



NBP FUNDS

Managing Your Savings

AM1
Rated by PACRA

NBP SAVINGS 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. 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
Bank Islami Pakistan Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Summit Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Habib Metropolitan 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, 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
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 Thirteenth Annual Report of **NBP Savings Fund (NBP-SF)** for the year ended June 30, 2020.

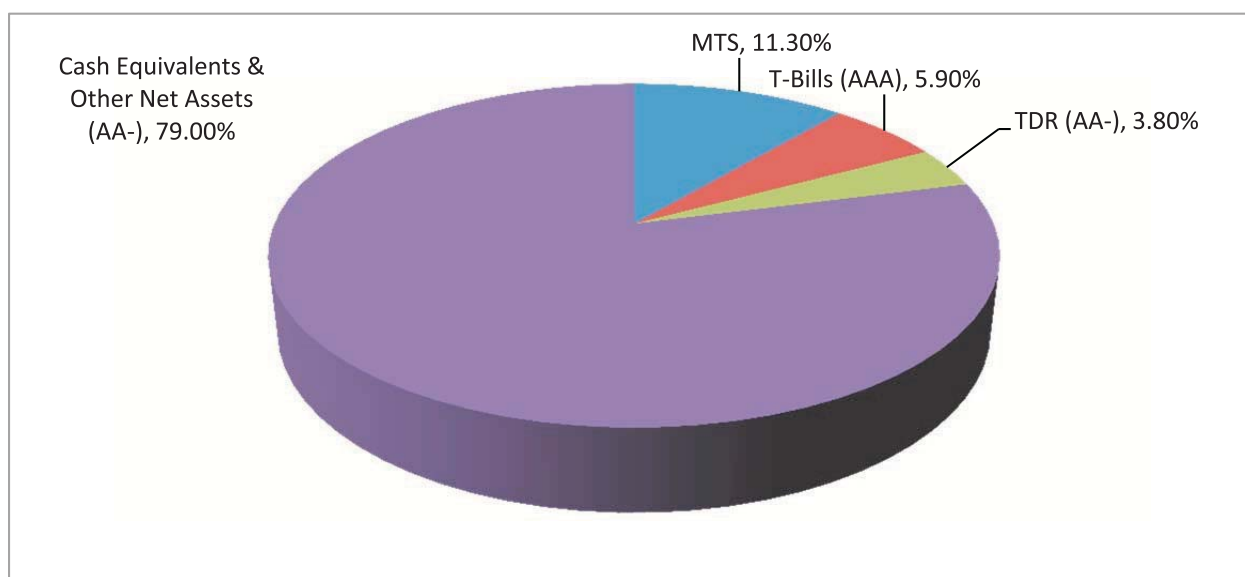
Fund's Performance

The size of NBP Savings Fund has increased from Rs. 1,004 million to Rs. 1,695 million during the period, i.e. a growth of 69%. During the said period, the unit price of NBP Savings Fund has increased from Rs. 8.7334 (Ex-Div) on June 30, 2019 to Rs. 9.7943 on June 30, 2020 thus posting a return of 12.1% 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.

NBP-SF 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 income of Rs. 156.71 million during the year. After accounting for expenses of Rs. 27.58 million, the net income is Rs. 129.13 million.

The asset allocation of NBP Savings 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 11.94% of the opening ex-NAV (11.67% 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 KPMG Taseer Hadi & Co., Chartered Accountants, retire 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 26 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. 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

این بی پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی سیونگ فنڈ (NBP-SF) کی تیرہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2020ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

