018 whereby the suits which are already pending or shall be filed in future must only be continued entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended 30 June 2019. After that, the CISs have filed a fresh constitutional petition via CP 4653 dated 11 July 2019. In this regard, on 15 July 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from 1 July 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 5.775 million (30 June 2019: 10.598 million) and not deposited in CDC account of department of Income Tax.



6.2 Market Treasury Bills

Issue date	Tenor	Face value				Market value / Carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2019	Purchases during the year	Sales / matured during the year	As at 30 June 2020			
----- (Rupees in '000) ----- (%) -----								
12 September 2019	6 Months	-	92,600	92,600	-	-	-	-
21 November 2019	3 Months	-	700,000	700,000	-	-	-	-
05 December 2019	3 Months	-	250,000	250,000	-	-	-	-
19 December 2019	3 Months	-	210,000	210,000	-	-	-	-
13 February 2020	3 Months	-	250,000	250,000	-	-	-	-
27 February 2020	3 Months	-	250,000	250,000	-	-	-	-
12 March 2020	3 Months	-	100,000	100,000	-	-	-	-
23 April 2020	3 Months	-	200,000	200,000	-	-	-	-
Total		-	2,052,600	2,052,600	-	-	-	-

7 DIVIDEND AND PROFIT RECEIVABLE

2020 2019

(Rupees in '000)

Dividend receivable on Equity Securities

226 18,943

Profit receivable on Savings Deposits

2,562 11,177

2,788 30,120

8 ADVANCE, DEPOSITS AND PREPAYMENT

Advance tax

8.1

4,591

4,591

Security deposits with:

- National Clearing Company of Pakistan Limited

2,500

2,500

- Central Depository Company of Pakistan Limited

100

100

Prepaid Mutual Fund Rating fee

121

110

7,312

7,301

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008- VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits as at 30 June 2020 amounts to Rs. 4.591 million (2019: Rs. 4.591 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted



the petitioners leave to appeal from the initial judgement of HCS. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2020 as in the opinion of the management, the amount of tax deducted at source will be refunded.

9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY		2020	2019
			(Rupees in '000)	
	Management remuneration	9.1	17,044	20,735
	Sindh Sales Tax on management remuneration	9.2	2,216	2,695
	Sales load and others		816	4,198
	Selling and marketing expenses	9.3	48,194	27,683
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	3,355	6,921
			<u>71,625</u>	<u>62,232</u>

9.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. The Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund till 11 July 2019 and with effective from 12 July 2019 the Management Company has charged its remuneration at the rate of 1.5% of the average annual net assets of the Fund.

9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on management remuneration and sales load.

9.3 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. Subsequently, the Management Company has revised selling and marketing expenses rate during the year and charged accordingly as follows:

Period	Rate per annum
1 July 2019 to 11 July 2019	0.4% of net assets or actual expenses whichever is lower.
12 July 2019 to 16 December 2019	1.15% of net assets or actual expenses whichever is lower.
17 December 2019 to 10 May 2020	1.35% of net assets or actual expenses whichever is lower.
11 May 2020 to 30 June 2020	1.5% of net assets or actual expenses whichever is lower.

9.4 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O. 639 (I)/2019, has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. However, the Management Company is charging 0.1% of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		2020	2019
			(Rupees in '000)	
	Trustee remuneration	10.1	1,218	1,119
	Sindh Sales Tax on Trustee remuneration	10.2	159	145
			<u>1,377</u>	<u>1,264</u>



- 10.1** Upto 30 June 2019, the Trustee was entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.

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

With effective from 1 July 2019 the Trustee has revised its remuneration which is as follows:

Net assets	Tariff per annum
Upto Rs. 1,000 million	0.20% per annum of net assets,
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

The remuneration is paid to the Trustee monthly in arrears.

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP. An amount equal to 0.095 percent per annum of the average net assets of the Fund has been charged till 30 June 2019 and with effective from 1 July 2019 SECP has revised its fee rate to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

12 PAYABLE AGAINST REDEMPTION OF UNITS

This includes an amount of Rs. 26 million, Rs. 24.640 million, Rs. 4.576 million, Rs. 0.999 million, Rs. 0.297 million, and Rs. 0.099 million payable on account of conversion of units to NBP Islamic Stock Fund, NBP Money Market Fund, NBP Financial Sector Income Fund, NBP Income Opportunity Fund, NBP Mahana Amdani Fund, and NBP Islamic Mahana Amdani Fund respectively, from the Fund.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

		2020	2019
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	13.1	108,972	108,972
Federal Excise Duty on management remuneration	13.2	32,183	32,183
Federal Excise Duty on sales load		3,904	3,904
Brokerage fee		1,351	684
Auditors' remuneration		556	535
Settlement charges		246	345
Withholding tax		278	285
Printing charges		67	58
Capital gain tax		1,006	55
Bank charges		194	47
Legal fees		71	25
Time barred cheques		917	917
Others		1,216	1,216
		150,961	149,226



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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 45.575 million and a provision for SWWF of Rs. 107.215 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.0952 per unit (2019: Rs 0.1099).

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 32.713 million out of which Rs. 0.530 million have been paid to the Management Company (30 June 2019: Rs. 32.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0286 (30 June 2019: Rs. 0.0330) per unit.



14 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2020 (2019: Nil).

15 NUMBER OF UNITS IN ISSUE

	2020	2019
	(Number of units)	
Total units in issue at beginning of the year	991,980,340	1,024,707,999
Add: Units issued	823,439,531	545,757,834
Less: Units redeemed	(670,585,395)	(578,485,493)
Total units in issue at end of the year	<u>1,144,834,476</u>	<u>991,980,340</u>

16 AUDITORS' REMUNERATION

Statutory audit fee	410	390
Half yearly review fee	164	156
Out of pocket expenses and others including government levy	193	165
	<u>767</u>	<u>711</u>

17 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

During the year ended 30 June 2020, the Fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2020.

18 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Total
	(Rupees in '000)		
Balance as at 1 July 2019	-	-	-
Receivable against issuance of units	10,403,433	-	(10,403,433)
Payable against redemption of units	-	8,212,803	8,212,803
	10,403,433	8,212,803	(2,190,630)
Amount received on issuance of units	(10,401,725)	-	10,401,725
Amount paid on redemption of units	-	(8,155,987)	(8,155,987)
	(10,401,725)	(8,155,987)	2,245,738
Balance as at 30 June 2020	<u>1,708</u>	<u>56,816</u>	<u>55,108</u>



19 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 3.48% (2019: 3.14%) per annum. Total expense ratio (excluding government levies) is 3.25% (2019: 2.77%) per annum.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2020		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	563,575	-	563,575
Investments	-	13,362,869	13,362,869
Dividend and profit receivable	2,788	-	2,788
Receivable against sale of investments	46,766	-	46,766
Receivables from funds under management by Management Company against conversion of units	1,708	-	1,708
Deposits	2,600	-	2,600
	<u>617,437</u>	<u>13,362,869</u>	<u>13,980,306</u>

	As at 30 June 2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	71,625	71,625
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,377	1,377
Payable against redemption of units	-	56,816	56,816
Accrued expenses and other liabilities	-	4,618	4,618
	<u>-</u>	<u>134,436</u>	<u>134,436</u>

	As at 30 June 2019		
	At amortised cost	Mandatorily at fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	702,620	-	702,620
Investments	-	11,245,759	11,245,759
Dividend and profit receivable	30,120	-	30,120
Receivable against sale of investments	136,329	-	136,329
Advance, deposits and prepayment	2,600	-	2,600
	<u>871,669</u>	<u>11,245,759</u>	<u>12,117,428</u>



	As at 30 June 2019		
	Mandatorily at fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	62,232	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,264	1,264
Accrued expenses and other liabilities	-	3,827	3,827
	-	67,323	67,323

21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

21.5 Details of transactions with connected persons are as follows:	2020	2019
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Issue of 27,215,245 units (2019: 34,695,689 units)	335,885	475,460
Redemption of 23,244,060 units (2019: 34,695,689 units)	294,963	478,910
Remuneration of NBP Fund Management Limited - Management Company	198,289	297,857
Sindh Sales Tax on remuneration to Management Company	25,778	38,721
Selling and marketing expenses	166,326	59,571
Allocation of expenses related to registrar services, accounting, operation and valuation services	13,100	14,893
Sales load and others	6,064	10,250
Employees of the Management Company		
Issue of 12,716,185 units (2019: 2,251,038 units)	163,428	31,024
Redemption of 11,738,565 units (2019: 2,142,018 units)	150,977	30,430
NBP Fund Management Limited - Management Company (Employee Provident Fund)		
Issue of 382,379 units (2019: Nil units)	4,542	-
Redemption of 317,235 units (2019: Nil units)	3,702	-



	2020	2019
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	14,100	15,893
Sindh Sales Tax on remuneration to Trustee	1,833	2,066
CDS charges	686	1,002
Mr. Khalid Mehmood - Chief Financial Officer		
Issue of 319,916 units (2019: 75,740 units)	3,743	1,126
Redemption of 357,661 units (2019: 10,268 units)	4,459	150
Mr. Amjad Waheed - Chief Executive Officer		
Issue of 1,697,228 units (2019: 41,116 units)	21,979	575
Redemption of 1,842,881 units (2019: 21,913 units)	23,703	300
Mr. Murtaza Ali - Company Secretary / Chief Operating Officer of the Management Company		
Issue of Nil units (2019: 288,773 units)	-	4,006
Redemption of 447 units (2019: 288,326 units)	5	4,222
Mr. Kamal. A. Chinoy - Director*		
Issue of Nil units (2019: 206,356 units)	-	2,590
Redemption of Nil units (2019: 408,980 units)	-	5,090
Mr. Humayun Bashir - Director		
Issue of 13,183,652 units (2019: 3,279,195 units)	158,832	44,941
Redemption of 12,585,451 units (2019: 4,531,437 units)	156,786	63,098
Cherat Packaging Limited*		
Nil shares purchased (2019: 16,700 shares)	-	2,662
Nil bonus shares received (2019: 70,655)	-	-
Nil shares sold (2019: Nil shares)	-	-
Nil subscription of right shares (2019: Nil shares)	-	-
Dividend received	-	3,737
Management Association of Pakistan		
Issue of Nil units (2019: 230,489 units)	-	3,252
Redemption of Nil units (2019: 446,727 units)	-	5,906
Gul Ahmed Textile Mills Limited		
3,046,460 shares purchased (2019: 5,092,000 shares)	153,618	255,980
988,640 bonus shares received (2019: Nil)	-	-
3,414,500 shares sold (2019: 646,500 shares)	137,450	35,727
Dividend received	12,358	15,772
Fauji Fertilizer Company Limited**		
2,675,400 shares purchased (2019 : Nil)	280,754	-
5,762,700 shares sold (2019 : Nil)	544,675	-
Dividend received	57,814	-
The Hub Power Company Limited**		
4,031,008 shares purchased (2019 : Nil)	339,469	-
3,378,500 shares sold (2019 : Nil)	287,111	-



	2020	2019
	(Rupees in '000)	
Pakistan Stock Exchange Limited**		
Listing fee paid	25	-
National Clearing Company of Pakistan Limited		
NCCPL charges	1,277	1,428
NBP Money Market Fund		
Market treasury bills sold	246,315	-
NBP Government Security Liquid Fund		
Market treasury bills sold	342,727	-
Cherat Cement Company Limited*		
Nil shares sold (2019: 610,000 shares)	-	38,798
Dividend received	-	4,971
International Industries Limited*		
Nil shares purchased (2019: 95,100 shares)	-	16,259
Nil bonus shares received (2019: Nil)	-	-
Nil shares sold (2019: 537,500 shares)	-	96,575
Dividend received	-	4,667
International Steel Limited		
3,199,200 shares purchased (2019: 4,105,500 shares)	156,183	351,366
2,094,000 shares sold (2019: 4,195,000 shares)	84,992	287,569
Dividend received	1,325	11,717
Summit Bank Limited*		
Redemption of Nil units (2019: 638,038)	-	9,535
Mark-up on bank balances	-	14
Askari Bank Limited*		
Mark-up on bank balance	-	135
Bank Islami Pakistan Limited		
Mark-up on bank balance	2,461	18
Taurus Securities Limited		
Brokerage charges	1,682	1,410
Sindh Province Pension Fund		
Issue of 50,122,835 units (2019: 7,815,186)	659,000	100,000
CDC Trustee Punjab Pension Fund Trust		
Issue of Nil units (2019: 103,729,418)	-	1,500,000
Haider Amjad		
Issue of 100,959 units (2019: Nil units)	1,245	-
Redemption of 25,493 units (2019: Nil units)	320	-
Rohma Amjad		
Issue of 74,260 units (2019: Nil units)	1,000	-
Redemption of 34,038 units (2019: Nil units)	457	-



	2020	2019
	(Rupees in '000)	
Shabnam Jabbar		
Issue of Nil units (2019: 550,247 units)	-	7,408
Redemption of Nil units (2019: 2,468,296 units)	-	35,520
Service Provident Fund Trust		
Issue of 10,995,664 units (2019: 10,134,331 units)	139,007	137,040
Redemption of 8,988,633 units (2019: 6,518,241 units)	118,312	91,333
Service Sales Corporation Provident Fund Trust		
Issue of Nil units (2019: 219,388 units)	-	3,000
Redemption of Nil units (2019: 1,464,847 units)	-	20,749
Pakistan Mobile Communications Limited Provident Fund		
Issue of Nil units (2019: 223,530 units)	-	3,332
Redemption of Nil units (2019: 1,453,846 units)	-	20,790
Telenor Pakistan Private Limited Employees Provident Fund (Conventional)		
Issue of 2,599,418 units (2019: 803,203 units)	30,648	11,400
Redemption of 2,075,827 units (2019: 1,356,513 units)	28,384	18,101
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Issue of 7,389,328 units (2019: 4,188,339 units)	87,150	53,756
Redemption of 5,460,577 units (2019: 1,415,563 units)	72,500	19,500
Telenor Employees Gratuity Fund		
Issue of 13,916,184 units (2019: 3,179,110 units)	169,117	44,987
Redemption of 13,017,978 units (2019: 6,004,850 units)	165,527	79,696
Bai Virbaiji Soparavala (BVS) Parsi High School		
Issue of 3,754,688 units (2019: 1,929,838)	52,857	27,222
Redemption of 1,793,841 units (2019: 5,047,716)	20,975	67,903
Getz Pharma (Private) Limited		
Issue of Nil units (2019: 1,991,754)	-	27,884
Redemption of Nil units (2019: 3,198,981)	-	43,540
Pak American Fertilizers Limited - Provident Fund Trust		
Issue of 1,705,403 units (2019: 290,305)	20,590	4,000
Redemption of 1,212,833 units (2019: Nil units)	15,110	-
Kashif Riaz		
Issue of 149,799 units (2019: 104,164)	2,000	1,500
Aftab Hussain		
Redemption of 193,441 units (2019: Nil units)	2,214	-
Getz Pharma (Pvt) Limited Employees Gratuity Fund		
Redemption of 468,616 units (2019: Nil units)	5,415	-
Agriauto Industries Ltd- Employees Provident Fund		
Redemption of 1,136,410 units (2019: Nil units)	16,276	-



	2020	2019
	(Rupees in '000)	
Bayer Pakistan (Private) Limited Employees Gratuity Fund		
Issue of 3,523,766 units (2019: Nil units)	43,004	-
Redemption of 1,484,026 units (2019: Nil units)	17,005	-
CCL Employees Provident Fund		
Redemption of 146,629 units (2019: Nil units)	1,610	-
The Millat Tractors Limited Employees Gratuity Fund Trust		
Issue of 3,640,897 units (2019: Nil units)	48,555	-
Redemption of 1,516,852 units (2019: Nil units)	18,100	-
Rousch (Pakistan) Power Limited Employees Gratuity Fund		
Issue of 277,262 units (2019: Nil units)	4,000	-
Redemption of 277,262 units (2019: Nil units)	3,360	-
Rousch (Pakistan) Power Limited Employees Provident Fund		
Issue of 589,181 units (2019: Nil units)	8,500	-
Redemption of 589,181 units (2019: Nil units)	7,153	-
Nagina Cotton Mills Limited		
Purchase of equity securities : 1,360,914 shares(2019: Nil)	122,511	-
Prosperity Weaving Mills Limited		
Purchase of equity securities : 1,420,504 shares(2019: Nil)	128,234	-
CDC Trustee NBP Balanced Fund		
Purchase of equity securities : 400,770 shares (2019: Nil shares)	20,500	-
CDC Trustee Islamic Sarmaya Izafa Fund		
Purchase of equity securities : 1,447,000 shares (2019: Nil shares)	184,426	-
CDC Trustee NBP Sarmaya Izafa Fund		
Purchase of equity securities : 401,018 shares (2019: Nil shares)	18,961	-
21.6 Balances at year end		
NBP Fund Management Limited - Management Company		
Units held: 3,971,185 units (2019: Nil units)	47,528	-
Management remuneration payable	17,044	20,735
Sindh Sales tax payable	2,216	2,695
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,355	6,921
Selling and marketing expenses	48,194	27,683
Sales load payable	816	4,198
National Bank of Pakistan		
Units held: 31,347,445 units (2019: 31,347,445 units)	375,172	375,900
Bank Balance	5,031	6,188



	2020	2019
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	1,218	1,119
Sindh Sales Tax on Trustee remuneration	159	145
CDS charges	130	200
Security deposit	100	100
National Clearing Company Of Pakistan Limited		
Units held: 2,580,238 (2019: 2,580,238 units)	30,881	30,941
NCCPL charges payable	116	145
Employees of the Management Company		
Units held: 1,764,826 (2019: 397,299 units)	21,122	4,764
National Fullerton Asset Management Ltd- Emp. Provident Fund		
Units held: 153,119 (2019: Nil units)	1,833	-
Dr. Amjad Waheed - Chief Executive Officer		
Units held: 172,641 (2019: 318,294 units)	2,066	3,817
Mr. Khalid Mehmood - Chief Financial Officer		
Units held: 93,124 (2019: 130,870 units)	1,115	1,569
Mr. Murtaza Ali - Company Secretary / Chief Operating Officer of the Management Company		
Units held: Nil (2019: 447 units)	-	5
Mr. Kamal. A. Chinoy - Director*		
Units held: Nil (2019: 1,005,904 units)	-	12,062
Mr. Humayun Bashir - Director		
Units held: 1,362,944 (2019: 764,744 units)	16,312	9,170
Haider Amjad		
Units held: 155,243 (2019: Nil units)	1,858	-
Rohma Amjad		
Units held: 40,222 (2019: Nil units)	481	-
NBP Employees Pension Fund		
Units held: 62,721,184 (2019: 62,721,184 units)	750,660	752,115
First Credit & Investment Bank Ltd		
Units held: 1,622,639 (2019: Nil units)	19,420	-
Bai Virbaiji Soparivala (Bvs) Parsi High School		
Units held: 1,960,846 (2019: Nil units)	23,468	-
Bayer Pakistan (Private) Limited Employees Gratuity Fund		
Units held: 2,502,799 (2019: Nil units)	29,954	-
The Millat Tractors Limited Employees Gratuity Fund Trust		
Units held: 2,124,045 (2019: Nil units)	25,421	-
Service Provident Fund Trust		
Units held: 6,647,833 (2019: 4,640,802 units)	79,563	55,650
Pak American Fertilizers Limited - Provident Fund Trust		
Units held: 782,875 (2019: 290,305 units)	9,370	3,481



	2020	2019
	(Rupees in '000)	
Receivables from funds against conversion of units		
NBP Money Market Fund	500	-
NBP Financial Sector Income Fund	412	-
NBP Islamic Savings Fund	400	-
NBP Islamic Money Market Fund	386	-
NBP Islamic Mahana Amdani Fund	10	-
Telenor Pakistan Private Limited Employees Provident Fund (Conventional)		
Units held: 2,749,919 (2019: 2,226,328 units)	32,912	26,697
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Units held: 7,550,697 (2019: 5,621,946 units)	90,368	67,415
Telenor Employees Gratuity Fund		
Units held: 11,319,785 (2019: 10,421,579 units)	135,477	124,969
Getz Pharma (Private) Limited		
Units held: Nil (2019: 468,616 units)	-	5,619
Kashif Riaz		
Units held: 584,154 (2019: 434,355 units)	6,991	5,209
Pakistan Centre for Philanthropy		
Units held: Nil (2019: 18 units)	-	-
International Industries Limited*		
Shares held: Nil (2019: 407,900 shares)	-	31,437
International Steels Limited		
Shares held: 2,582,700 (2019: 1,477,500 shares)	133,396	58,672
Cherat Packaging Pakistan Limited*		
Shares held: Nil (2019: 555,090 shares)	-	44,762
Gul Ahmed Textile Mills Limited		
Shares held: 8,388,800 (2019: 7,408,200 shares)	240,171	349,074
Cherat Cement Company Limited*		
Shares held: Nil (2019: 632,700 shares)	-	19,588
Fauji Fertilizer Company Limited**		
Shares held: 4,242,700 (2019: Nil shares)	466,655	-
The Hub Power Company Limited**		
Shares held: 9,545,111 (2019: Nil shares)	692,021	-
Taurus Securities Limited		
Brokerage payable	139	81
Summit Bank Limited*		
Bank balance	-	22,571
Mark-up on bank balance	-	1



2020 2019
(Rupees in '000)

Askari Bank Limited*

Bank balance	-	812
Mark-up on balance	-	3

Bank Islami Pakistan Limited

Bank balance	79	18
Mark-up on balance	9	4

Sindh Province Pension Fund

Units held: 149,334,604 (2019: 99,211,769 units)	1,787,266	1,189,688

CDC Trustee Punjab Pension Fund Trust

Units held: Nil units (2019: 103,729,418)	-	1,243,861

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

** Comparative balances with these parties have not been disclosed as these parties were not related parties in the last year.