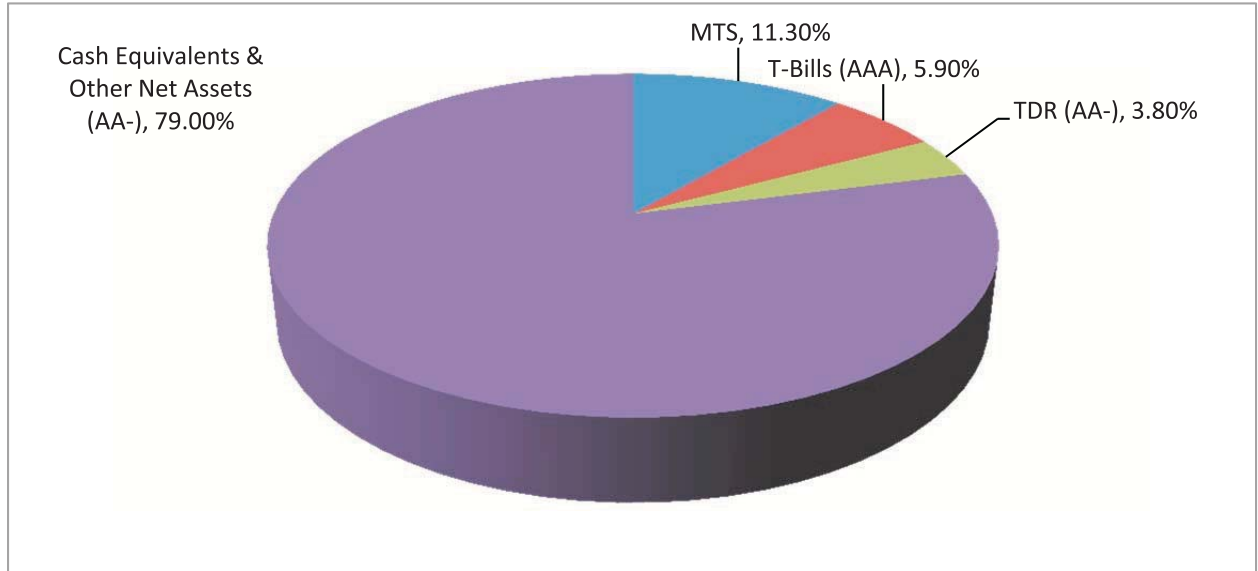
فنڈ کی کارکردگی

این بی پی سیونگ فنڈ کا سائز اس مدت کے دوران 1,004 ملین روپے سے بڑھ کر 1,695 ملین روپے ہو گیا، یعنی 69% اضافہ۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 8.7334 روپے (Ex-Div) سے بڑھ کر 30 جون 2020 کو 9.7943 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 12.2% شیئنگ مارک منافع کے مقابلے میں 12.1% منافع دیا۔ فنڈ کا یہ منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ این بی پی ایک انکم اسکیم ہے اور PACRA کی طرف سے اسے 'A(f)' کی سٹیٹمنٹی ریٹنگ دی گئی ہے۔

مالی سال 2020 کے دوران، سٹوک /TFCs 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 بلین روپے کی مجموعی تجارتی قیمت رہی۔ طویل مدتی کرڈٹ کی طلب خاص طور پر پاور سیکٹور 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 کی وجہ (i) زر مبادلہ کی شرح گراؤ، (ii) یوٹی لینی 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 کر دی۔ طویل وقفے کے بعد، اسٹیٹ بینک آف پاکستان نے 17 مارچ، 2020 کو منصفانہ 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 مائیکرو 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 بلین روپے جمع کئے۔

این بی پی سیونگ فنڈ (NBP-SF) کو سال کے دوران 156.71 بلین روپے کی مجموعی آمدنی ہوئی۔ 27.58 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 129.13 بلین روپے ہے۔

این بی پی سیونگ فنڈ کی ایسٹ ایلوکیشن بمطابق 30 جون 2020 درج ذیل ہے:



آمدنی کی تقسیم

میتھمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اوپننگ ex-NAV کا 11.94% (بنیادی قدر کا 11.67%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

تعمیرات

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 اکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

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۔

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

1. میتھمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی 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 بیرونی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیمبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران میتھمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چارج اسل مشفق ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کی گئی ہے۔
13. 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 مینجمنٹ کمیٹی 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 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 Savings 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 Savings Fund

NBP Savings Fund (NBP-SF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP-SF is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

Benchmark

6 Month - KIBOR.

Fund Performance Review

This is the Thirteenth Annual report since the launch of the Fund on March 28, 2008. The Fund size increased by 69% during FY20 and stands at Rs. 1,695 million as of June 30, 2020. The Fund's return since its inception is 5.3% p.a. versus the benchmark return of 10.0% p.a. During FY20, the Fund posted an annualized return of 12.1% as compared to a benchmark return of 12.2%. The return of the Fund is net of management fee and all other expenses.