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	32
2	Mr. Sajjad Anwar	CFA / MBA Finance	20
3	Mr. Hasan Raza	ACCA / BSC / CFA	9
4	Asim Wahab Khan*	CFA	14

*Asim Wahab Khan is the Fund Manager of the Fund. He is also managing NBP Balanced Fund, NBP Financial Sector Fund, NBP Islamic Energy Fund, NBP Islamic Sarmaya Izafa Fund, NBP Sarmaya Izafa Fund, NBP Islamic Regular Income Fund and NBP Islamic Active Allocation Equity Fund.

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

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2020:

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	6.29
2	Arif Habib Securities Limited	6.05
3	Topline Securities (Private) Limited	4.54
4	J.S. Global Capital Limited	4.32
5	Optimus Capital Management Limited	4.07
6	EFG Hermes Pakistan Limited	4.05
7	Intermarket Securities	4.05
8	Foundation Securities	3.95
9	Alfalah Securities (Private) Limited	3.93
10	BMA Capital Management Limited	3.87



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

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	6.63
2	Arif Habib Securities Limited	5.38
3	Alfalah Securities (Private) Limited	4.57
4	Topline Securities (Private) Limited	4.00
5	Foundation Securities	3.52
6	Aqeel Karim Dehdi Securities (Private) Limited	3.51
7	Ismail Iqbal Securities (Private) Limited	3.47
8	Optimus Capital Management Limited	3.45
9	BMA Capital Management Limited	3.40
10	EFG Hermes Pakistan Limited	3.40

24 PATTERN OF UNIT HOLDING

Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,017	3,216,783	23.47
Associated Companies and Directors	6	1,193,571	8.71
Banks / DFI's	4	331,183	2.42
Insurance companies	9	737,891	5.39
Retirement funds	68	6,273,548	45.79
Listed companies	8	466,720	3.41
NBFCs	1	73,832	0.54
Others	50	1,408,091	10.27
	3,163	13,701,619	100.00

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



25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 72nd, 73rd, 74th, 75th Board meetings were held on 30 August 2019, 24 October 2019, 27 February 2020, 27 April 2020, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			
	Held during tenure of directorship	Attended	Leave granted	Meetings not attended
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [Note 25.2]	3	2	1	74th meeting
Syed Hasan Irtiza Kazmi [Note 25.2]	3	3	-	-
Mr. Nasir Husain [Note 25.1]	1	-	1	72nd meeting
Mr. Abdul Hadi Palekar [Note 25.1]	1	-	1	72nd meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [Note 25.1]	1	1	-	-
Mr. Khalid Mansoor [Note 25.2]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [Note 25.1]	1	1	-	-
Mr. Saad Amanullah Khan [Note 25.2]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

25.1 Mr. Nasir Husain, Mr. Abdul Hadi Palekar, Mr. Kamal Amir Chinoy and Mr. Shehryar Faruque retired from the Board with effect from 04 October 2019.

25.2 Mr. Saad ur Rahman Khan, Mr. Syed Hasan Irtiza Khan, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan opted as director on the Board with effect from 04 October 2019.

26 FINANCIAL RISK MANAGEMENT

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

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

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

The Fund primarily invests in a portfolio of listed equity securities and government securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

26.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result



of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

26.1.1 Currency risk

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

26.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 5.381 million (2019: 6.740 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

As at 30 June 2020						
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	3.00 - 15.50	538,119	-	-	25,456	563,575
Investments		-	-	-	13,362,869	13,362,869
Dividend and profit receivable		-	-	-	2,788	2,788
Receivable against sale of investments		-	-	-	46,766	46,766
Receivables from funds under management by Management Company against conversion of units		-	-	-	1,708	1,708
Advance, deposits and prepayment		-	-	-	2,600	2,600
		538,119	-	-	13,442,187	13,980,306
Financial Liabilities						
Payable to NBP Fund						
Management Limited - Management Company		-	-	-	71,625	71,625
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,377	1,377
Payable against redemption of units		-	-	-	56,816	56,816
Accrued expenses and other liabilities		-	-	-	4,618	4,618
		-	-	-	134,436	134,436
On-balance sheet gap		538,119	-	-	13,307,751	13,845,870
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		538,119	-	-		
Cumulative interest rate sensitivity gap		538,119	538,119	538,119		



As at 30 June 2019					
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	3.00 - 13.00	674,020	-	28,600	702,620
Investments		-	-	11,245,759	11,245,759
Dividend and profit receivable		-	-	30,120	30,120
Receivable against sale of investments		-	-	136,329	136,329
Advance, deposits and prepayment		-	-	2,600	2,600
		<u>674,020</u>	<u>-</u>	<u>11,443,408</u>	<u>12,117,428</u>
Financial Liabilities					
Payable to NBP Fund					
Management Limited - Management Company		-	-	62,232	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,264	1,264
Accrued expenses and other liabilities		-	-	3,827	3,827
		-	-	67,323	67,323
On-balance sheet gap		<u>674,020</u>	<u>-</u>	<u>11,376,085</u>	<u>12,050,105</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>674,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative interest rate sensitivity gap		674,020	674,020	674,020	-

26.1.3 Price risk

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

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

In case of 5% increase / decrease in PSX 100 index on 30 June 2020, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 668.143 million (2019: Rs. 562.228 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with



the index. This represents management's best estimate of a reasonable possible shift in the PSX 30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 index.

26.2 Credit risk

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

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2020 and 30 June 2019.

Balances with banks	2020	2019
	(Rupees in '000)	
AAA	214,215	11,957
AA+	62,522	22,792
AA-	260,842	240,617
AA	2,302	303,871
A+	2,361	100,740
A-	281	51
A	456	22,592
Suspended	20,596	-
	563,575	702,620

The maximum exposure to credit risk before any credit enhancement as at 30 June 2020 is the carrying amount of the financial assets.

Concentration of the credit risk

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

26.3 Liquidity risk

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

Management of liquidity risk

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

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to tenth percent of the net assets upto 90 days and would be



secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

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

Maturity analysis for financial liabilities

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

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

30 June 2020				
Total	Upto three months	Over three months and upto one year	Over one year	
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund				
Management Limited - Management Company	71,625	71,625	-	-
Payable to Central Depository				
Company of Pakistan Limited - Trustee	1,377	1,377	-	-
Payable against redemption of units	56,816	56,816	-	-
Accrued expenses and other liabilities	4,618	4,618	-	-
	<u>134,436</u>	<u>134,436</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>13,701,619</u>	<u>13,701,619</u>	<u>-</u>	<u>-</u>
30 June 2019				
Total	Upto three months	Over three months and upto one year	Over one year	
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund				
Management Limited - Management Company	62,232	62,232	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,264	1,264	-	-
Accrued expenses and other liabilities	3,827	3,827	-	-
	<u>67,323</u>	<u>67,323</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>11,895,259</u>	<u>11,895,259</u>	<u>-</u>	<u>-</u>

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction



between market participants at the measurement date.

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

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

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

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

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

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

		30 June 2020					
		Carrying value			Fair value		
		At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3
		Total					
		(Rupees in '000)					
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investment							
- Listed equity securities		13,362,869	-	13,362,869	13,362,869	-	-
Financial assets not measured at fair value							
Bank balances	27.1	-	563,575	563,575			
Dividend and profit receivable		-	2,788	2,788			
Receivable against sale of investments		-	46,766	46,766			
Receivables from funds under management by Management Company against conversion of units		-	1,708	1,708			
Deposits		-	2,600	2,600			
		-	617,437	617,437			
Financial liabilities not measured at fair value							
Payable to NBP Fund Management Limited - Management Company	27.1	-	71,625	71,625			
Payable to Central Depository Company of Pakistan Limited - Trustee		-	1,377	1,377			
Payable against redemption of units		-	56,816	56,816			
Accrued expenses and other liabilities		-	4,618	4,618			
		-	134,436	134,436			



30 June 2019

On-balance sheet financial instruments

Financial assets measured at fair value

Investment

- Listed equity securities

Carrying value			Fair value			
At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)						

11,245,759	-	11,245,759	11,245,759	-	-	11,245,759

Financial assets not measured at fair value

Bank balances

Dividend and profit receivable

Receivable against sale of investments

Deposits

-	702,620	702,620				
-	30,120	30,120				
	136,329	136,329				
-	2,600	2,600				
-	871,669	871,669				

Financial liabilities not measured at fair value

Payable to NBP Fund Management

Limited - Management Company

Payable to Central Depository Company of

Pakistan Limited - Trustee

Accrued expenses and other liabilities

-	62,232	62,232				
-	1,264	1,264				
-	3,827	3,827				
-	67,323	67,323				

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

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

28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

As at 30 June 2020, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.



29 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerges as a contagion risk around the globe, including Pakistan. To reduce the impact on the businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Time period to ensure compliance with the minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- c) Time for announcement of daily NAV as per the regulatory requirements is extended from 18:30 pm to the start of the next working day.

Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and securities of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made assessment for Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 17, 2020.

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015
Net assets (Rs. '000')	13,701,619	11,895,259	14,983,940	16,857,752	7,938,880	4,113,851
Net Income (Rs. '000')	(384,270)	(2,848,721)	(1,778,166)	4,393,179	669,253	901,931
Net Asset Value per units (Rs.)	11.9682	11.9914	14.6226	16.2138	13.2076	13.3685
Selling price per unit	12.3739	12.3984	15.1183	16.7634	13.7316	13.9035
Redemption price per unit	11.9682	11.9914	14.6226	16.2138	13.2076	13.3685
Ex - Highest offer price per unit (Rs.)	15.5428	15.6580	16.9385	20.4640	13.8379	13.4008
Ex - Lowest offer price per unit (Rs.)	9.6808	12.2789	13.6426	13.9073	11.1871	9.1070
Ex - Highest redemption price per unit (Rs.)	15.0332	15.1446	16.3831	18.1550	13.3099	12.8852
Ex - Lowest redemption price per unit (Rs.)	9.3634	11.8751	13.1953	12.2155	10.7602	8.7536
Fiscal Year Opening Ex Nav	11.9914	14.6226	16.2017	12.1236	11.8527	9.2837
Total return of the fund	-0.19%	-17.99%	-9.75%	33.74%	11.43%	36.94%
Capital growth	-0.19%	-17.99%	-9.75%	21.70%	4.17%	24.69%
Income distribution as % of Ex-NAV	0.00%	0.00%	0.00%	12.04%	7.26%	12.24%
Income distribution as % of Par Value	0.00%	0.00%	0.00%	14.60%	9.20%	11.37%
Distribution						
Interim Distribution per unit	-	-	-	1.4599	0.9204	0.4524
Final distribution per unit	-	-	-	0.0110	-	0.6842
Distribution dates						
Interim				19-Jun-16	29-Jun-16	29-Jun-15
Interim				-	-	-
Interim				-	-	-
Final				15-Sep-16	-	14-Jul-15
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2020)	11.63%					
(Since inception to June 30, 2019)		12.64%				
(Since inception to June 30, 2018)			15.81%			
(Since inception to June 30, 2017)				18.61%		
(Since inception to June 30, 2016)					17.11%	
(Since inception to June 30, 2015)						17.80%
Portfolio Composition (see Fund Manager report)						
Statement of past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.						



PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP Stock Fund				
	Resolutions	For	Against	Abstain*
Number	10	10	Nil	N/A
(%)	100%	100%	-	-

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

Allied Bank Limited
Albaraka Bank of Pakistan
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Silk Bank Limited
United Bank Limited



Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office

Khan Center, 1st Floor, Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2 & 4



Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Office



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



Syed Hasan Irtiza Kazmi
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Mr. Saad ur Rehman
Director



Mr. Imran Zaffar
Director



Senior Management



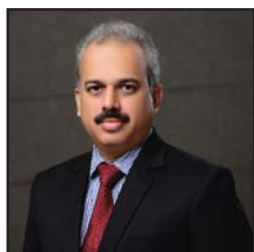
Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



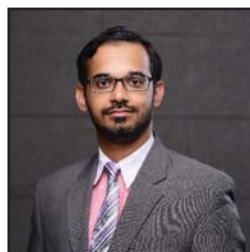
Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head Of Operations



Mr. Salman Ahmed, CFA
Head Of Product Development



Mr. Saadat Saeed, ACA, CFA
Head Of Investment Risk.



Mr. Shahid Javed
Head Of Operational Risk



Mr. Shahbaz Umer
Head Of Human Resource



DIRECTORS' REPORT

This is the Fifth Annual Report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Fund-I (NIAAF-I) on January 15, 2016.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-I has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-I (NIAAP-I), NAFA Islamic Active Allocation Plan-II (NIAAP-II) & NAFA Islamic Active Allocation Plan-III (NIAAP-III), NAFA Islamic Active Allocation Plan-IV (NIAAP-IV), NAFA Islamic Active Allocation Plan-V (NIAAP-V).

Islamic Income Fund:
Islamic Equity Fund:

NBP Active Allocation Riba Free Savings Fund
NBP Islamic Active Allocation Equity Fund

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KMI-30 Index rose by a meagre 1.6% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 44,929 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KMI-30 Index surged by a massive 58% from August 16th, 2019 to its recent peak on January 10th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 42% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.6% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY2020 compared to Rs. 12 billion in FY2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting



held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

NAFA Islamic Active Allocation Plan-I (NIAAP-I)

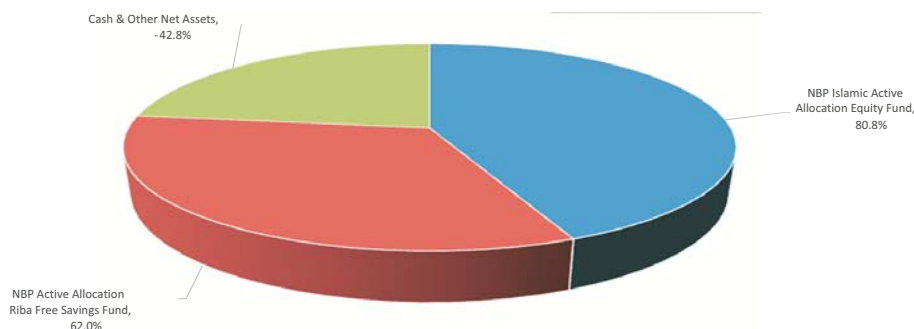
This is the fifth annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-I (NIAAP-I) on January 15, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-I (NIAAP-I) increased by 16.0% as against the benchmark which increased by 12.2%. Thus, the Fund outperformed the benchmark by 3.8% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-I (NIAAP-I) has increased from Rs. 84.0705 (Ex-Div) on January 15, 2016 to Rs. 106.9141 on June 30, 2020, thus showing an increase of 27.2%. The Benchmark return during the same period was 23.4%. Thus, the Fund has outperformed its Benchmark by 3.8% since its inception on January 15, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.18 million.

The Plan has earned a total income of Rs. 19.680 million during the year. After deducting total expenses of Rs. 0.977 million, the net income is Rs. 18.703 million.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 14.66% of the opening ex-NAV (15.47% of the par value) in NAFA Islamic Active Allocation Plan-I (NIAAP-I) for the year ended June 30, 2020.

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.

NAFA Islamic Active Allocation Plan-II (NIAAP-II)

This is the fifth annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-II (NIAAP-II) on March 04, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shariah Compliant Equity Fund and Income Fund.

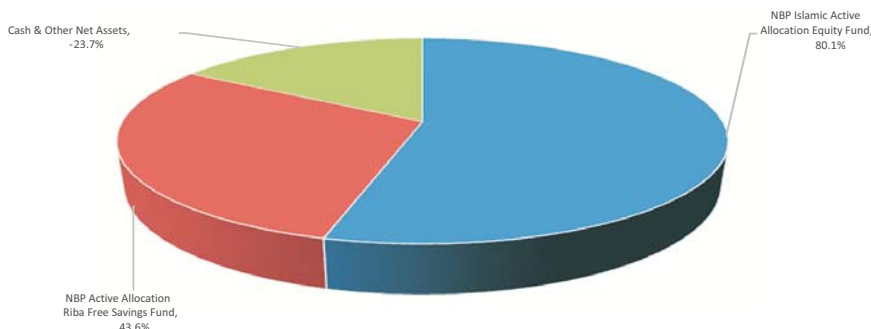
Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-II (NIAAP-II) increased by 3.7% as against the benchmark which decreased by 1.7%. Thus, the Fund outperformed the benchmark by 5.4% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-II (NIAAP-II) has increased from Rs. 89.8664 (Ex-Div) on March 04, 2016 to Rs. 105.5102 on June 30, 2020, thus showing an increase of 17.4%. The Benchmark return during the same period was 8.7%. Thus, the Fund has outperformed its Benchmark by 8.7% since its inception on March 04, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.23 million.



The Plan has earned a total income of Rs. 1.900 million during the year. After deducting total expenses of Rs. 0.505 million, the net income is Rs. 1.395 million.

The asset allocation of the Plan as on June 30, 2020 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 3.01% of the opening ex-NAV (3.15% of the par value) in NAFA Islamic Active Allocation Plan-II (NIAAP-II) for the year ended June 30, 2020.

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.