The weighted average Yield-to-Maturity of the Fund is 9.0% p.a. while the yield does not include potential recovery in fully provided TFCs/Sukuks (Face Value of Rs 305 million), which is a potential upside for the Fund. Weighted average time to maturity of the Fund is 0.03 year.

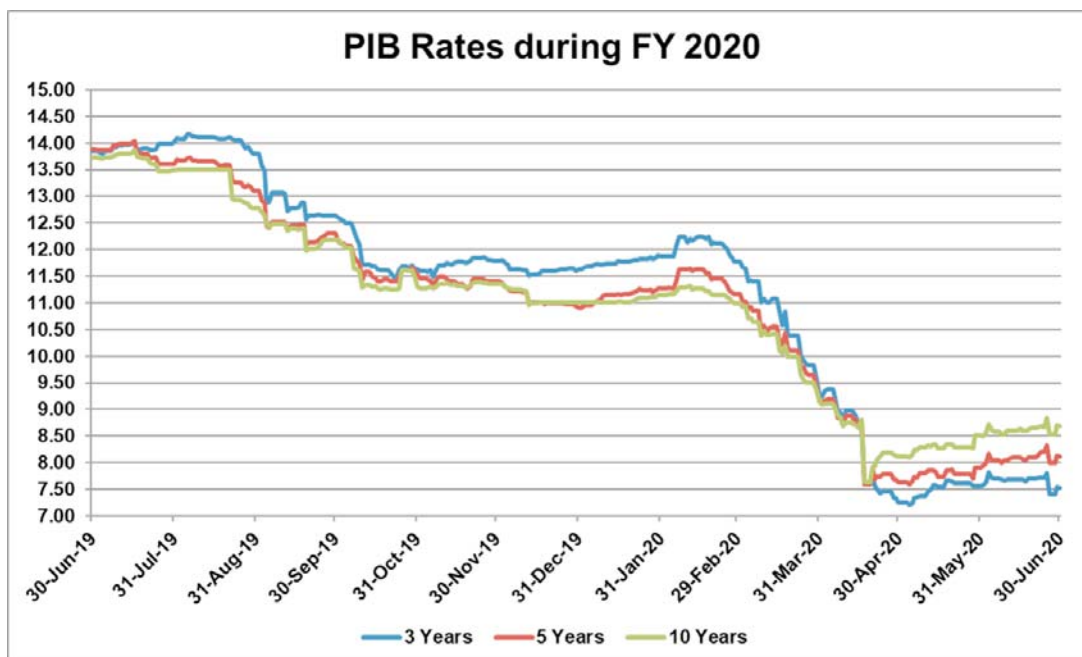
During FY2020, trading activity in TFCs/Sukuks surged by 87% with a cumulative traded value of around Rs. 29 billion compared to Rs. 16 billion in FY2019. The market also witnessed a substantial increase in the primary issuance as the demand for long-term credit rose notably from the Power sector. Building 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	-	7.61%
T-Bills	5.88%	0.49%
Term Deposit Receipt	3.84%	-
Commercial Paper	-	9.80%
Money Market Placements	-	9.81%
Margin Trading System (MTS)	11.29%	-
Cash (Cash Equivalents) & Other Assets	78.99%	72.29%
Total	100.00%	100.00%



T-Bills 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	11.67%	10.9428	9.7759