NAFA Islamic Active Allocation Plan-III (NIAAP-III)

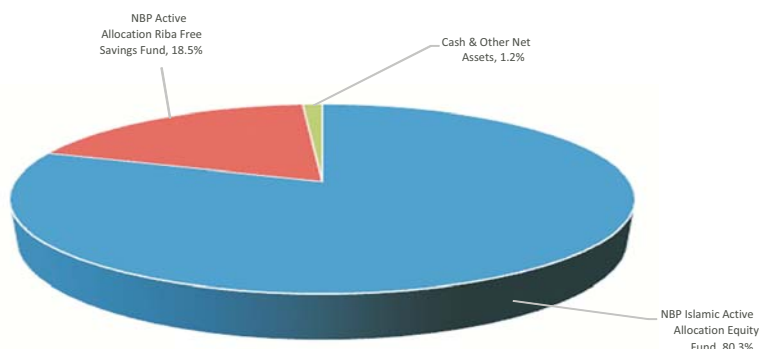
This is the fifth annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-III (NIAAP-III) on June 28, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-III (NIAAP-III) increased by 14.6% as against the benchmark which increased by 12.6%. Thus, the Fund outperformed the benchmark by 2.0% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-III (NIAAP-III) has increased from Rs. 86.1541 (Ex-Div) on June 28, 2016 to Rs. 99.1889 on June 30, 2020, thus showing an increase of 15.1%. The Benchmark during the same period was decreased by 10.6%. Thus, the Fund has outperformed its Benchmark by 4.5% since its inception on June 28, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 127 million.

The Plan has earned a total income of Rs. 54.193 million during the year. After deducting total expenses of Rs. 2.183 million, the net income is Rs. 52.010 million.

The asset allocation of the Plan as on June 30, 2020 is as follows:





Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 13.16% of the opening ex-NAV (12.88% of the par value) in NAFA Islamic Active Allocation Plan-III (NIAAP-III) for the year ended June 30, 2020.

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.

NAFA Islamic Active Allocation Plan-IV (NIAAP-IV)

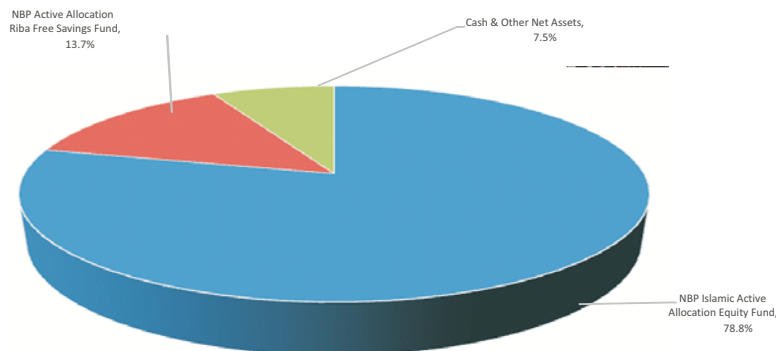
This is the fourth annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) on September 30, 2016. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) increased by 14.5% as against the benchmark which increased by 12.8%. Thus, the Fund outperformed the benchmark by 1.7% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) has decreased from Rs. 84.9383 (Ex-Div) on September 30, 2016 to Rs. 89.5175 on June 30, 2020, thus showing an increase of 5.4%. The Benchmark during the same period was increased by 5.5%. Thus, the Fund has underperformed its Benchmark by 0.1% since its inception on September 30, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.137 million.

The Plan has earned a total income of Rs. 29.173 million during the year. After deducting total expenses of Rs. 1.459 million, the net income is Rs. 27.714 million.

The asset allocation of the Plan as on June 30, 2020 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 13.29% of the opening ex-NAV (11.76% of the par value) in NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) for the year ended June 30, 2020.

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.

NAFA Islamic Active Allocation Plan-V (NIAAP-V)

This is the fourth annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-V (NIAAP-V) on January 12, 2017. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shariah Compliant Equity Fund and Income Fund.

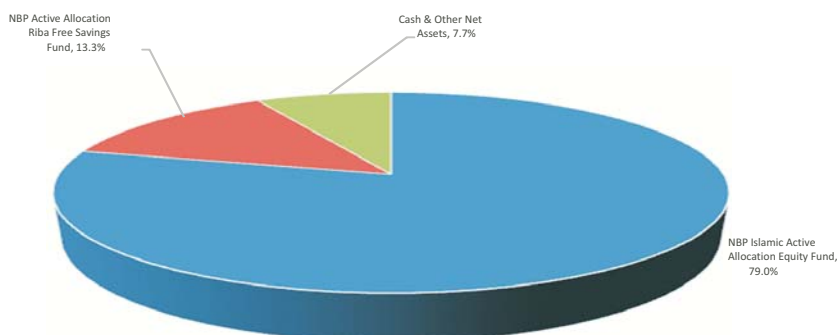


Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-V (NIAAP-V) increased by 13.8% as against the benchmark which increased by 12.2%. Thus, the Fund outperformed the benchmark by 1.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-V (NIAAP-V) has decreased from Rs.88.8184 January 12, 2017 to Rs. 81.9981 on June 30, 2020, thus showing a decrease of 7.7%. The Benchmark return during the same period decreased by 9.6%. Thus, the Fund has outperformed its Benchmark by 1.9% since its inception on January 12, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 133 million.

The Plan has earned a total income of Rs. 29.608 million during the year. After deducting total expenses of Rs. 1.700 million, the net income is Rs. 27.908 million.

The asset allocation of the Plan as on June 30, 2020 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 12.66% of the opening ex-NAV (10.27% of the par value) in NAFA Islamic Active Allocation Plan-V (NIAAP-V) for the year ended June 30, 2020.

Taxation

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

Auditors

The present auditor Messrs A.F. Ferguson & Co., Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs Grant Thornton Anjum Rahman, Chartered Accountant, for the year ending June 30, 2021.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 26 to these financial statements.



11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 to these financial statements.
13. The Management 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, 2020, the Board included:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Saad ur Rahman Khan 3. Syed Hasan Irtiza Kazmi 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: September 17, 2020
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA اسلامک ایکٹو ایلوکیشن فنڈ-I (NIAAF-I) کی پانچویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کا مقصد شریعہ مکملپیٹ ایکٹیو فنڈ اور انکم / منی مارکیٹ فنڈ کی فعال طور منظم پورٹ فولیو سے انویسٹرز متاثر کن منافع کمانے کا کو موقع فراہم کرنا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن فنڈ-I (NIAAF-I) ایک ٹرسٹ اسکیم کی شکل میں تیار کیا گیا ہے جو کہ پانچ (5) ایلوکیشن پلانز کے ذریعے درج ذیل مجموعی سرمایہ کاری اسکیموں میں سرمایہ کاری کریں گے، یہ پلانز NAFA اسلامک ایکٹو ایلوکیشن پلان-I (NIAAP-I)، NAFA اسلامک ایکٹو ایلوکیشن پلان-II (NIAAP-II)، NAFA اسلامک ایکٹو ایلوکیشن پلان-III (NIAAP-III)، NAFA اسلامک ایکٹو ایلوکیشن پلان-IV (NIAAP-IV) اور NAFA اسلامک ایکٹو ایلوکیشن پلان-V (NIAAP-V) ہیں۔

اسلامک انکم فنڈ: INBP ایکٹو ایلوکیشن ریفاری سیونگ فنڈ

اسلامک ایکٹیو فنڈ: INBP اسلامک ایکٹو ایلوکیشن ایکٹیو فنڈ

مالی سال 2019-20، اسٹاک مارکیٹ میں انتہائی اتار چڑھاؤ کے باعث اپریل کن سال رہا جیسا کہ KMI-30 انڈیکس میں سالانہ بنیادوں پر 1.6% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 ملین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 ملین امریکی ڈالر کی آدھیتی مثبت خبروں کے باوجود مارکیٹ کا آغاز منفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح 44,929 پر لے آیا جس نے مارکیٹ کے وسیع حصے میں تھک کی مالیت کو واضح کر دیا۔ پرکشش مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مانیٹری میں آسانی کی توقع کی بنا پر اسٹاک مارکیٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیرالجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KMI-30 انڈیکس میں 16 اگست، 2019 سے خلیفہ 58 فیصد اضافے کے ساتھ سے 13 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے منی بچٹ کے اندیشہ، اور T-Bills سے ہاٹ منی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن / شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ اپنے عروج سے 42 فیصد گر گئی۔ معیشت کو کورونا وائرس وبائی مرض کے اثرات سے نجات دلانے کے لئے، پالیسی سازوں نے غیر معمولی مالی اور مالیاتی پالیسی اقدامات اٹھائے۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کیا اور کاروباری اداروں کی مدد اور قرضہ جاری رکھنے کے لئے، قرضوں کی ادائیگی سے متعلق کارپوریٹس / تجارتی بینکوں کے انضباطی ضوابط میں ترمیم کی گئی۔ حکومت نے 1.2 ٹریلین روپے کا امدادی چیک دینے کا اعلان کیا، جو بی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپڈ فنانسنگ انسٹرومنٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ممالک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے نقص اور نا کافی انفراسٹرکچر کے باوجود ہسپتال اموات کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جبکہ پہلے خدشہ تھا۔ نتیجتاً مارکیٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.6 فیصد کی معمولی اضافہ کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

زیر جائزہ مالی سال کے دوران شعبہ دارکارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، سیمینٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، ٹیکنالوجی اور گلاس اینڈ سرامکس کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکپلوریشن، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اینڈ ڈسٹری بیوٹن، اور ٹیکسٹائل کمپوزٹ کے شعبے مارکیٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 ملین امریکی ڈالر کے خالص ان فلو کے ساتھ بڑے خریدار رہے، جبکہ انشورنس کمپنیوں نے 128 ملین امریکی ڈالر کے ساتھ پوزیشن مستحکم کی دوسری جانب غیر ملکی سرمایہ کار 285 ملین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک / DFIs اور میچل فنڈز بھی بالترتیب 55 ملین امریکی ڈالر اور 50 ملین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔



کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2019 میں 12 بلین روپے کے مقابلے مالی سال 2020 میں تقریباً 27 بلین روپے کے مجموعی تجارتی قیمت کے ساتھ قابل ذکر 127% زیادہ رہی۔ نئے اجارہ سکوک کے ساتھ بجلی کے شعبہ کو حکومت کے گارنٹی شدہ سکوک اور شریعہ کمپلیٹ کمرشل پیپر کے اجراء نے طویل مدتی اور قلیل مدتی شریعہ کمپلیٹ ڈیٹ آلات کے زیر اثر مارکیٹ کی مدد کی۔ اقتصادی استحکام کی جاری پالیسیوں کی تعمیر اور (i) زرمبادلہ کی شرح گراوٹ، (ii) یوٹی لیتی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 2020 میں کئے گئے دیگر اقدامات سے افراط زر کے بڑے اثرات کا مقابلہ کرتے ہوئے، اسٹیٹ بینک پاکستان نے جولائی 2019 میں پالیسی شرح 100bps بڑھا کر 13.25% فیصد کردی۔ طویل وقفے کے بعد، اسٹیٹ بینک نے 17 مارچ، 2020 کو منعقدہ اپنے ایم پی سی اجلاس میں پالیسی شرح 25bps کم کردی۔ معیشت کو کورونا وائرس کے اثرات سے نجات دلانے کے لئے، اسٹیٹ بینک نے جارحانہ مائیکرو میں آسانی پیدا کی اور مختصر مدت میں پالیسی شرح 7 فیصد تک کمی کر کے مجموعی طور پر 625bps کردی۔ پالیسی شرح میں اس کمی کے اثرات سوربینگ ییلڈ پر پڑے کیونکہ 3 ماہ، 6 ماہ اور 12 ماہ کی ٹی بلز پیداوار بالترتیب 566 بیسز پوائنٹس، 580 بیسز پوائنٹس اور 608 بیسز پوائنٹس تک کم ہوئی۔ SBP نے زیر جائزہ مدت کے دوران سٹائیکس (27) ٹی بلز نیلامیاں منعقد کیں اور کل 14,317 بلین روپے جمع کئے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-I (NIAAP-I)

15 جنوری 2016 کو NAFA اسلامک ایکٹو ایلوکیشن پلان-I (NIAAP-I) کے آغاز سے، 30 جون 2020 ختمہ سال کے لئے یہ پانچویں سالانہ رپورٹ ہے۔

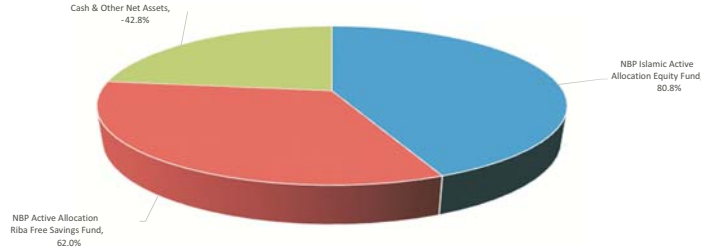
فنڈ کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم / منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران NAFA اسلامک ایکٹو ایلوکیشن پلان-I (NIAAP-I) کے یونٹ کی قیمت بیچ مارک جو 12.2% زیادہ ہوئی کے مقابلے 16.0% زیادہ ہوئی۔ لہذا سال کے دوران فنڈ نے اپنے بیچ مارک سے 3.8% بہتر کارکردگی کا مظاہرہ کیا ہے۔ 15 جنوری 2016 کو اپنے قیام سے NAFA اسلامک ایکٹو ایلوکیشن پلان-I (NIAAP-I) کے یونٹ کی قیمت 84.0705 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 106.9141 روپے ہو گئی، لہذا 27.2% کا اضافہ دکھایا۔ اس مدت کے دوران بیچ مارک منافع 23.4% تھا۔ لہذا 15 جنوری 2016 اپنے آغاز سے فنڈ کی کارکردگی اپنے بیچ مارک سے 3.8% بہتر رہی۔ فنڈ کی یہ کارکردگی میٹجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 18 ملین روپے ہے۔

پلان کو سال کے دوران 19.680 ملین روپے کی کل آمدنی ہوئی۔ 0.977 ملین روپے کے اخراجات منہا کرنے کے بعد کل آمدنی 18.703 ملین روپے ہے۔

30 جون 2020 کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

میٹجمنٹ کمیٹی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد انویسٹنگ ex-NAV کا 14.66% (بنیادی قدر کا 15.47%) عبوری انقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا انقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-II (NIAAP-II)

04 مارچ 2016 کو NAFA اسلامک ایکٹو ایلوکیشن پلان-II (NIAAP-II) کے آغاز سے، 30 جون 2020 ختمہ سال کے لئے یہ پانچویں سالانہ رپورٹ ہے۔ فنڈ کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم / منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

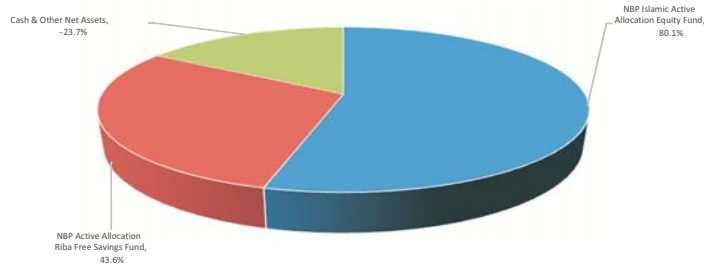


پلان کی کارکردگی

مالی سال کے دوران، NAFA اسلامک ایکٹو ایلوکیشن پلان-II (NIAAP-II) بیچ مارک جو 1.7% کم ہوا کے مقابلے 3.7% زیادہ ہوا۔ لہذا سال کے دوران فنڈ نے 5.4% بیچ مارک کی بہتر کارکردگی کا مظاہرہ کیا ہے۔ 04 مارچ 2016 کو اپنے قیام کے وقت NAFA اسلامک ایکٹو ایلوکیشن پلان-II (NIAAP-II) کے یونٹ کی قیمت 89.8664 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 105.5102 روپے ہو گئی، لہذا 17.4% کا اضافہ دکھایا۔ اس مدت کے دوران بیچ مارک منافع 8.7% تھا۔ لہذا فنڈ نے 04 مارچ 2016 کو آغاز سے اپنے بیچ مارک سے 8.7% بہتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی منجسٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 23 ملین روپے ہے۔

NIAAP-II کو سال کے دوران 1.900 ملین روپے کی کل آمدنی ہوئی۔ 0.505 ملین روپے کے اخراجات متہا کرنے کے بعد کل آمدنی 1.395 ملین روپے ہے۔

30 جون 2020 کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

منجسٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اوپننگ ex-NAV کا 3.01% (بنیادی قدر کا 3.15%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-III (NIAAP-III)

28 جون 2016 کو NAFA اسلامک ایکٹو ایلوکیشن پلان-III (NIAAP-III) کے آغاز سے، 30 جون 2020 ختمہ سال کے لئے یہاں پانچویں سالانہ رپورٹ ہے۔ فنڈ کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ

اور انکم / منی مارکیٹ فنڈ کی فعال طور پر منظم پورٹ فولیو سے انویسٹرز متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

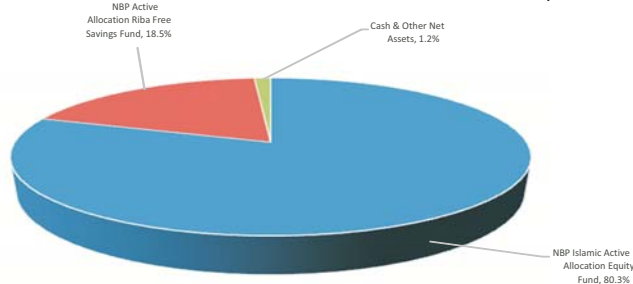
پلان کی کارکردگی

مالی سال کے دوران، NAFA اسلامک ایکٹو ایلوکیشن پلان-III (NIAAP-III) بیچ مارک جو 12.6% زیادہ ہوا کے مقابلے 14.6% زیادہ ہوا۔ لہذا سال کے دوران فنڈ نے 2.0% بیچ مارک کی بہتر کارکردگی کا مظاہرہ کیا ہے۔ 28 جون 2016 کو اپنے قیام کے وقت NAFA اسلامک ایکٹو ایلوکیشن پلان-III (NIAAP-III) کے یونٹ کی قیمت 86.1541 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 99.1889 روپے ہو گئی، لہذا 15.1% کا اضافہ دکھایا۔ اسی مدت کے دوران بیچ مارک 10.6% کم ہوا۔ لہذا فنڈ نے 28 جون 2016 کو آغاز سے اپنے بیچ مارک سے 4.5% بہتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی منجسٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 127 ملین روپے ہے۔

NIAAP-III کو اس مدت کے دوران 54.193 ملین روپیہ کی آمدنی ہوئی۔ 2.183 ملین روپے کے اخراجات متہا کرنے کے بعد کل آمدنی 52.010 ملین روپے ہے۔



30 جون 2020 کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اویپنگ ex-NAV کا 13.16% (بنیادی قدر کا 12.88%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر اکٹم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-IV)

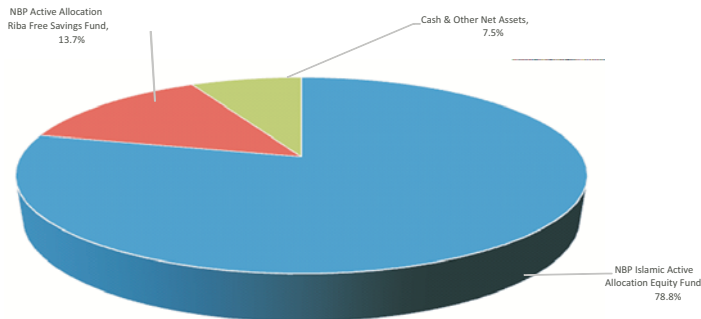
12 جنوری 2017 کو NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-IV) کے آغاز سے، 30 جون 2020 ختمہ سال کے لئے چوتھی سالانہ رپورٹ ہے۔ فنڈ کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم / منی مارکیٹ فنڈ کی فعال طور منظم پورٹ فولیو سے انویسٹرز متاثر کن منافع کمانے کا کو موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران، NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-IV) بیچ مارک جو 12.8% زیادہ ہوا جس کے مقابلے 14.5% زیادہ ہوا۔ لہذا سال کے دوران فنڈ نے 1.7% بیچ مارک کی بہتر کارکردگی کا مظاہرہ کیا ہے۔ 30 ستمبر 2016 کو اپنے قیام کے وقت NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-IV) کے یونٹ کی قیمت 84.9383 روپے (EX-Div) سیڑھسکر 30 جون 2020 کو 89.5175 روپے ہو گئی، لہذا 5.4% کا اضافہ ظاہر کر رہی ہے۔ اس مدت کے دوران بیچ مارک 5.5% زیادہ ہوا۔ لہذا فنڈ نے 30 ستمبر 2016 کو آغاز سے اپنے بیچ مارک سے 0.1% اتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی مینیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 137 ملین روپے ہے۔

NIAAP-IV کو اس مدت کے دوران 29.173 ملین روپیہ کی آمدنی ہوئی۔ 1.459 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 27.714 ملین روپے ہے۔

30 جون 2020 کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:





آمدنی کی تقسیم

میجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اوپننگ ex-NAV کا 13.29% (بنیادی قدر کا 11.76%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-V)

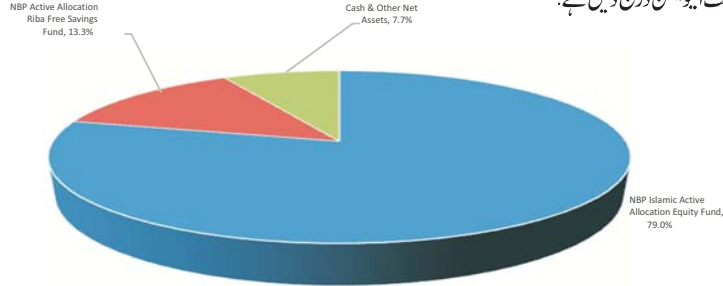
12 جنوری 2017 کو NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-V) کے آغاز سے، 30 جون 2020 تک ختمہ سال کے لئے چوتھی سالانہ رپورٹ ہے۔ فنڈ کا مقصد شریعہ کمپلیٹ ایکویٹی فنڈ اور انکم / منی مارکیٹ فنڈ کی فعال طور پر منظم پورٹ فولیو سے انویسٹرز متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران، NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-V) بیچ مارک جو 12.2% زیادہ ہوا جس کے مقابلے 13.8% زیادہ ہوا۔ لہذا سال کے دوران فنڈ نے 1.6% بیچ مارک کی بہتر کارکردگی کا مظاہرہ کیا ہے۔ 12 جنوری 2017 کو اپنے قیام کے وقت NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-V) کی یونٹ کی قیمت 88.8184 روپے سے کم ہو کر 30 جون 2020 کو 81.9981 روپے ہو گئی، لہذا 7.7% کی کمی ظاہر کر رہی ہے۔ اس مدت کے دوران بیچ مارک 9.6% کم ہوا۔ لہذا فنڈ نے 12 جنوری 2017 کو آغاز سے اپنے بیچ مارک سے 1.9% بہتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 133 ملین روپے ہے۔

NIAAP-V کو اس مدت کے دوران 29.608 ملین روپے کی آمدنی ہوئی۔ 1.700 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 27.908 ملین روپے ہے۔

30 جون 2020 کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

میجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اوپننگ ex-NAV کا 12.66% (بنیادی قدر کا 10.27%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹر

موجودہ آڈیٹر، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹر کی صلاحیت میں اپنی پانچ سالہ مدت مکمل کر لی ہے۔ نان بینکنگ فنانس کمپنیز کی ریگولیشن (i) 38 اور نوٹیفائیڈ ریگولیشنز 2008 کے تقاضے کے مطابق ان کی تبدیلی ضروری ہے۔ بورڈ نے 30 جون 2021 کو ختم ہونے والے سال میں میسرز Grant Thornton انجمن رٹن، چارٹرڈ اکاؤنٹنٹ کی تقرری کی منظوری دی ہے۔

لہذا کمپنیوں کے کوڈ آف کارپوریٹ ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز انٹینٹ

1. میجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔



- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شریاتی تحفینے 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 انٹرئل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیلی / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران منجست کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی بیکٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

کلیگری	نام
غیر جانبدار ڈائریکٹرز	1. جناب خالد منصور
	2. جناب سعد امان اللہ خان
	3. جناب ہمایوں بشیر
ایگزیکٹو ڈائریکٹر	ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)
نان ایگزیکٹو ڈائریکٹرز	1. شیخ محمد عبدالواحد سیٹھی (چیئرمین)
	2. جناب سعد الرحمان خان
	3. سید حسن ارتضیٰ کاظمی
	4. جناب علی سیگل
	5. جناب عمران ظفر

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجست لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء
مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Active Allocation Fund-I (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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.

Abdul Samad

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NAFA Islamic Active Allocation Fund - I

NAFA Islamic Asset Allocation Fund -I (NIAAF-I) is an Open-ended Shariah Compliant Fund of Funds.

Investment Objective of the Fund

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-I has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-I (NIAAP-I), NAFA Islamic Active Allocation Plan-II (NIAAP-II), NAFA Islamic Active Allocation Plan-III (NIAAP-III), NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) & NAFA Islamic Active Allocation Plan-V (NIAAP-V).

Islamic Income:

NBP Active Allocation Riba Free Savings Fund

Islamic Equity:

NBP Islamic Active Allocation Equity Fund

Fund performance review

Plans	Launch Date	Fund Size (Million)	Cumulative Performance Since Inception	
			Plans Return	Benchmark* Return
NIAAP-I	15-Jan-16	18	27.2%	23.4%
NIAAP-II	4-Mar-16	23	17.4%	8.7%
NIAAP-III	28-Jun-16	127	15.1%	10.6%
NIAAP-IV	30-Sep-16	137	5.4%	5.5%
NIAAP-V	12-Jan-17	133	(7.7%)	(9.6%)

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KMI-30 Index rose by a meagre 1.6% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 44,929 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KMI-30 Index surged by a massive 58% from August 16th, 2019 to its recent peak on January 10th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 42% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.6% on a YoY basis.



In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY2020 compared to Rs. 12 billion in FY2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

Asset Allocation of the Fund (% of NAV)

Plans	Asset Allocation of Plans		
	NAFA Islamic Active Allocation Funds		Cash & Other Net Assets/Liabilities
	Equity	Riba Free Savings/Islamic Money Market Fund	
NIAAP-I	80.8%	62.0%	(42.8%)
NIAAP-II	80.1%	43.6%	(23.7%)
NIAAP-III	80.3%	18.5%	1.2%
NIAAP-IV	78.8%	13.7%	7.5%
NIAAP-V	79.0%	13.3%	7.7%

During the period under question:

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

NAFA Islamic Active Allocation Plan - I

NAFA launched its NAFA Islamic Active Allocation Plan-I (NIAAP-I) in January, 2016 which is the first plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-I has an initial maturity of two years.

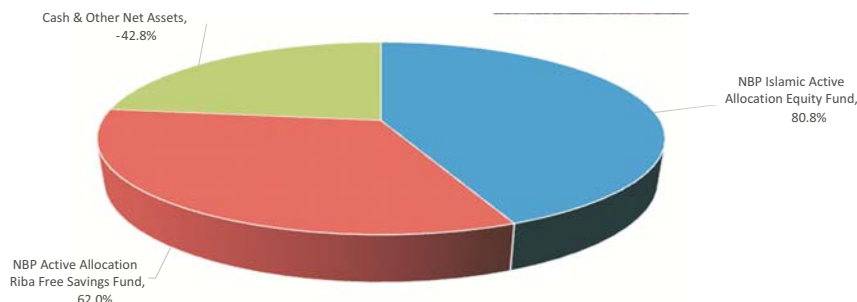
The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-I (NIAAP-I) increased by 16.0% as against the benchmark which increased by 12.2%. Thus, the Fund outperformed the benchmark by 3.8% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-I (NIAAP-I) has increased from Rs. 84.0705 (Ex-Div) on January 15, 2016 to Rs. 106.9141 on June 30, 2020, thus showing an increase of 27.2%. The Benchmark return during the same period was 23.4%. Thus, the Fund has outperformed its Benchmark by 3.8% since its inception on January 15, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.18 million.



The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-20	15.47%	121.7318	106.2580

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -I as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	2
1 - 1000	17
1001 - 5000	25
5001 - 10000	10
10001 - 50000	3
50001 - 100000	-
100001 - 500000	-
500001 - 1000000	-
Total	57

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 5.225 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 31.5913/34.02%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

NAFA Islamic Active Allocation Plan - II

NAFA launched its NAFA Islamic Active Allocation Plan-II (NIAAP-II) in March 2016 which is the second plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-II has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

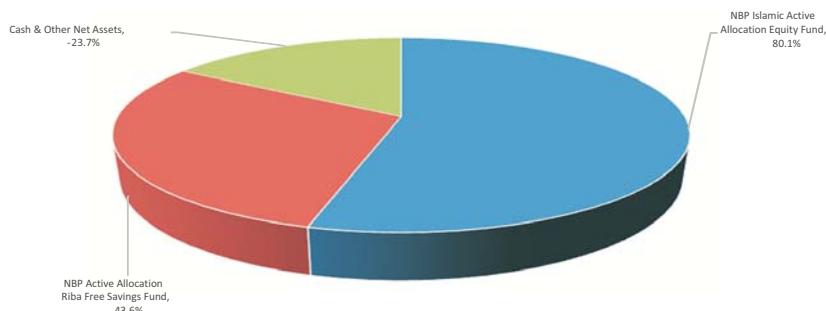
Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-II (NIAAP-II) increased by 3.7% as against the benchmark which decreased by 1.7%. Thus, the Fund outperformed the benchmark by 5.4% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-II (NIAAP-II) has increased from Rs. 89.8664 (Ex-Div) on March 04, 2016 to Rs. 105.5102 on June 30, 2020, thus showing an increase of 17.4%. The Benchmark return during the same period was 8.7%. Thus, the Fund has outperformed its Benchmark by 8.7% since its inception on March 04,



2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.23 million.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-20	3.15%	108.3041	105.1505

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -II as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	-
1 - 1000	6
1001 - 5000	10
5001 - 10000	-
10001 - 50000	5
50001 - 100000	1
100001 - 500000	-
500001 - 1000000	-
Total	22

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 3.986 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 18.5427/18.08%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

NAFA Islamic Active Allocation Plan - III

NAFA launched its NAFA Islamic Active Allocation Plan-III (NIAAP-III) in June 2016 which is the third plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-III has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

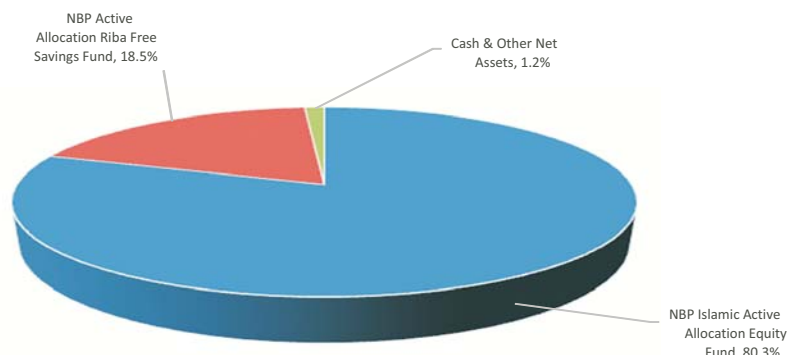
Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-III (NIAAP-III) increased by 14.6% as against the benchmark which increased by 12.6%. Thus, the Fund outperformed the benchmark by 2.0% during the year. Since launch of the



plan, the unit price of NAFA Islamic Active Allocation Plan-III (NIAAP-III) has increased from Rs. 86.1541 (Ex-Div) on June 28, 2016 to Rs. 99.1889 on June 30, 2020, thus showing an increase of 15.1%. The Benchmark during the same period was increased by 10.6%. Thus, the Fund has outperformed its Benchmark by 4.5% since its inception on June 28, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 127 million.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-20	12.88%	111.5368	98.6563

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -III as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	-
1 - 1000	10
1001 - 5000	17
5001 - 10000	7
10001 - 50000	16
50001 - 100000	4
100001 - 500000	4
500001 - 1000000	-
Total	58

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 4.879 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 3.8034/4.37%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

NAFA Islamic Active Allocation Plan - IV

NAFA launched its NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) in September 2016 which is the fourth plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-I has an initial maturity of two years.

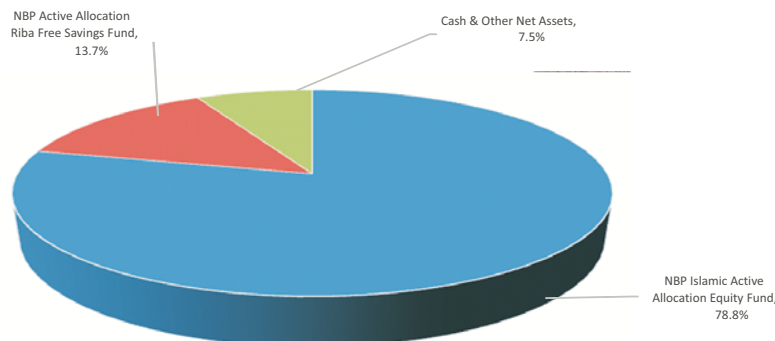
The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.



Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) increased by 14.5% as against the benchmark which increase by 12.8%. Thus, the Fund outperformed the benchmark by 1.7% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) has decreased from Rs. 84.9383 (Ex-Div) on September 30, 2016 to Rs. 89.5175 on June 30, 2020, thus showing a increase of 5.4%. The Benchmark during the same period was increased by 5.5%. Thus, the Fund has underperformed its Benchmark by 0.1% since its inception on September 30, 2016. This performance is net of management fee and all other expenses. The size of the Fund is Rs.137 million.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-20	11.76%	100.8073	89.0450

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -IV as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	19
1 - 1000	-
1001 - 5000	32
5001 - 10000	8
10001 - 50000	16
50001 - 100000	3
100001 - 500000	2
500001 - 1000000	-
Total	80

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 2.305 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 1.5040/1.92%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

NAFA Islamic Active Allocation Plan - V

NAFA launched its NAFA Islamic Active Allocation Plan-V (NIAAP-V) in January, 2017 which is the fifth plan under NAFA Islamic Active Allocation Fund-I. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-I has an initial maturity of two years.

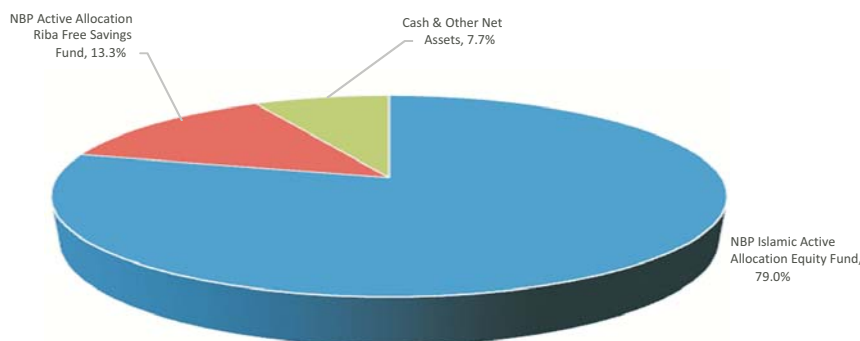


The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shariah Compliant Equity Fund and Income Fund.

Fund's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-V (NIAAP-V) increased by 13.8% as against the benchmark which increased by 12.2%. Thus, the Fund outperformed the benchmark by 1.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-V (NIAAP-V) has decreased from Rs.88.8184 January 12, 2017 to Rs. 81.9981 on June 30, 2020, thus showing a decrease of 7.7%. The Benchmark return during the same period decreased by 9.6%. Thus, the Fund has outperformed its Benchmark by 1.9% since its inception on January 12, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 133 million.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-20	10.27%	91.8408	81.5715

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -V as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0 - 0.99	1
1 - 1000	17
1001 - 5000	73
5001 - 10000	29
10001 - 50000	34
50001 - 100000	1
100001 - 500000	5
500001 - 1000000	-
Total	160

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.570 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.3513/0.49%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NAFA Islamic Active Allocation Fund - I (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2020. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 17, 2020**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer



REPORT OF THE SHARI'AH SUPERVISORY BOARD

August 31, 2020/ Muharram 11, 1442

Alhamdulillah, it was the Fifth year of the operations of NAFA Islamic Active Allocation Fund-I (NIAAP-I). Under this fund, NBP Funds launched its NAFA Islamic Active Allocation Plan-I (NIAAP-I) on January 15, 2016, NAFA Islamic Active Allocation Plan-II (NIAAP-II) on March 04, 2016, NAFA Islamic Active Allocation Plan-III (NIAAP-III) on June 28, 2016, NAFA Islamic Active Allocation Plan-IV (NIAAP-IV) on September 30, 2016 and NAFA Islamic Active Allocation Plan-V (NIAAP-V) on January 12, 2017. This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. 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 prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIAAF-I in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAAF-I by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NIAAF-I for the year ended June 30, 2020 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and On Behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of NAFA Islamic Active Allocation Fund - I Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NAFA Islamic Active Allocation Fund - I (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the annexed financial statements)	
	The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2020 amounted to Rs. 45.082 million and Rs. 428.713 million respectively. The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: - tested the design and operating effectiveness of the key controls for valuation of investments. - obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2020 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.