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments	Provision held	Value of Investments	% of Net Assets	% of Gross Assets
		before Provision		after Provision		
AgriTech Limited II - Revised II 14-JAN-08 14-JUL-21	TFC	149,875,800	149,875,800	0	0%	0%
AgriTech Limited V 01-JUL-11 01-JAN-20	TFC	22,180,000	22,180,000	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%
Worldcall RS - III 10-APR-18 20-SEP-26	TFC	23,326,170	23,326,170	0	0%	0%
Eden House Limited - Sukuk Revised 29-MAR-08 29-SEP-25	SUKUK	19,687,500	19,687,500	0	0%	0%
New Allied Electronics Limited II - Sukuk 03-DEC-07 03-DEC-20	SUKUK	49,054,371	49,054,371	0	0%	0%
Total		305,444,956	305,444,956	0	0%	0%



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

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	217
1-1000	841
1001-5000	98
5001-10000	32
10001-50000	111
50001-100000	63
100001-500000	105
500001- 1000000	15
1000001- 5000000	18
5000001- 10000000	1
10000001- 100000000	2
Total	1,503

During the period under question:

There has been no other significant change in the state of affairs of the Fund. NBP Savings 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. 7.126mn. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Re. 0.0412 per unit. For details, investors are advised to read note 14.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **NBP Savings 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 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	1,414,360	728,176
Investments	6	164,709	278,182
Receivable against Margin Trading System	7	191,347	-
Profit receivables	8	10,587	10,736
Receivables from funds under management by Management Company against conversion of units		1,599	-
Advance, deposits and prepayment	9	1,150	1,133
Total assets		1,783,752	1,018,227
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10	5,253	4,189
Payable to Central Depository Company of Pakistan Limited - Trustee	11	89	159
Payable to Securities and Exchange Commission of Pakistan	12	227	698
Payable against redemption of units	13	69,352	-
Accrued expenses and other liabilities	14	14,261	9,255
Total liabilities		89,182	14,301
Net assets		1,694,570	1,003,926
Unit holders' fund (as per statement attached)		1,694,570	1,003,926
Contingency and commitment	15		
		(Number of units)	
Number of units in issue	16	173,015,951	102,693,776
		(Rupees)	
Net assets value per unit		9.7943	9.7759

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
Income			
Income from government securities		7,147	2,346
Income from term deposit receipts		13,720	9,105
Mark-up return from term finance certificates		3,160	9,526
Income from commercial paper		16,197	3,927
Profit on bank deposits		98,168	66,989
Income from Margin Trading System		17,947	7,925
Gain / (loss) on sale of investments at fair value through profit or loss (FVTPL) - net		330	(69)
Reversal of provision on non - performing term finance certificate		-	4,194
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL		41	(1,646)
Total income		156,710	102,297
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	10.1	9,967	6,757
Sindh Sales Tax on remuneration to Management Company	10.2	1,296	878
Remuneration to Central Depository Company of Pakistan Limited - Trustee	11.1	850	1,381
Sindh Sales Tax on remuneration to Trustee	11.2	110	180
Selling and marketing expense	10.4	7,827	3,096
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.3	1,133	931
Annual fee - Securities and Exchange Commission of Pakistan	12	227	698
Settlement and bank charges		2,260	1,731
Auditors' remuneration	17	725	616
Mutual fund rating fee		423	393
Legal and professional charges		73	40
Annual listing fee		28	28
Securities transaction cost		9	-
Printing charges		19	17
Total expenses		24,947	16,746
Net income from operating activities		131,763	85,551
Provision for Sindh Workers' Welfare Fund	14.1	(2,635)	(1,711)
Net income for the year before taxation		129,128	83,840
Taxation	18	-	-
Net income for the year		129,128	83,840
Allocation of net income for the year			
Net income for the year		129,128	83,840
Income already paid on units redeemed		(17,325)	(7,445)
		111,803	76,395
Accounting income available for distribution:			
-Relating to capital gains		309	-
-Excluding capital gains		111,494	76,395
		111,803	76,395

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Net income for the year	129,128	83,840
Other comprehensive income	-	-
Total comprehensive income for the year	129,128	83,840