S. No.	Key Audit Matter	How the matter was addressed in our audit
		- re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies. - obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

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

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based



on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.
Chartered Accountants

Date: September 29, 2020
Place: Karachi



STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2020

		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
		June 30, 2020						June 30, 2019					
Note		(Rupees in 000)						(Rupees in 000)					
Assets													
Bank balances	4	1,769	1,816	11,768	14,280	15,449	45,082	36,634	2,551	29,554	70,677	29,665	169,081
Investments	5	25,237	28,040	125,769	126,941	122,726	428,713	146,670	52,011	356,539	204,134	334,799	1,094,153
Other receivables	6	-	-	-	-	47	47	-	-	-	-	47	47
Profit receivable		10	23	120	106	117	376	179	77	438	411	363	1,468
Total assets		27,016	29,879	137,657	141,327	138,339	474,218	183,483	54,639	386,531	275,222	364,874	1,264,749
Liabilities													
Payable to NBP Fund Management Limited - the Management Company	9	3,109	2,769	3,058	63	70	9,069	3,245	2,825	3,269	1,845	1,222	12,406
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	1	1	8	9	9	28	19	6	34	25	42	126
Payable to the Securities and Exchange Commission of Pakistan	11	13	6	44	33	43	139	285	231	496	373	568	1,953
Payable against purchase of investment		-	-	-	-	-	-	27,778	-	-	52,520	-	80,298
Payable against redemption of units		-	-	584	20	1,382	1,986	-	-	-	-	-	-
Accrued expenses and other liabilities	12	6,211	4,424	6,717	3,979	3,911	25,242	5,231	4,323	4,308	2,127	395	16,384
Total liabilities		9,334	7,200	10,411	4,104	5,415	36,464	36,558	7,385	8,107	56,890	2,227	111,167
NET ASSETS		17,682	22,679	127,246	137,223	132,924	437,754	146,925	47,254	378,424	218,332	362,647	1,153,582
UNIT HOLDERS' FUND (as per statement attached)		17,682	22,679	127,246	137,223	132,924	437,754	146,925	47,254	378,424	218,332	362,647	1,153,582
CONTINGENCIES AND COMMITMENTS													
NUMBER OF UNITS IN ISSUE	8	165,385	214,943	1,282,862	1,532,916	1,621,063		1,391,776	450,724	3,867,391	2,466,777	4,471,054	
NET ASSET VALUE PER UNIT		106.9146	105.5102	99.1889	89.5175	81.9981		105.5664	104.8409	97.8500	88.5089	81.1099	

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT FOR THE YEAR / PERIOD ENDED 30 JUNE 2020

		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
		For the year ended June 30, 2020						For the year ended June 30, 2019					
Note		(Rupees in 000)						(Rupees in 000)					
Income													
	Profit on bank deposits	735	371	2,248	1,588	2,199	7,141	2,173	1,683	3,600	2,612	3,697	13,765
	Dividend income	1,746	2,483	10,144	10,504	10,287	35,164	4,118	4,534	10,359	7,118	7,053	33,182
	Gain / (loss) on sale of investments - net	17,274	1,557	41,605	17,142	17,973	95,551	(11,781)	(12,230)	(321)	(12,859)	(12,475)	(49,666)
	Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(75)	(2,511)	196	(61)	(851)	(3,302)	(17,305)	487	(44,180)	(25,588)	(42,808)	(129,394)
5.2		17,199	(954)	41,801	17,081	17,122	92,249	(29,086)	(11,743)	(44,501)	(38,447)	(55,283)	(179,060)
	Total gain/ (loss)	19,680	1,900	54,193	29,173	29,608	134,554	(22,795)	(5,526)	(30,542)	(28,717)	(44,533)	(132,113)
Expenses													
	Remuneration of NBP Fund Management Limited - the Management Company	16	-	138	139	215	508	190	150	381	296	499	1,516
9.1		2	-	18	18	28	66	25	19	50	38	65	197
	Sindh sales tax on remuneration of the Management Company	2	-	18	18	28	66	25	19	50	38	65	197
9.2		65	28	220	167	215	695	301	243	522	393	598	2,057
	Allocated expenses	65	28	220	167	215	695	301	243	522	393	598	2,057
9.4		46	20	154	117	151	488	260	208	455	341	516	1,780
	Remuneration of Central Depository Company of Pakistan Limited - the Trustee	46	20	154	117	151	488	260	208	455	341	516	1,780
10.1		6	3	20	15	20	64	34	27	58	45	67	231
	Sindh sales tax on remuneration of the trustee	6	3	20	15	20	64	34	27	58	45	67	231
10.2		13	6	44	33	43	139	285	231	496	373	568	1,953
	Annual fees to the Securities and Exchange Commission of Pakistan	13	6	44	33	43	139	285	231	496	373	568	1,953
11.1		336	332	376	341	323	1,708	290	258	310	283	290	1,431
	Auditors' remuneration	336	332	376	341	323	1,708	290	258	310	283	290	1,431
14		-	-	-	-	-	-	-	-	-	17	80	97
	Amortisation of floatation costs	-	-	-	-	-	-	-	-	-	17	80	97
7		-	-	5	6	5	16	-	-	-	-	-	-
	Annual listing fee	-	-	5	6	5	16	-	-	-	-	-	-
	Printing charges	-	2	29	5	14	50	-	-	13	16	12	41
	Legal and professional charges	95	79	61	23	50	308	70	64	79	70	70	353
	Shariah advisor fee	9	4	25	24	29	91	51	43	96	68	104	362
	Bank charges	7	3	32	5	37	84	-	7	39	9	45	100
	Total operating expenses	595	477	1,122	893	1,130	4,217	1,506	1,250	2,499	1,949	2,914	10,118
	Net profit / (loss) from operating activities	19,085	1,423	53,071	28,280	28,478	130,337	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)
	Provision for Sindh Workers' Welfare Fund	(382)	(28)	(1,061)	(566)	(570)	(2,607)	-	-	-	-	-	-
12.1		18,703	1,395	52,010	27,714	27,908	127,730	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)
	Net profit / (loss) for the year after taxation	18,703	1,395	52,010	27,714	27,908	127,730	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)
	Taxation	-	-	-	-	-	-	-	-	-	-	-	-
16		18,703	1,395	52,010	27,714	27,908	127,730	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)
	Net profit / (loss) for the year after taxation	18,703	1,395	52,010	27,714	27,908	127,730	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)
	Earnings / (loss) per unit												
17		18,703	1,395	52,010	27,714	27,908	127,730	-	-	-	-	-	-
	Allocation of net income for the year												
	Net income for the year after taxation	18,703	1,395	52,010	27,714	27,908	127,730	-	-	-	-	-	-
	Income already paid on units redeemed	(16,294)	(5)	(35,697)	(173)	(2,221)	(54,390)	-	-	-	-	-	-
		2,409	1,390	16,313	27,541	25,687	73,340	-	-	-	-	-	-
	- Relating to capital gains	192	-	5,631	16,979	15,867	38,669	-	-	-	-	-	-
	- Excluding capital gains	2,217	1,390	10,682	10,562	9,820	34,671	-	-	-	-	-	-
		2,409	1,390	16,313	27,541	25,687	73,340	-	-	-	-	-	-

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director


**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2020**

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	-----For the year ended June 30, 2020-----						-----For the year ended June 30, 2019-----					
	----- (Rupees in 000) -----						----- (Rupees in 000) -----					
Net profit / (loss) for the year after taxation	18,703	1,395	52,010	27,714	27,908	127,730	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	18,703	1,395	52,010	27,714	27,908	127,730	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)

The annexed notes from 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
 (Management Company)

 Chief Financial Officer

 Chief Executive Officer

 Director



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020 NIAAP-I (Rupees in '000)			For the year ended June 30, 2020 NIAAP-II (Rupees in '000)			For the year ended June 30, 2020 NIAAP-III (Rupees in '000)		
	Capital value	Undistrib- uted income	Total	Capital value	Undistrib- uted income	Total	Capital value	Undistrib- uted income	Total
Net assets at beginning of the year	43,111	103,814	146,925	(13,794)	61,048	47,254	349,436	28,988	378,424
Issuance of units:									
NIAAP-I: 16,385 units / NIAAP-II: 2,745 units /									
NIAAP-III: 136,112 units / NIAAP-IV: 166,067 units /									
NIAAP-V: 149,681 units									
- Capital value (at ex - net asset value per unit)	1,730	-	1,730	288	-	288	13,320	-	13,320
- Element of income	22	-	22	2	-	2	194	-	194
Total proceeds on issuance of units	1,752	-	1,752	290	-	290	13,514	-	13,514
Redemption of units:									
NIAAP-I: 1,242,776 units / NIAAP-II: 238,526 units /									
NIAAP-III: 2,720,641 units / NIAAP-IV: 1,099,928 units /									
NIAAP-V: 2,999,672 units									
- Capital value (at ex - net asset value per unit)	(131,195)	-	(131,195)	(25,007)	-	(25,007)	(266,215)	-	(266,215)
- Element of loss	97	(16,294)	(16,197)	(579)	(5)	(584)	115	(35,697)	(35,582)
Total payments on redemption of units	(131,098)	(16,294)	(147,392)	(25,586)	(5)	(25,591)	(266,100)	(35,697)	(301,797)
Total comprehensive income for the year	-	18,703	18,703	-	1,395	1,395	-	52,010	52,010
Interim cash distribution for the year ended June 30, 2020:									
NIAAP I @ Rs 15.4738 per unit / NIAAP II @ Rs 3.1536									
per unit / NIAAP III @ Rs 12.8805 per unit / NIAAP IV									
@ Rs 11.7623 per unit / NIAAP V @ Rs 10.2693 per unit									
(date of declaration: June 29, 2020)	-	(2,306)	(2,306)	-	(669)	(669)	-	(14,905)	(14,905)
Net assets at end of the year	(86,235)	103,917	17,682	(39,090)	61,769	22,679	96,850	30,396	127,246
Undistributed income / (accumulated loss) brought forward									
- Realised income / (loss)		121,119			60,561			73,168	
- Unrealised (loss) / income		(17,305)			487			(44,180)	
		103,814			61,048			28,988	
Accounting income available for distribution									
- Relating to capital gains		192			-			5,631	
- Excluding capital gains		2,217			1,390			10,682	
		2,409			1,390			16,313	
Interim cash distribution for the year ended June 30, 2020:									
NIAAP I @ Rs 15.4738 per unit / NIAAP II @ Rs 3.1536									
per unit / NIAAP III @ Rs 12.8805 per unit / NIAAP IV									
@ Rs 11.7623 per unit / NIAAP V @ Rs 10.2693 per unit									
(date of declaration: June 29, 2020)		(2,306)			(669)			(14,905)	
Undistributed income / (accumulated losses) carried forward		103,917			61,769			30,396	
Undistributed income / (accumulated losses) carried forward									
- Realised income / (loss)		103,992			64,280			30,200	
- Unrealised income / (loss)		(75)			(2,511)			196	
		103,917			61,769			30,396	
		(Rupees)			(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		105.5664			104.8409			97.8500	
Net assets value per unit at end of the year		106.9146			105.5102			99.1889	

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2020 NIAAP-IV			For the year ended June 30, 2020 NIAAP-V			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
Net assets at beginning of the year	262,793	(44,461)	218,332	586,529	(223,882)	362,647	1,228,075	(74,493)	1,153,582
Issuance of units:									
NIAAP-I: 16,385 units / NIAAP-II: 2,745 units /									
NIAAP-III: 136,112 units / NIAAP-IV: 166,067 units /									
NIAAP-V: 149,681 units									
- Capital value (at ex - net asset value per unit)	14,698	-	14,698	12,141	-	12,141	42,177	-	42,177
- Element of income	180	-	180	143	-	143	541	-	541
Total proceeds on issuance of units	14,878	-	14,878	12,284	-	12,284	42,718	-	42,718
Redemption of units:									
NIAAP-I: 1,242,776 units / NIAAP-II: 238,526 units /									
NIAAP-III: 2,720,461 units / NIAAP-IV: 1,099,928 units /									
NIAAP-V: 2,999,672 units									
- Capital value (at ex - net asset value per unit)	(97,353)	-	(97,353)	(243,303)	-	(243,303)	(763,073)	-	(763,073)
- Element of loss	(10,095)	(173)	(10,268)	(9,108)	(2,221)	(11,329)	(19,570)	(54,390)	(73,960)
Total payments on redemption of units	(107,448)	(173)	(107,621)	(252,411)	(2,221)	(254,632)	(782,643)	(54,390)	(837,033)
Total comprehensive income for the year	-	27,714	27,714	-	27,908	27,908	-	127,730	127,730
Interim cash distribution for the year ended June 30, 2020:									
NIAAP I @ Rs 15.4738 per unit / NIAAP II @ Rs 3.1536									
per unit / NIAAP III @ Rs 12.8805 per unit / NIAAP IV									
@ Rs 11.7623 per unit / NIAAP V @ Rs 10.2693 per unit									
(date of declaration: June 29, 2020)	-	(16,080)	(16,080)	-	(15,283)	(15,283)	-	(49,243)	(49,243)
Net assets at end of the year	170,223	(33,000)	137,223	346,402	(213,478)	132,924	488,150	(50,396)	437,754
Undistributed income / (accumulated loss) brought forward									
- Realised income / (loss)		(18,873)			(181,074)			54,901	
- Unrealised (loss) / income		(25,588)			(42,808)			(129,394)	
		(44,461)			(223,882)			(74,493)	
Accounting income available for distribution									
- Relating to capital gains		16,979			15,867			38,669	
- Excluding capital gains		10,562			9,820			34,671	
		27,541			25,687			73,340	
Interim cash distribution for the year ended June 30, 2020:									
NIAAP I @ Rs 15.4738 per unit / NIAAP II @ Rs 3.1536									
per unit / NIAAP III @ Rs 12.8805 per unit / NIAAP IV									
@ Rs 11.7623 per unit / NIAAP V @ Rs 10.2693 per unit									
(date of declaration: June 29, 2020)		(16,080)			(15,283)			(49,243)	
Undistributed income / (accumulated losses) carried forward		(33,000)			(213,478)			(50,396)	
Undistributed income / (accumulated losses) carried forward									
- Realised income / (loss)		(32,939)			(212,627)			(47,094)	
- Unrealised income / (loss)		(61)			(851)			(3,302)	
		(33,000)			(213,478)			(50,396)	
		(Rupees)			(Rupees)				
Net assets value per unit at beginning of the year		88.5089			81.1099				
Net assets value per unit at end of the year		89.5175			81.9981				

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2019 NIAAP-I (Rupees in '000)			For the year ended June 30, 2019 NIAAP-II (Rupees in '000)			For the year ended June 30, 2019 NIAAP-III (Rupees in '000)		
	Capital value	Undistrib- uted income	Total	Capital value	Undistrib- uted income	Total	Capital value	Undistrib- uted income	Total
Net assets at beginning of the year	243,988	128,115	372,103	333,587	67,824	401,411	618,917	62,029	680,946
Issuance of units:									
NIAAP-I: Nil units / NIAAP-II: Nil units /									
NIAAP-III: 207 units / NIAAP-IV: Nil units /									
NIAAP-V: Nil units									
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	-	22	-	22
- Element of income / loss	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	22	-	22
Redemption of units:									
NIAAP-I: 1,797,886 units / NIAAP-II: 3,222,557 units /									
NIAAP-III: 2,525,058 units / NIAAP-IV: 3,006,238 units /									
NIAAP-V: 5,320,933 units									
- Capital value (at net asset value per unit at the beginning of the year)	(209,738)	-	(209,738)	(352,158)	-	(352,158)	(268,988)	-	(268,988)
- Element of income / (loss)	8,861	-	8,861	4,777	-	4,777	(515)	-	(515)
Total payments on redemption of units	(200,877)	-	(200,877)	(347,381)	-	(347,381)	(269,503)	-	(269,503)
Total comprehensive loss for the year	-	(24,301)	(24,301)	-	(6,776)	(6,776)	-	(33,041)	(33,041)
Net assets at end of the year	43,111	103,814	146,925	(13,794)	61,048	47,254	349,436	28,988	378,424
Undistributed income / (loss) brought forward									
- Realised income / (loss)	136,783			83,426			66,344		
- Unrealised loss	(8,668)			(15,602)			(4,315)		
	128,115			67,824			62,029		
Accounting income available for distribution									
- Relating to capital gains	-			-			-		
- Excluding capital gains	-			-			-		
Net loss for the year after taxation	(24,301)			(6,776)			(33,041)		
Undistributed income / (loss) carried forward	103,814			61,048			28,988		
Undistributed income / (loss) carried forward									
- Realised income / (loss)	121,119			60,561			73,168		
- Unrealised loss	(17,305)			487			(44,180)		
	103,814			61,048			28,988		
	(Rupees)			(Rupees)			(Rupees)		
Net assets value per unit at beginning of the year	116.6589			109.2786			106.5269		
Net assets value per unit at end of the year	105.5664			104.8409			97.8500		

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	For the year ended June 30, 2019 NIAAP-IV			For the year ended June 30, 2019 NIAAP-V			Total		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Accumulated loss	Total	Capital value	Undistributed income / (accumulated loss)	Total
Net assets at beginning of the year	547,814	(13,795)	534,019	1,054,314	(176,435)	877,879	2,798,620	67,738	2,866,358
Issuance of units:									
NIAAP-I: Nil units / NIAAP-II: Nil units /									
NIAAP-III: 207 units / NIAAP-IV: Nil units /									
NIAAP-V: Nil units									
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	-	22	-	22
- Element of income / loss	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	22	-	22
Redemption of units:									
NIAAP-I: 1,797,886 units / NIAAP-II: 3,222,557 units /									
NIAAP-III: 2,525,058 units / NIAAP-IV: 3,006,238 units /									
NIAAP-V: 5,320,933 units									
- Capital value (at net asset value per unit at the beginning of the year)	(293,328)	-	(293,328)	(477,037)	-	(477,037)	(1,601,249)	-	(1,601,249)
- Element of income / (loss)	8,307	-	8,307	9,252	-	9,252	30,682	-	30,682
Total payments on redemption of units	(285,021)	-	(285,021)	(467,785)	-	(467,785)	(1,570,567)	-	(1,570,567)
Total comprehensive loss for the year	-	(30,666)	(30,666)	-	(47,447)	(47,447)	-	(142,231)	(142,231)
Net assets at end of the year	262,793	(44,461)	218,332	586,529	(223,882)	362,647	1,228,075	(74,493)	1,153,582
Undistributed income / (accumulated loss) brought forward									
- Realised income / (loss)		11,415			(126,665)			171,303	
- Unrealised loss		(25,210)			(49,770)			(103,565)	
		(13,795)			(176,435)			67,738	
Accounting income available for distribution									
- Relating to capital gains		-			-			-	
- Excluding capital gains		-			-			-	
Net loss for the year after taxation		(30,666)			(47,447)			(142,231)	
Undistributed income / (accumulated loss) carried forward		(44,461)			(223,882)			(74,493)	
Undistributed income / (accumulated loss) carried forward									
- Realised income / (loss)		(18,873)			(181,074)			54,901	
- Unrealised (loss)		(25,588)			(42,808)			(129,394)	
		(44,461)			(223,882)			(74,493)	
		(Rupees)			(Rupees)				
Net assets value per unit at beginning of the year		97.5732			89.6528				
Net assets value per unit at end of the year		88.5089			81.1099				

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
		For the year ended June 30, 2020						For the year ended June 30, 2019					
Note		(Rupees in '000)						(Rupees in '000)					
CASH FLOWS FROM OPERATING ACTIVITIES													
Net profit / (loss) for the year after taxation		18,703	1,395	52,010	27,714	27,908	127,730	(24,301)	(6,776)	(33,041)	(30,666)	(47,447)	(142,231)
Adjustments for:													
Profit on bank deposits		(735)	(371)	(2,248)	(1,588)	(2,199)	(7,141)	(2,173)	(1,683)	(3,600)	(2,612)	(3,697)	(13,765)
Amortisation of floatation costs	7	-	-	-	-	-	-	-	-	-	17	80	97
Dividend income		(1,746)	(2,483)	(10,144)	(10,504)	(10,287)	(35,164)	(4,118)	(4,534)	(10,359)	(7,118)	(7,053)	(33,182)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2	75	2,511	(196)	61	851	3,302	17,305	(487)	44,180	25,588	42,808	129,394
		(2,406)	(343)	(12,588)	(12,031)	(11,635)	(39,003)	11,014	(6,704)	30,221	15,875	32,138	82,544
Decrease / (increase) in assets													
Investments		121,358	21,460	230,966	77,132	211,222	662,138	189,793	333,604	245,897	265,620	425,476	1,460,390
(Decrease) / increase in liabilities													
Payable to NBP Fund Management Limited - the Management company		(136)	(56)	(211)	(1,782)	(1,152)	(3,337)	(98)	(204)	(161)	(142)	(391)	(996)
Payable to Central Depository Company of Pakistan Limited - the Trustee		(18)	(5)	(26)	(16)	(33)	(98)	(10)	(27)	(20)	(18)	(38)	(113)
Payable to the Securities and Exchange Commission of Pakistan		(272)	(225)	(452)	(340)	(525)	(1,814)	(220)	(283)	(268)	(200)	(638)	(1,609)
Payable against purchase of investment		(27,778)	-	-	(52,520)	-	(80,298)	27,778	-	-	52,520	-	80,298
Accrued expenses and other liabilities		980	101	2,409	1,852	3,516	8,858	(95)	(205)	67	(27)	58	(202)
		(27,224)	(185)	1,720	(52,806)	1,806	(76,689)	27,355	(719)	(382)	52,133	(1,009)	77,378
		110,431	22,327	272,108	40,009	229,301	674,176	203,861	319,405	242,695	302,962	409,158	1,478,081
Dividend received		1,746	2,483	10,144	10,504	10,287	35,164	4,118	4,534	10,359	7,118	7,053	33,182
Profit received		904	425	2,566	1,893	2,445	8,233	2,107	1,757	3,472	2,430	3,746	13,512
Net cash generated from operating activities		113,081	25,235	284,818	52,406	242,033	717,573	210,086	325,696	256,526	312,510	419,957	1,524,775
CASH FLOWS FROM FINANCING ACTIVITIES													
Net receipts from issuance of units		1,752	290	13,514	14,878	12,284	42,718	-	-	22	-	-	22
Net payments against redemption of units		(147,392)	(25,591)	(301,213)	(107,601)	(253,250)	(835,047)	(200,877)	(347,381)	(269,503)	(285,021)	(467,785)	(1,570,567)
Distribution paid		(2,306)	(669)	(14,905)	(16,080)	(15,283)	(49,243)	-	-	-	-	-	-
Net cash used in financing activities		(147,946)	(25,970)	(302,604)	(108,803)	(256,249)	(841,572)	(200,877)	(347,381)	(269,481)	(285,021)	(467,785)	(1,570,545)
Net (decrease) / increase in cash and cash equivalents													
		(34,865)	(735)	(17,786)	(56,397)	(14,216)	(123,999)	9,209	(21,685)	(12,955)	27,489	(47,828)	(45,770)
Cash and cash equivalents at the beginning of the year		36,634	2,551	29,554	70,677	29,665	169,081	27,425	24,236	42,509	43,188	77,493	214,851
Cash and cash equivalents at the end of the year	4	1,769	1,816	11,768	14,280	15,449	45,082	36,634	2,551	29,554	70,677	29,665	169,081

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NAFA Islamic Active Allocation Fund - I (the Fund) was established under a Trust Deed executed on November 03, 2015 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).

- 1.2** The Fund has been categorised as an open ended Shariah compliant fund of funds by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.

- 1.3** The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of the Shariah compliant equity fund and income fund which the Fund aims to deliver mainly by investing in equity asset class (NBP Islamic Active Allocation Equity Fund) and moderate risk income asset class (NBP Active Allocation Riba Free Savings Fund) and bank deposits that may be allowed by the SECP. The Management Company may also invest in any other Collective Investment Schemes available to it with the prior approval of the SECP. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 as at June 24, 2020 (2019: AM1) to the Management Company. The Fund has not yet been rated.

- 1.4** The title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations, and therefore have not been detailed in these financial statements.



2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective:

2.3.1 The following amendments to the published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

The management is currently in the process of assessing the full impact of these standards and amendments on the financial statements of the Fund.

2.3.2 There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for SWWF (note 12.1), provision for Federal Excise Duty (note 9.3) and provision for taxation (notes 3.14 and 16).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.



3.3 Financial assets

3.3.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These 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 recognised in the Income Statement.

3.3.2 Classification and subsequent measurement

3.3.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVTPL) based on the business model of the entity.

The investments of the Fund includes investments in units of mutual funds which are classified as fair value through profit or loss.

3.3.2.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets at fair value through profit or loss'

Basis of valuation - investments in the units of mutual funds

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the Management Company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

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.

3.3.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.3.4 Regular way contracts

All regular way 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 asset.



3.3.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.5 Offsetting of financial assets and financial liabilities

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

3.6 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.

3.7 Net asset value per unit

The Net asset value (NAV) 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 circulation at the year end.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.9 Distributions to unit holders

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

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



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

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the year in which these arise.
- Profit on bank balances is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

3.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

3.14 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed as cash dividend to the unit holders.

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

3.15 Earnings / (loss) per unit

Earnings per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 17.

3.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.



4 BANK BALANCES

		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
		June 30, 2020						June 30, 2019					
Note		(Rupees in 000)						(Rupees in 000)					
Balances with banks in:													
Savings accounts	4.1	1,615	1,789	11,643	13,481	15,342	43,870	36,480	1,976	29,027	70,579	29,598	167,660
Current accounts		154	27	125	799	107	1,212	154	575	527	98	67	1,421
		<u>1,769</u>	<u>1,816</u>	<u>11,768</u>	<u>14,280</u>	<u>15,449</u>	<u>45,082</u>	<u>36,634</u>	<u>2,551</u>	<u>29,554</u>	<u>70,677</u>	<u>29,665</u>	<u>169,081</u>

- 4.1 These include a balance of Rs 1.164 million (2019: Rs 1.705) NIAAP - I, Rs 1.706 million (2019: Rs 1.277 million) NIAAP - II, Rs 10.695 million (2019: Rs 2.63 million) NIAAP - III, Rs 12.003 million (2019: Rs 2.59 million) NIAAP - IV and Rs 0.712 million (2019: Rs 1.871 million) NIAAP - V maintained with BankIslami Pakistan Limited (a related party) that carries profit at the rate of 7.25% per annum (2019: 13.5% per annum). Other profit and loss sharing accounts of the Fund carry profit at the rate ranging from 4.5% to 8.75% per annum (2019: 13% per annum).

5 INVESTMENTS

		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
Note													
At fair value through profit or loss													
- Units of mutual funds	5.1	25,237	28,040	125,769	126,941	122,726	428,713	146,670	52,011	356,539	204,134	334,799	1,094,153

5.1 Investment in mutual funds - related parties

NAFA Islamic Active Allocation Plan I

Name of the fund	As at July 01, 2019	Acquired during the year	Redeemed during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
	Number of units				Rs in '000	Percentage	
NBP Islamic Active Allocation Equity Fund	9,631,133	2,500,142	10,491,164	1,640,111	14,278	56.58%	80.75%
NBP Active Allocation Riba Free Savings Fund	5,904,665	1,414,199	6,227,021	1,091,843	10,959	43.42%	61.98%
Total					<u>25,237</u>	<u>100.00%</u>	<u>142.73%</u>
Carrying amount as at June 30, 2020					<u>25,312</u>		
Total as at June 30, 2019					<u>146,670</u>	<u>100.00%</u>	<u>99.83%</u>
Carrying amount as at June 30, 2019					<u>163,975</u>		



NAFA Islamic Active Allocation Plan II

Name of the fund	As at July 01, 2019	Acquired during the year	Redeemed during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
	----- Number of units -----				Rs in '000	----- Percentage -----	
NBP Islamic Active Allocation Equity Fund	-	2,198,336	112,788	2,085,548	18,156	64.75%	80.06%
NBP Active Allocation Riba Free Savings Fund	5,187,777	234,132	4,437,169	984,740	9,884	35.25%	43.58%
Total					28,040	100.00%	123.64%
Carrying amount as at June 30, 2020					30,551		
Total as at June 30, 2019					52,011	100.00%	110.07%
Carrying amount as at June 30, 2019					51,524		

NAFA Islamic Active Allocation Plan III

Name of the fund	As at July 01, 2019	Acquired during the year	Redeemed during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
	----- Number of units -----				Rs in '000	----- Percentage -----	
NBP Islamic Active Allocation Equity Fund	24,843,409	10,279,241	23,379,280	11,743,370	102,234	81.29%	80.34%
NBP Active Allocation Riba Free Savings Fund	13,057,147	3,423,486	14,135,833	2,344,800	23,535	18.71%	18.50%
Total					125,769	100.00%	98.84%
Carrying amount as at June 30, 2020					125,573		
Total as at June 30, 2019					356,539	100.00%	94.21%
Carrying amount as at June 30, 2019					400,719		

NAFA Islamic Active Allocation Plan IV

Name of the fund	As at July 01, 2019	Acquired during the year	Redeemed during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
	----- Number of units -----				Rs in '000	----- Percentage -----	
NBP Islamic Active Allocation Equity Fund	14,407,357	7,322,676	9,310,941	12,419,092	108,117	85.17%	78.79%
NBP Active Allocation Riba Free Savings Fund	7,309,626	3,823,609	9,257,799	1,875,436	18,824	14.83%	13.72%
Total					126,941	100.00%	92.51%
Carrying amount as at June 30, 2020					127,002		
Total as at June 30, 2019					204,134	100.00%	93.50%
Carrying amount as at June 30, 2019					229,722		



NAFA Islamic Active Allocation Plan V

Name of the fund	As at July 01, 2019	Acquired during the year	Redeemed during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
	----- Number of units -----				Rs in '000	----- Percentage -----	
NBP Islamic Active Allocation Equity Fund	23,944,140	7,710,332	19,585,524	12,068,948	105,068	85.61%	79.04%
NBP Active Allocation Riba Free Savings Fund	11,703,344	7,131,888	17,075,980	1,759,252	17,658	14.39%	13.28%
Total					122,726	100.00%	92.32%
Carrying amount as at June 30, 2020					123,577		
Total as at June 30, 2019					334,799	100.00%	92.32%
Carrying amount as at June 30, 2019					377,607		

5.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss

		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
Note													
Market value of investments	5.1	25,237	28,040	125,769	126,941	122,726	428,713	146,670	52,011	356,539	204,134	334,799	1,094,153
Carrying value of investments	5.1	25,312	30,551	125,573	127,002	123,577	432,015	163,975	51,524	400,719	229,722	377,607	1,223,547
		(75)	(2,511)	196	(61)	(851)	(3,302)	(17,305)	487	(44,180)	(25,588)	(42,808)	(129,394)

6 OTHER RECEIVABLES

		NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
Note													
Advance tax		-	-	-	-	47	47	-	-	-	-	47	47

6.1 This represents tax withheld on profit on bank balances of Rs 0.047 million (2019: Rs 0.047 million) - NIAAP V.

6.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank balances paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder.

For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by SHC in favour of FBR. A petition was filed in the Honourable Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Honourable Supreme Court granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding tax deducted has been shown as other receivables as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.



7 PRELIMINARY EXPENSES AND FLOATATION COSTS

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
Note	June 30, 2020						June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
At the beginning of the year	-	-	-	-	-	-	-	-	-	17	80	97
Less: amortisation during the year	7.1	-	-	-	-	-	-	-	-	(17)	(80)	(97)
At the end of the year	-	-	-	-	-	-	-	-	-	-	-	-

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortised over a period of 5 years in accordance with the requirements as set out in the Trust Deed.

8 NUMBER OF UNITS IN ISSUE

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V
	June 30, 2020					June 30, 2019				
	Number of units					Number of units				
Total units in issue at the beginning of the year	1,391,776	450,724	3,867,391	2,466,777	4,471,054	3,189,662	3,673,281	6,392,242	5,473,015	9,791,987
Units issued during the year	16,385	2,745	136,112	166,067	149,681	-	-	207	-	-
Less: units redeemed during the year	1,242,776	238,526	2,720,641	1,099,928	2,999,672	1,797,886	3,222,557	2,525,058	3,006,238	5,320,933
Total units in issue at the end of the year	165,385	214,943	1,282,862	1,532,916	1,621,063	1,391,776	450,724	3,867,391	2,466,777	4,471,054

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
Note	June 30, 2020						June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
Management fee payable 9.1	-	-	3	12	13	28	6	2	26	26	29	89
Sindh sales tax payable on remuneration of the Management Company 9.2	-	-	-	2	2	4	5	-	3	3	7	18
Federal Excise Duty payable on remuneration of the Management Company 9.3	78	40	5	-	-	123	78	40	5	-	-	123
Sales load payable	-	-	-	-	-	-	-	-	-	1,640	932	2,572
Federal excise duty payable on sales load	3,002	2,698	2,993	-	-	8,693	3,002	2,698	2,993	-	-	8,693
Allocated expenses payable 9.4	4	6	32	34	35	111	129	60	217	161	234	801
Other payable	25	25	25	15	20	110	25	25	25	15	20	110
	3,109	2,769	3,058	63	70	9,069	3,245	2,825	3,269	1,845	1,222	12,406

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.25% (2019: 1.25%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.



9.2 During the year, an amount of Rs. 0.002 million (2019: Rs 0.025 million) NIAAP I, Rs. Nil (2019: Rs 0.019 million) NIAAP II, Rs. 0.018 million (2019: Rs 0.05 million) NIAAP III, Rs. 0.018 million (2019: Rs 0.038 million) NIAAP IV and Rs. 0.028 million (2019: Rs 0.065 million) NIAAP V was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 @ 13% (2019: 13%).

9.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable Sindh Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made for the period from December 08, 2015 till June 30, 2016 (NIAAP I), March 4, 2016 till June 30, 2016, (NIAAP II) and June 28, 2016 till June 30, 2016 (NIAAP III) amounting to Rs 0.078 million (2019: Rs 0.078 million) NIAAP I, Rs 0.040 million (2019: Rs 0.040) NIAAP II and Rs 0.005 million (2019: Rs 0.005 million) NIAAP III is being retained in these financial statements of the Fund as the matter is pending before the Honourable Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2020 would have been higher by Re 0.472 (2019: Re 0.056) NIAAP I, Re 0.186 (2019: Re 0.089) NIAAP II and Re 0.004 (2019: Re 0.001) NIAAP III per unit.

9.4 In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%.

Accordingly, the Management Company has currently fixed a maximum capping of 0.1% per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY

	Note	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
Trustee fee payable	10.1	1	1	7	8	8	25	14	5	30	22	31	102
Sindh sales tax payable on trustee fee	10.2	-	-	1	1	1	3	5	1	4	3	11	24
		<u>1</u>	<u>1</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>28</u>	<u>19</u>	<u>6</u>	<u>34</u>	<u>25</u>	<u>42</u>	<u>126</u>



- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, Trustee has revised its tariff as follows:

2019		2020
Net Assets (Rs.)	Fee	
Up to 1 billion	0.10% p.a. of Net assets.	0.07% p.a. of Net assets
Over 1 billion	Rs. 1.0 million plus 0.075% p.a. of Net assets, on amount exceeding Rs.1 billion.	

- 10.2** During the year, an amount of Rs. 0.006 million (2019: Rs 0.034 million) NIAAP I, Rs. 0.003 million (2019: Rs 0.027 million) NIAAP II, Rs. 0.02 million (2019: Rs 0.058 million) NIAAP III, Rs. 0.015 million (2019: Rs 0.045 million) NIAAP IV and Rs. 0.02 million (2019: Rs 0.67 million) NIAAP V was charged on account of sales tax @ of 13% (2019: 13%) on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
Annual fee payable	11.1	13	6	44	33	43	139	285	231	496	373	568	1,953

- 11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% of net assets during the current year.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	
Note	June 30, 2020						June 30, 2019						
	(Rupees in 000)						(Rupees in 000)						
Auditors' remuneration payable	244	207	303	220	230	1,204	225	193	245	218	225	1,106	
Printing charges payable	54	36	37	75	17	219	61	51	25	27	19	183	
Bank charges payable	53	56	62	82	35	288	24	60	42	54	18	198	
Listing fee payable	6	5	-	-	-	11	11	11	1	-	1	24	
Shariah advisor fee payable	10	5	32	25	31	103	51	42	95	68	103	359	
Withholding tax payable	534	67	1,299	1,212	2,988	6,100	3	3	58	9	18	91	
Capital gain tax payable	-	-	46	-	-	46	2	1	5	-	-	8	
Provision for Sindh Workers' Welfare Fund	12.1	5,225	3,986	4,879	2,305	570	16,965	4,842	3,957	3,817	1,740	-	14,356
Others	85	62	59	60	40	306	12	5	20	11	11	59	
	6,211	4,424	6,717	3,979	3,911	25,242	5,231	4,323	4,308	2,127	395	16,384	

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance,



2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from December 08, 2015 (NIAAP I), March 4, 2016 (NIAAP II), June 28, 2016 (NIAAP III), September 29, 2016 (NIAAP IV), July 1, 2019 (NIAAP V) till June 30, 2020, the net asset value of the NIAAP I, NIAAP II, NIAAP III, NIAAP IV and NIAAP V respectively as at June 30, 2020 would have been higher by Rs 31.593 per unit (2019: Rs 3.479), Rs 18.544 per unit (2019: Rs 8.780), Rs 3.803 per unit (2019: Re 0.987) and Rs 1.504 per unit (2019: Re 0.705) and Re 0.352 per unit (2019: Re Nil).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

14 AUDITORS' REMUNERATION

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	For the year ended June 30, 2020						For the year ended June 30, 2019					
	(Rupees in '000)						(Rupees in '000)					
Annual audit fee	186	178	187	187	187	925	171	135	171	171	171	819
Half yearly review of condensed interim financial statements	75	71	75	75	75	371	78	78	78	78	78	390
Out of pocket expenses	25	33	64	29	11	162	21	25	41	14	21	122
Other certification	50	50	50	50	50	250	20	20	20	20	20	100
	336	332	376	341	323	1,708	290	258	310	283	290	1,431

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.51% (2019: 0.5%) - NIAAP - I, 1.79% (2019: 0.52%) - NIAAP - II, 1% (2019: 0.48%) - NIAAP - III, 0.87% (2019: 0.50%) - NIAAP - IV and 0.79% (2019: 0.49%) - NIAAP - V which includes 0.62% (2019: 0.11%) - NIAAP - I, 0.13% (2019: 0.12%) - NIAAP - II, 0.53% (2019: 0.12%) - NIAAP - III, 0.37% (2019: 0.12%) - NIAAP - IV and 0.31% (2019: 0.12%) - NIAAP - V representing government levies on the Fund such as, sales taxes, SWWF, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Funds scheme.

16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in cash, no provision for taxation has been made in these financial statements during the year.

17 EARNINGS / (LOSS) PER UNIT

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



18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee and National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 18.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 18.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5** Allocated expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 18.6** Details of the transactions with related parties / connected persons during the year are as follows:

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	For the year ended June 30, 2020						For the year ended June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
NBP Fund Management Limited - the Management Company												
Remuneration	16	-	138	139	215	508	190	150	381	296	499	1,516
Sindh sales tax on remuneration	2	-	18	18	28	66	25	19	50	38	65	197
Allocated expenses	65	28	220	167	215	695	301	243	522	393	598	2,057
Sales load paid during the year	-	-	-	1,640	932	2,572	-	-	-	-	-	-
Central Depository Company of Pakistan Limited - the Trustee												
Remuneration	46	20	154	117	151	488	260	208	455	341	516	1,780
Sindh sales tax on remuneration	6	3	20	15	20	64	34	27	58	45	67	231
Investment in NBP Islamic Active Allocation Equity Fund												
Units purchased:	20,889	21,864	85,429	60,870	64,620	253,672	164,759	117,678	353,284	292,753	298,457	1,226,931
- 2,500,142 (2019: 15,236,946) units (NIAAP - I),												
- 2,198,336 (2019: 10,681,564) units (NIAAP - II),												
- 10,279,241 (2019: 32,293,205) units (NIAAP - III),												
- 7,322,676 (2019: 26,772,644) units (NIAAP - IV) and												
- 7,710,332 (2019: 27,518,352) units (NIAAP - V)												
Units sold:	109,271	1,112	245,552	97,433	190,030	643,398	225,066	285,692	158,632	311,555	442,863	1,423,808
- 10,491,164 (2019: 21,725,541) units (NIAAP - I),												
- 112,788 (2019: 26,961,515) units (NIAAP II),												
- 23,379,280 (2019: 14,927,985) units (NIAAP - III),												
- 9,310,941 (2019: 29,661,177) units (NIAAP - IV) and												
- 19,585,524 (2019: 41,442,012) units (NIAAP - V)												
Dividend income	1,334	1,698	9,557	10,107	9,822	32,518	-	-	-	-	-	-



	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	For the year ended June 30, 2020						For the year ended June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
Investment in NBP Active Allocation Riba												
Free Savings Fund												
Units purchased:	14,248	2,347	34,863	39,500	74,060	165,018	204,484	170,640	142,023	309,786	343,715	1,170,648
- 1,414,199 (2019: 20,797,109) units (NIAAP - I),												
- 234,132 (2019: 17,272,141) units (NIAAP II),												
- 3,423,486 (2019: 15,666,806) units (NIAAP - III),												
- 3,823,609 (2019: 31,603,356) units (NIAAP - IV) and												
- 7,131,888 (2019: 35,199,073) units (NIAAP - V)												
Units sold:	64,497	46,116	147,310	97,212	177,845	532,980	322,189	324,001	582,251	543,745	612,311	2,384,497
- 6,227,021 (2019: 31,291,259) units (NIAAP - I),												
- 4,437,169 (2019: 31,317,476) units (NIAAP - II),												
- 14,135,833 (2019: 56,507,605) units (NIAAP - III),												
- 9,257,799 (2019: 52,995,164) units (NIAAP - IV) and												
- 17,075,980 (2019: 59,335,428) units (NIAAP - V)												
Dividend income	412	785	587	397	465	2,646	4,118	4,534	10,359	7,118	7,053	33,182
Hamdard Laboratories (Waqf) Pakistan (Unit Holder with more than 10% holding)**												
Units redeemed:	-	-	-	-	-	-	-	174,636	-	-	-	174,636
- Nil (2019: 1,612,918) units (NIAAP - II)												
PSOCL Staff Provident Fund - B (Unit Holder with more than 10% holding)*												
Dividend re-invest:	-	-	1,725	-	-	1,725	-	-	-	-	-	-
- 17,375 units (NIAAP - III)												
FMC United Employees Gratuity Fund (Unit Holder with more than 10% holding)*												
Dividend re-invest:	-	-	1,616	-	-	1,616	-	-	-	-	-	-
- 16,281 units (NIAAP - III)												
Tapal Tea (Private) Limited Employees Gratuity Fund (Unit Holder with more than 10% holding)												
Cash dividend	-	315	-	-	-	315	-	-	-	-	-	-
State Oil Company Limited Staff Provident Fund (Unit Holder with more than 10% holding)												
Dividend re-invest:	-	-	-	4,899	-	4,899	-	-	-	-	-	-
- 54,681 (2019: Nil) units (NIAAP IV)												
Pakistan State Oil Company Limited Employees Provident Fund (Unit Holder with more than 10% holding)												
Dividend re-invest:	-	-	-	4,859	-	4,859	-	-	-	-	-	-
- 54,236 (2019: Nil) units (NIAAP - IV)												

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I



NBP FUNDS
Managing Your Savings

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	For the year ended June 30, 2020						For the year ended June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
Systems Limited Employees Provident Fund (Unit Holder with more than 10% holding)*												
Dividend re-invest:	-	-	2,107	-	-	2,107	-	-	-	-	-	-
- 21,224 units (NIAAP-III)												
Rukhsana Aslam (Unit Holder with more than 10% holding)*												
Dividend re-invest:	167	-	-	-	-	167	-	-	-	-	-	-
- 1,558 units (NIAAP-I)												
The Aligarh Old Boys Association Lahore Duty Society (Unit Holder with more than 10% holding)*												
Dividend re-invest:	-	-	-	-	1,396	1,396	-	-	-	-	-	-
- 17,008 units (NIAAP-V)												
Units redeemed:	-	-	-	-	1,400	1,400	-	-	-	-	-	-
- 16,034 units (NIAAP-V)												
Key management personnel of the Management Company												
Units issued:	7	-	-	-	-	7	-	-	-	-	-	-
- 64 (2019: Nil) units (NIAAP-I)												
Units redeemed:	-	-	-	-	-	-	-	-	-	149	-	149
- Nil (2019: 1,534) units (NIAAP-IV)												
Pakistan Stock Exchange Limited - common directorship*												
Listing fee paid	5	5	5	5	5	25	-	-	-	-	-	-
BankIslami Pakistan Limited - common directorship												
Profit income	193	354	366	811	155	1,879	1,996	1,594	3,334	2,371	3,426	12,721

18.7 Amounts outstanding as at year end

	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	As at June 30, 2020						As at June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
NBP Fund Management Limited - the Management Company												
Management remuneration payable	-	-	3	12	13	28	6	2	26	26	29	89
Sindh sales tax payable on remuneration	-	-	-	2	2	4	5	-	3	3	7	18
Federal excise duty payable on remuneration	78	40	5	-	-	123	78	40	5	-	-	123
Allocated expenses payable	4	6	32	34	35	111	129	60	217	161	234	801
Sales load payable	-	-	-	-	-	-	-	-	-	1,640	932	2,572
Federal excise duty payable on sales load	3,002	2,698	2,993	-	-	8,693	3,002	2,698	2,993	-	-	8,693
Other payable	25	25	25	15	20	110	25	25	25	15	20	110



	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	As at June 30, 2020						As at June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
Central Depository Company of Pakistan Limited - the Trustee												
Remuneration payable	1	1	7	8	8	25	14	5	30	22	31	102
Sales tax payable	-	-	1	1	1	3	5	1	4	3	11	24
NBP Islamic Active Allocation Equity Fund												
Investment of:	14,278	18,156	102,234	108,117	105,068	347,853	87,472	-	225,633	130,850	217,465	661,420
- 1,640,111 (2019: 9,631,133) units (NIAAP - I),												
- 2,085,548 (2019: Nil) units (NIAAP - II),												
- 11,743,370 (2019: 24,843,409) units (NIAAP - III),												
- 12,419,082 (2019: 14,407,357) units (NIAAP - IV) and												
- 12,068,948 (2019: 23,944,140) units (NIAAP - V)												
NBP Active Allocation Riba Free Savings Fund												
Investment of:	10,959	9,884	23,535	18,824	17,658	80,860	59,198	52,011	130,906	73,283	117,333	432,731
- 1,091,843 (2019: 5,904,665) units (NIAAP - I),												
- 984,740 (2019: 5,187,777) units (NIAAP - II),												
- 2,344,800 (2019: 13,057,147) units (NIAAP - III),												
- 1,875,441 (2019: 7,309,626) units (NIAAP - IV) and												
- 1,759,252 (2019: 11,703,344) units (NIAAP - V)												
Hamdard Laboratories (Waqf) Pakistan (Unit Holder with more than 10% holding)**												
Units held:	-	-	-	-	-	-	105,975	-	244,967	45,564	-	396,506
- Nil (2019: 1,003,870) units (NIAAP - I),												
- Nil (2019: 2,503,495) units (NIAAP III) and												
- Nil (2019: 514,795) units (NIAAP IV)												
PSOCL Staff Provident Fund - B (Unit Holder with more than 10% holding)*												
Units held:	-	-	15,006	-	-	15,006	-	-	-	-	-	-
- 151,291 units (NIAAP - III)												
FMC United Employees Gratuity Fund (Unit Holder with more than 10% holding)*												
Units held:	-	-	14,061	-	-	14,061	-	-	-	-	-	-
- 141,763 units (NIAAP - III)												
Tapal Tea (Private) Limited Employees Gratuity Fund (Unit Holder with more than 10% holding)												
Units held:	-	10,551	-	-	-	10,551	-	10,484	-	-	-	10,484
- 100,000 (2019: 100,000) units (NIAAP - II)												
State Oil Company Limited Staff Provident Fund (Unit Holder with more than 10% holding)												
Units held:	-	-	-	42,180	-	42,180	-	-	-	36,865	-	36,865
- 471,189 (2019: 416,508) units (NIAAP - IV)												



	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total	NIAAP-I	NIAAP-II	NIAAP-III	NIAAP-IV	NIAAP-V	Total
	As at June 30, 2020						As at June 30, 2019					
	(Rupees in 000)						(Rupees in 000)					
Pakistan State Oil Company Limited Employees Provident Fund (Unit Holder with more than 10% holding)												
Units held:	-	-	-	41,837	-	41,837	-	-	-	36,565	-	36,565
- 467,356 (2019: 413,120) units (NIAAP - IV)												
Fauji Fertilizer Company Limited Management Staff Pension Fund (Unit Holder with more than 10% holding)**												
Units held:	-	-	-	-	-	-	-	-	-	-	45,423	45,423
- Nil (2019: 560,016) units (NIAAP - V)												
Fauji Fertilizer Company Limited Provident Fund trust (Unit Holder with more than 10% holding)**												
Units held:	-	-	-	-	-	-	-	-	-	-	38,773	38,773
- Nil (2019: 478,030) units (NIAAP - V)												
Systems Limited Employees Provident Fund (Unit Holder with more than 10% holding)*												
Units held:	-	-	18,330	-	-	18,330	-	-	-	-	-	-
- 184,799 units (NIAAP - III)												
Rukhsana Aslam (Unit Holder with more than 10% holding)*												
Units held:	1,811	-	-	-	-	1,811	-	-	-	-	-	-
- 16,937 units (NIAAP - I)												
The Aligarh Old Boys Association Lahore Duty Society (Unit Holder with more than 10% holding)*												
Units held:	-	-	-	-	17,316	17,316	-	-	-	-	-	-
- 211,174 units (NIAAP - V)												
Key management personnel of the												
Units held:	62	-	-	-	-	62	55	-	-	-	-	55
- 583 (2019: 519) units (NIAAP - I)												
BankIslami Pakistan Limited - common												
Balance with bank	1,164	1,706	10,695	12,003	712	26,280	1,705	1,277	2,630	2,590	1,871	10,073
Profit receivable	7	19	91	78	11	206	126	75	315	266	259	1,041
Pakistan Stock Exchange Limited - common												
Listing fee payable	6	5	-	-	-	11	-	-	-	-	-	-

* Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2019

** Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2020

18.8 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.



19 FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2020			June 30, 2019		
At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
(Rupees in 000)			(Rupees in 000)		

NAFA Islamic Active Allocation Fund Plan I

Financial assets

Bank balances	1,769	-	1,769	36,634	-	36,634
Investments	-	25,237	25,237	-	146,670	146,670
Profit receivable	10	-	10	179	-	179
	<u>1,779</u>	<u>25,237</u>	<u>27,016</u>	<u>36,813</u>	<u>146,670</u>	<u>183,483</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management company	3,109	-	3,109	3,245	-	3,245
Payable to Central Depository Company of Pakistan Limited - the Trustee	1	-	1	19	-	19
Payable against purchase of investment	-	-	-	27,778	-	27,778
Accrued expenses and other liabilities	452	-	452	384	-	384
	<u>3,562</u>	<u>-</u>	<u>3,562</u>	<u>31,426</u>	<u>-</u>	<u>31,426</u>

NAFA Islamic Active Allocation Fund Plan II

Financial assets

Bank balances	1,816	-	1,816	2,551	-	2,551
Investments	-	28,040	28,040	-	52,011	52,011
Profit receivable	23	-	23	77	-	77
	<u>1,839</u>	<u>28,040</u>	<u>29,879</u>	<u>2,628</u>	<u>52,011</u>	<u>54,639</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management company	2,769	-	2,769	2,825	-	2,825
Payable to Central Depository Company of Pakistan Limited - the Trustee	1	-	1	6	-	6
Accrued expenses and other liabilities	371	-	371	362	-	362
	<u>3,141</u>	<u>-</u>	<u>3,141</u>	<u>3,193</u>	<u>-</u>	<u>3,193</u>

NAFA Islamic Active Allocation Fund Plan III

Financial assets

Bank balances	11,768	-	11,768	29,554	-	29,554
Investments	-	125,769	125,769	-	356,539	356,539
Profit receivable	120	-	120	438	-	438
	<u>11,888</u>	<u>125,769</u>	<u>137,657</u>	<u>29,992</u>	<u>356,539</u>	<u>386,531</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management company	3,058	-	3,058	3,269	-	3,269
Payable to Central Depository Company of Pakistan Limited - the Trustee	8	-	8	34	-	34
Payable against redemption of units	584	-	584	-	-	-
Accrued expenses and other liabilities	493	-	493	428	-	428
	<u>4,143</u>	<u>-</u>	<u>4,143</u>	<u>3,731</u>	<u>-</u>	<u>3,731</u>



June 30, 2020			June 30, 2019		
At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
(Rupees in 000)			(Rupees in 000)		

NAFA Islamic Active Allocation Fund Plan IV

Financial assets

Bank balances	14,280	-	14,280	70,677	-	70,677
Investments	-	126,941	126,941	-	204,134	204,134
Profit receivable	106	-	106	411	-	411
	<u>14,386</u>	<u>126,941</u>	<u>141,327</u>	<u>71,088</u>	<u>204,134</u>	<u>275,222</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management company	63	-	63	1,845	-	1,845
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	-	9	25	-	25
Payable against purchase of investment	-	-	-	52,520	-	52,520
Payable against redemption of units	20	-	20	-	-	-
Accrued expenses and other liabilities	462	-	462	378	-	378
	<u>554</u>	<u>-</u>	<u>554</u>	<u>54,768</u>	<u>-</u>	<u>54,768</u>

NAFA Islamic Active Allocation Fund Plan V

Financial assets

Bank balances	15,449	-	15,449	29,665	-	29,665
Investments	-	122,726	122,726	-	334,799	334,799
Profit receivable	117	-	117	363	-	363
	<u>15,566</u>	<u>122,726</u>	<u>138,292</u>	<u>30,028</u>	<u>334,799</u>	<u>364,827</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management company	70	-	70	1,222	-	1,222
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	-	9	42	-	42
Payable against redemption of units	1,382	-	1,382	-	-	-
Accrued expenses and other liabilities	353	-	353	377	-	377
	<u>1,814</u>	<u>-</u>	<u>1,814</u>	<u>1,641</u>	<u>-</u>	<u>1,641</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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



20.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit 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 profit rates. As of June 30, 2020, the Fund is exposed to such risk on its bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.016 million (2019: Rs 0.0305 million) NIAAP I, Rs. 0.018 million (2019: Rs 0.0021 million) NIAAP II, Rs. 0.116 million (2019: Rs 0.0246 million) NIAAP III, Rs. 0.135 million (2019: Rs 0.0589 million) NIAAP IV and Rs. 0.154 million (2019: Rs 0.0247 million) NIAAP V.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:



June 30, 2020					June 30, 2019						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year				Up to three months	More than three months and up to one year	More than one year		
(Rupees in 000)					(Rupees in 000)						

NAFA Islamic Active Allocation Fund Plan I

Financial assets

Bank balances	4.5%-8.75%	1,615	-	-	154	1,769	13%	36,480	-	-	154	36,634
Investments		-	-	-	25,237	25,237		-	-	-	146,670	146,670
Profit receivable		-	-	-	10	10		-	-	-	179	179
		1,615	-	-	25,401	27,016		36,480	-	-	147,003	183,483

Financial liabilities

Payable to NBP Fund Management Limited - the management company		-	-	-	3,109	3,109		-	-	-	3,245	3,245
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	1	1		-	-	-	19	19
Payable against purchase of investment		-	-	-	-	-		-	-	-	27,778	27,778
Accrued expenses and other liabilities		-	-	-	452	452		-	-	-	384	384
		-	-	-	3,562	3,562		-	-	-	31,426	31,426

On-balance sheet gap

1,615	-	-	21,839	36,480	-	-	115,577

Total profit rate sensitivity gap

1,615	-	-	36,480	-	-

Cumulative profit rate sensitivity gap

1,615	1,615	1,615	36,480	36,480	36,480

June 30, 2020						June 30, 2019					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year				Up to three months	More than three months and up to one year	More than one year		
(Rupees in 000)						(Rupees in 000)					

NAFA Islamic Active Allocation Fund Plan II

Financial assets

Bank balances	4.5%-8.75%	1,789	-	-	27	1,816	13%	1,976	-	-	575	2,551
Investments		-	-	-	28,040	28,040		-	-	-	52,011	52,011
Profit receivable		-	-	-	23	23		-	-	-	77	77
		1,789	-	-	28,090	29,879		1,976	-	-	52,663	54,639

Financial liabilities

Payable to NBP Fund Management Limited - the management company		-	-	-	2,769	2,769		-	-	-	2,825	2,825
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	1	1		-	-	-	6	6
Accrued expenses and other liabilities		-	-	-	371	371		-	-	-	362	362
		-	-	-	3,141	3,141		-	-	-	3,193	3,193

On-balance sheet gap

1,789	-	-	24,949	1,976	-	-	49,470

Total profit rate sensitivity gap

1,789	-	-	1,976	-	-

Cumulative profit rate sensitivity gap

1,789	1,789	1,789	1,976	1,976	1,976



June 30, 2020						June 30, 2019					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year				Up to three months	More than three months and up to one year	More than one year		
(Rupees in 000)						(Rupees in 000)					

NAFA Islamic Active Allocation Fund Plan III

Financial assets

Bank balances	4.5%-8.75%	11,643	-	-	125	11,768	13%	29,027	-	-	527	29,554
Investments		-	-	-	125,769	125,769		-	-	-	356,539	356,539
Profit receivable		-	-	-	120	120		-	-	-	438	438
		11,643	-	-	126,014	137,657		29,027	-	-	357,504	386,531

Financial liabilities

Payable to NBP Fund Management Limited - the management company		-	-	-	3,058	3,058		-	-	-	3,269	3,269
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	8	8		-	-	-	34	34
Payable against redemption of units		-	-	-	584	584		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	493	493		-	-	-	428	428
		-	-	-	4,143	4,143		-	-	-	3,731	3,731

On-balance sheet gap

11,643	-	-	121,871	29,027	-	-	353,773

Total profit rate sensitivity gap

11,643	-	-	29,027	-	-

Cumulative profit rate sensitivity gap

11,643	11,643	11,643	29,027	29,027	29,027

NAFA Islamic Active Allocation Fund Plan IV

Financial assets

Bank balances	4.5%-8.75%	13,481	-	-	799	14,280	13%	70,579	-	-	98	70,677
Investments		-	-	-	126,941	126,941		-	-	-	204,134	204,134
Profit receivable		-	-	-	106	106		-	-	-	411	411
		13,481	-	-	127,846	141,327		70,579	-	-	204,643	275,222

Financial liabilities

Payable to NBP Fund Management Limited - the management company		-	-	-	63	63		-	-	-	1,845	1,845
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	9	9		-	-	-	25	25
Payable against purchase of investment		-	-	-	-	-		-	-	-	52,520	52,520
Payable against redemption of units		-	-	-	20	20		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	462	462		-	-	-	378	378
		-	-	-	554	554		-	-	-	54,768	54,768

On-balance sheet gap

13,481	-	-	127,292	70,579	-	-	149,875

Total profit rate sensitivity gap

13,481	-	-	70,579	-	-

Cumulative profit rate sensitivity gap

13,481	13,481	13,481	70,579	70,579	70,579



June 30, 2020					June 30, 2019						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year				Up to three months	More than three months and up to one year	More than one year		
(Rupees in 000)					(Rupees in 000)						

NAFA Islamic Active Allocation Fund Plan V

Financial assets

Bank balances	4.5%-8.75%	15,342	-	-	107	15,449	13%	29,598	-	-	67	29,665
Investments		-	-	-	122,726	122,726		-	-	-	334,799	334,799
Profit receivable		-	-	-	117	117		-	-	-	363	363
		15,342	-	-	122,950	138,292		29,598	-	-	335,229	364,827

Financial liabilities

Payable to NBP Fund Management Limited - the management company		-	-	-	70	70		-	-	-	1,222	1,222
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	9	9		-	-	-	42	42
Payable against redemption of units		-	-	-	1,382	1,382		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	353	353		-	-	-	377	377
		-	-	-	1,814	1,814		-	-	-	1,641	1,641
On-balance sheet gap		15,342	-	-	121,136			29,598	-	-	333,588	
Total profit rate sensitivity gap		15,342	-	-				29,598	-	-		
Cumulative profit rate sensitivity gap		15,342	15,342	15,342				29,598	29,598	29,598		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) 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 profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Presently, the allocation plans are exposed to price risk due to their investment in the units of mutual funds. In case of 5% increase / (decrease) in the net asset value per unit of the funds i.e. NBP Islamic Active Allocation Equity Fund and NBP Active Allocation Riba Free Savings Fund, the net income of the NIAAP - I, NIAAP - II, NIAAP - III, NIAAP - IV and NIAAP - V for the year would increase / (decrease) by Rs 1.262 million (2019: 7.333 million), Rs 1.402 million (2019: 2.601 million), Rs 6.288 million (2019: 17.827 million), Rs 6.347 million (2019: 10.207 million) and Rs 6.136 million (2019: 16.74 million) respectively.

20.2 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 redemptions requests, 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.



As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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 redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

June 30, 2020							June 30, 2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in 000)							(Rupees in 000)						

NAFA Islamic Active Allocation Fund Plan I

Financial assets

Bank balances	1,769	-	-	-	-	-	1,769	36,634	-	-	-	-	-	36,634
Investments	-	-	-	-	-	25,237	25,237	-	-	-	-	-	146,670	146,670
Profit receivable	10	-	-	-	-	-	10	179	-	-	-	-	-	179
	1,779	-	-	-	-	25,237	27,016	36,813	-	-	-	-	146,670	183,483

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	3,109	-	-	-	-	-	3,109	3,245	-	-	-	-	-	3,245
Payable to Central Depository Company of Pakistan Limited - the Trustee	1	-	-	-	-	-	1	19	-	-	-	-	-	19
Payable against purchase of investment	-	-	-	-	-	-	-	27,778	-	-	-	-	-	27,778
Accrued expenses and other liabilities	208	244	-	-	-	-	452	159	225	-	-	-	-	384
	3,318	244	-	-	-	-	3,562	31,201	225	-	-	-	-	31,426

Net financial assets

	(1,539)	(244)	-	-	-	25,237	23,454	5,612	(225)	-	-	-	146,670	152,057

NAFA Islamic Active Allocation Fund Plan II

Financial assets

Bank balances	1,816	-	-	-	-	-	1,816	2,551	-	-	-	-	-	2,551
Investments	-	-	-	-	-	28,040	28,040	-	-	-	-	52,011	52,011	52,011
Profit receivable	23	-	-	-	-	-	23	77	-	-	-	-	-	77
	1,839	-	-	-	-	28,040	29,879	2,628	-	-	-	-	52,011	54,639

Financial liabilities

Payable to NBP Fund Management Limited - the management company	2,769	-	-	-	-	-	2,769	2,825	-	-	-	-	-	2,825
Payable to Central Depository Company of Pakistan Limited - the Trustee	1	-	-	-	-	-	1	6	-	-	-	-	-	6
Payable against redemptions of units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	164	207	-	-	-	-	371	169	193	-	-	-	-	362
	2,934	207	-	-	-	-	3,141	3,000	193	-	-	-	-	3,193

Net financial assets

	(1,095)	(207)	-	-	-	28,040	26,738	(372)	(193)	-	-	-	52,011	51,446

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I



NBP FUNDS
Managing Your Savings

June 30, 2020							June 30, 2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in 000)							(Rupees in 000)						

NAFA Islamic Active Allocation Fund Plan III

Financial assets

Bank balances	11,768	-	-	-	-	-	11,768	29,554	-	-	-	-	-	29,554
Investments	-	-	-	-	-	125,769	125,769	-	-	-	-	-	356,539	356,539
Profit receivable	120	-	-	-	-	-	120	438	-	-	-	-	-	438
	11,888	-	-	-	-	125,769	137,657	29,992	-	-	-	-	356,539	386,531

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	3,058	-	-	-	-	-	3,058	3,269	-	-	-	-	-	3,269
Payable to Central Depository Company of Pakistan Limited - the Trustee	8	-	-	-	-	-	8	34	-	-	-	-	-	34
Payable against redemption of units	584	-	-	-	-	-	584	-	-	-	-	-	-	-
Accrued expenses and other liabilities	190	303	-	-	-	-	493	183	245	-	-	-	-	428
	3,840	303	-	-	-	-	4,143	3,486	245	-	-	-	-	3,731

Net financial assets

	8,048	(303)	-	-	-	125,769	133,514	26,506	(245)	-	-	356,539	382,800

NAFA Islamic Active Allocation Fund Plan IV

Financial assets

Bank balances	14,280	-	-	-	-	-	14,280	70,677	-	-	-	-	-	70,677
Investments	-	-	-	-	-	126,941	126,941	-	-	-	-	204,134	204,134	
Profit receivable	106	-	-	-	-	-	106	411	-	-	-	-	411	
	14,386	-	-	-	-	126,941	141,327	71,088	-	-	-	204,134	275,222	

Financial liabilities

Payable to NBP Fund Management Limited - the Management company	63	-	-	-	-	-	63	1,845	-	-	-	-	-	1,845
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	-	-	-	-	-	9	25	-	-	-	-	-	25
Payable against purchase of investment	-	-	-	-	-	-	-	52,520	-	-	-	-	-	52,520
Payable against redemption of units	20	-	-	-	-	-	20	-	-	-	-	-	-	-
Accrued expenses and other liabilities	242	220	-	-	-	-	462	160	218	-	-	-	-	378
	334	220	-	-	-	-	554	54,550	218	-	-	-	-	54,768

Net financial assets

	14,052	(220)	-	-	-	126,941	140,773	16,538	(218)	-	-	204,134	220,454

NAFA Islamic Active Allocation Fund Plan V

Financial assets

Bank balances	15,449	-	-	-	-	-	15,449	29,665	-	-	-	-	-	29,665
Investments	-	-	-	-	-	122,726	122,726	-	-	-	-	334,799	334,799	
Profit receivable	117	-	-	-	-	-	117	363	-	-	-	-	363	
	15,566	-	-	-	-	122,726	138,292	30,028	-	-	-	334,799	364,827	

Financial liabilities

Payable to NBP Fund Management Limited - the Management company	70	-	-	-	-	-	70	1,222	-	-	-	-	-	1,222
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	-	-	-	-	-	9	42	-	-	-	-	-	42
Payable against redemptions of units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable against redemption of units	1,382	-	-	-	-	-	1,382	-	-	-	-	-	-	-
Accrued expenses and other liabilities	123	230	-	-	-	-	353	152	225	-	-	-	-	377
	1,584	230	-	-	-	-	1,814	1,416	225	-	-	-	-	1,641

Net financial assets

	13,982	(230)	-	-	-	122,726	136,478	28,612	(225)	-	-	334,799	363,186



20.3 Credit risk

20.3.1 There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

2020		2019	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

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

NAFA Islamic Active Allocation Fund Plan I

Bank balances	1,769	1,769	36,634	36,634
Investments	25,237	-	146,670	-
Profit receivable	10	10	179	179
	<u>27,016</u>	<u>1,779</u>	<u>183,483</u>	<u>36,813</u>

NAFA Islamic Active Allocation Fund Plan II

Bank balances	1,816	1,816	2,551	2,551
Investments	28,040	-	52,011	-
Profit receivable	23	23	77	77
	<u>29,879</u>	<u>1,839</u>	<u>54,639</u>	<u>2,628</u>

NAFA Islamic Active Allocation Fund Plan III

Bank balances	11,768	11,768	29,554	29,554
Investments	125,769	-	356,539	-
Profit receivable	120	120	438	438
	<u>137,657</u>	<u>11,888</u>	<u>386,531</u>	<u>29,992</u>

NAFA Islamic Active Allocation Fund Plan IV

Bank balances	14,280	14,280	70,677	70,677
Investments	126,941	-	204,134	-
Profit receivable	106	106	411	411
	<u>141,327</u>	<u>14,386</u>	<u>275,222</u>	<u>71,088</u>

NAFA Islamic Active Allocation Fund Plan V

Bank balances	15,449	15,449	29,665	29,665
Investments	122,726	-	334,799	-
Profit receivable	117	117	363	363
	<u>138,292</u>	<u>15,566</u>	<u>364,827</u>	<u>30,028</u>



The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on investments in mutual funds is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued on it. The credit rating profile of bank balances and its accrued mark-up is as follows:

Rating

% of financial assets exposed to credit risk					
	NIAAP-I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V
----- June 30, 2020 -----					
Banks					
AAA	0.76%	0.21%	0.45%	0.68%	10.63%
AA+	0.04%	0.05%	0.17%	0.38%	0.03%
AA-	0.57%	0.09%	0.09%	0.57%	0.08%
A+	4.33%	5.77%	7.84%	8.55%	0.52%
A	0.85%	0.01%	-	-	-
A-	0.03%	0.03%	0.10%	-	-
	<u>6.58%</u>	<u>6.16%</u>	<u>8.65%</u>	<u>10.18%</u>	<u>11.26%</u>
Investment in mutual funds - related parties					
4 star initial	52.85%	0.00%	74.27%	0.00%	75.98%
A-(f)	40.56%	0.00%	17.10%	0.00%	12.77%
	<u>93.41%</u>	<u>0.00%</u>	<u>91.37%</u>	<u>0.00%</u>	<u>88.75%</u>

Rating

% of financial assets exposed to credit risk					
	NIAAP-I	NIAAP - II	NIAAP - III	NIAAP - IV	NIAAP - V
----- June 30, 2019 -----					
Banks					
AAA	0.31%	0.86%	-	0.04%	0.15%
AA	18.60%	0.19%	6.80%	24.72%	7.48%
AA+	0.01%	0.01%	0.03%	-	-
AA-	0.08%	1.05%	0.14%	0.04%	0.02%
A+	1.00%	2.47%	0.76%	1.04%	0.58%
A-	-	0.01%	0.03%	-	-
A	0.06%	0.20%	-	-	-
	<u>20.06%</u>	<u>4.79%</u>	<u>7.76%</u>	<u>25.84%</u>	<u>8.23%</u>
Investment in mutual funds - related parties					
4 star initial	47.67%	-	58.37%	47.54%	59.61%
A-(f)	32.26%	95.19%	33.87%	26.63%	32.16%
	<u>79.93%</u>	<u>95.19%</u>	<u>92.24%</u>	<u>74.17%</u>	<u>91.77%</u>



21 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020 and June 30, 2019, the Fund held the following financial instruments measured at fair values:

June 30, 2020			June 30, 2019		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(Rupees in 000)			(Rupees in 000)		

Financial assets

At fair value through profit or loss

- Investment in units of mutual funds

- NIAAP I	-	25,237	-	-	146,670	-
- NIAAP II	-	28,040	-	-	52,011	-
- NIAAP III	-	125,769	-	-	356,539	-
- NIAAP IV	-	126,941	-	-	204,134	-
- NIAAP V	-	122,726	-	-	334,799	-
	-	428,713	-	-	1,094,153	-

22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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



In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	June 30, 2020			June 30, 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total

NAFA Islamic Active Allocation Fund Plan I

Individuals	57	17,682	100%	96	40,950	27.87%
Others	-	-	-	1	105,975	72.13%
	<u>57</u>	<u>17,682</u>	<u>100%</u>	<u>97</u>	<u>146,925</u>	<u>100%</u>

NAFA Islamic Active Allocation Fund Plan II

Individuals	19	10,311	45.46%	42	33,895	71.73%
Retirement Funds	2	10,699	47.18%	2	10,628	22.49%
Others	1	1,669	7.36%	2	2,731	5.78%
	<u>22</u>	<u>22,679</u>	<u>100.00%</u>	<u>46</u>	<u>47,254</u>	<u>100.00%</u>

NAFA Islamic Active Allocation Fund Plan III

Individuals	46	38,745	30.45%	76	55,259	14.60%
Retirement Funds	8	65,455	51.44%	9	57,695	15.25%
Public Limited Companies	1	12,467	9.80%	1	11,077	2.93%
Others	3	10,579	8.31%	4	254,393	67.22%
	<u>58</u>	<u>127,246</u>	<u>100.00%</u>	<u>90</u>	<u>378,424</u>	<u>100.00%</u>

NAFA Islamic Active Allocation Fund Plan IV

Individuals	75	44,380	32.34%	130	82,437	37.76%
Retirement Funds	3	91,226	66.48%	3	79,958	36.62%
Others	2	1,617	1.18%	4	55,937	25.62%
	<u>80</u>	<u>137,223</u>	<u>100.00%</u>	<u>137</u>	<u>218,332</u>	<u>100.00%</u>

NAFA Islamic Active Allocation Fund Plan V

Individuals	153	78,092	58.75%	277	204,278	56.33%
Retirement Funds	2	20,918	15.74%	6	116,734	32.19%
Public Limited Companies	1	9,072	6.81%	1	8,111	2.24%
Others	4	24,842	18.69%	6	33,524	9.24%
	<u>160</u>	<u>132,924</u>	<u>99.99%</u>	<u>290</u>	<u>362,647</u>	<u>100.00%</u>



24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	32
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	20
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	14
Mr. Muhammad Ali Bhabha	Head of Fixed Income	CFA, MBA, FRM and MS	25
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9

25 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Sajjad Anwar	Fund Manager	CFA / MBA	NISF, NIPPF II, NIPF, NPF, NIAAF-II & NIAAF-III

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 72nd, 73rd, 74th, 75th Board meetings were held on August 30, 2019, October 24, 2019, February 27, 2020, April 27, 2020, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held / Applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [note 26.1]	3	2	1	74th Meeting
Syed Hasan Irtiza Kazmi [note 26.2]	3	3	-	-
Mr. Nasir Husain [note 26.3]	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar [note 26.4]	1	-	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [note 26.5]	1	1	-	-
Mr. Khalid Mansoor [note 26.6]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [note 26.7]	1	1	-	-
Mr. Saad Amanullah Khan [note 26.8]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

- 26.1 Mr. Saad ur Rahman Khan was appointed as director on the Board with effect from October 04, 2019.
- 26.2 Syed Hasan Irtiza Kazmi was appointed as director on the Board with effect from October 04, 2019.
- 26.3 Mr. Nasir Husain retired from the Board with effect from October 04, 2019.
- 26.4 Mr. Abdul Hadi Palekar retired from the Board with effect from October 04, 2019.
- 26.5 Mr. Kamal Amir Chinoy retired from the Board with effect from October 04, 2019.
- 26.6 Mr. Khalid Mansoor was appointed as director on the Board with effect from October 04, 2019.
- 26.7 Mr. Shehryar Faruque retired from the Board with effect from October 04, 2019.
- 26.8 Mr. Saad Amanullah Khan was appointed as director on the Board with effect from October 04, 2019.

**27 CORRESPONDING FIGURES**

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **September 17, 2020**.

29 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

29.1 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Time period to ensure compliance with the minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- c) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

29.2 Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-I

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020					For the year ended June 30, 2019					For the year ended June 30, 2018					For the year ended June 30, 2017					For the year ended June 30, 2016		
	NAAP I	NAAP II	NAAP III	NAAP IV	NAAP V	NAAP I	NAAP II	NAAP III	NAAP IV	NAAP V	NAAP I	NAAP II	NAAP III	NAAP IV	NAAP V	NAAP I	NAAP II	NAAP III	NAAP IV	NAAP V	NAAP I	NAAP II	NAAP III
Net assets at the year / period ended (Rs '000)	17,882	22,679	127,246	137,723	132,924	146,025	47,294	378,424	218,332	362,687	327,103	407,411	680,946	530,019	877,879	781,274	723,408	1,065,595	770,805	1,777,341	851,769	702,307	1,287,651
Net income / (loss) for the year / period ended (Rs '000)	18,703	1,395	52,010	27,714	27,993	(24,301)	(6,776)	(33,041)	(20,669)	(47,447)	(82,946)	(73,388)	(97,024)	(70,576)	(152,827)	156,416	146,216	165,659	82,285	(23,008)	82,566	48,843	1,061
Net Asset Value per unit at the year / period ended (Rs)	106.9746	105.5102	99.1889	89.5175	87.9981	105.5964	104.9409	97.8500	88.5089	87.1099	116.6589	109.2786	108.5289	97.5732	89.6528	133.0408	123.4823	117.1859	108.4639	99.6782	110.7339	107.223	100.0222
Other Price per unit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Redemption Price per unit	106.9746	105.5102	99.1889	89.5175	87.9981	105.5964	104.9409	97.85	88.5089	87.1099	116.6589	109.2786	108.5289	97.5732	89.6528	133.0408	123.4823	117.1859	108.4639	99.6782	110.7339	107.223	100.0222
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	114.6303	112.2839	106.7564	96.4734	88.8862	120.1028	112.5849	110.9946	100.6030	92.3038	134.1742	124.9397	116.484	109.2283	99.9721	144.6801	134.6570	127.8861	118.1146	106.9965	112.2377	1087.546	100.0222
Ex - Lowest redemption price per unit (Rs.)	82.8328	82.4949	77.8434	70.2662	64.6136	104.6702	102.8066	96.7807	87.7859	80.1066	115.4466	106.662	107.1633	93.1465	85.3289	107.4646	100.3726	97.9132	93.9895	96.5334	98.8337	99.6335	99.9955
Opening Net Asset Value of Fiscal Year	92.474	107.7891	86.5397	78.1816	72.0405	116.6589	109.2786	106.5289	97.5732	89.6528	132.5289	122.9632	116.9797	107.8721	96.6782	107.0634	99.3861	97.6556	100.0000	100	100.0000	99.7588	99.9195
Total return of the fund	16.03%	3.68%	14.67%	14.57%	13.82%	-9.51%	-4.08%	-8.15%	-9.25%	-9.53%	-11.97%	-11.13%	-8.94%	-9.55%	-9.15%	24.25%	23.65%	20.07%	8.40%	-1.25%	10.73%	7.44%	0.08%
Capital growth	1.46%	0.66%	1.53%	1.29%	1.23%	-9.51%	-4.08%	-8.15%	-9.25%	-9.53%	-11.97%	-11.13%	-8.94%	-9.55%	-9.15%	20.10%	14.76%	17.19%	4.87%	-1.23%	10.73%	7.24%	0.07%
Income distribution as % of Ex nav	14.69%	3.00%	13.06%	13.21%	12.59%	-	-	-	-	-	-	-	-	-	-	4.16%	8.88%	2.81%	3.61%	N/A	-	0.20%	0.08%
Income distribution as % of Ex nav	15.47%	3.15%	12.88%	11.76%	10.27%	-	-	-	-	-	-	-	-	-	-	4.45%	8.67%	2.75%	3.61%	N/A	-	0.24%	0.08%
Distribution																							
Interim distribution per unit	15.4738	3.1536	12.8805	11.7163	10.2683	-	-	-	-	-	-	-	-	-	-	4.4539	8.6702	2.7488	3.6094	-	-	0.2557	0.0842
Final distribution per unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.474	0.4766	0.1921	0.937	-	-	-	-
Distribution Dates																							
Interim	29-Jun-20	29-Jun-20	29-Jun-20	29-Jun-20	29-Jun-20	-	-	-	-	-	-	-	-	-	-	21-08-2017	21-08-2017	21-08-2017	21-08-2017	-	-	23-Sep-16	23-Sep-16
Final	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15-09-2017	15-09-2017	15-09-2017	15-09-2017	-	-	-	-
Average annual return of the fund (launch date December 08, 2015)																							
(Since inception to June 30, 2020)																							
(Since inception to June 30, 2019)	5.94%	3.78%	3.58%	1.41%	-2.28%																		
(Since inception to June 30, 2018)						2.71%	3.82%	0.15%	-2.97%	-8.15%													
(Since inception to June 30, 2017)											8.11%	7.41%	4.57%	8.40%	-7.19%								
(Since inception to June 30, 2016)																24.48%	23.94%	19.98%	12.18%	-1.32%			
(Since inception to June 30, 2014)																						10.73%	7.44%
(Since inception to June 30, 2013)																							0.08%
Portfolio Composition: (Please see Fund Manager Report)																							

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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