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

For NBP Fund Management Limited
(Management Company)_____
Chief Financial Officer_____
Chief Executive Officer_____
Director



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

	2020			2019		
	Value	Undistributed income	Total	Value	Undistributed income	Total
Note ----- (Rupees in '000) -----						
Net assets at beginning of the year	1,003,542	384	1,003,926	767,782	35,938	803,720
Issuance of 234,450,876 units (2019: 101,142,636 units)						
- Capital value	2,291,973	-	2,291,973	986,626	-	986,626
- Element of income	61,683	-	61,683	37,757	-	37,757
Total proceeds on issuance of units	2,353,656	-	2,353,656	1,024,383	-	1,024,383
Redemption of 164,128,701 units (2019: 76,526,644 units)						
- Capital value	(1,604,509)	-	(1,604,509)	(746,500)	-	(746,500)
- Element of loss	(47,683)	(17,325)	(65,008)	(27,659)	(7,445)	(35,104)
Total payments on redemption of units	(1,652,192)	(17,325)	(1,669,517)	(774,159)	(7,445)	(781,604)
Total comprehensive income for the year	-	129,128	129,128	-	83,840	83,840
Final Distribution for the year ended 30 June 2018	16.2					
- Cash distribution	-	-	-	-	(37,694)	(37,694)
- Refund of capital	-	-	-	(4,390)	-	(4,390)
Total distribution	-	-	-	(4,390)	(37,694)	(42,084)
Interim Distribution for the year ended 30 June 2020	16.3					
- Cash distribution	-	(108,951)	(108,951)	-	(74,255)	(74,255)
- Refund of capital	(13,672)	-	(13,672)	(10,074)	-	(10,074)
Total distribution	(13,672)	(108,951)	(122,623)	(10,074)	(74,255)	(84,329)
Net assets at end of the year	1,691,334	3,236	1,694,570	1,003,542	384	1,003,926
Undistributed income / (loss) brought forward						
- Realised		2,030			37,008	
- Unrealised		(1,646)			(1,070)	
		384			35,938	
Accounting income available for distribution:						
- Relating to capital gains		309			-	
- Excluding capital gains		111,494			76,395	
		111,803			76,395	
Final Distribution for the year ended 30 June 2018	16.2					
- Cash distribution		-			(37,694)	
Interim Distribution for the year ended 30 June 2020	16.3					
- Cash distribution		(108,951)			(74,255)	
Undistributed income carried forward		3,236			384	
Undistributed income carried forward						
- Realised		3,195			2,030	
- Unrealised		41			(1,646)	
		3,236			384	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			9.7759			10.2938
Net assets value per unit at end of the year			9.7943			9.7759

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		129,128	83,840
Adjustments:			
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL		(41)	1,646
		129,087	85,486
(Increase) / decrease in assets			
Investments		113,514	(66,554)
Receivable against Margin Trading System		(191,347)	142,690
Profit receivables		149	(7,544)
Advance, deposits and prepayment		(17)	(204)
		(77,701)	68,388
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		1,064	3,219
Payable to Trustee		(70)	82
Payable to Securities and Exchange Commission of Pakistan		(471)	44
Accrued expenses and other liabilities		5,006	2,493
		5,529	5,838
Net cash generated from operating activities		56,915	159,712
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received from issuance of units	19	2,338,385	898,529
Payments against redemption of units		(1,600,165)	(781,604)
Distributions paid		(108,951)	(559)
Net cash from financing activities		629,269	116,366
Net increase in cash and cash equivalents		686,184	276,078
Cash and cash equivalents at beginning of the year		728,176	452,098
Cash and cash equivalents at end of the year	5	1,414,360	728,176

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Savings Fund (the 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 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). Subsequently, CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of the CDC on 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL. During the year 2019, CDC is appointed in place of MCBFSL as the Trustee with effect from 19 October 2018. Accordingly the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company and CDC.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of 'A(f)' to the Fund and an asset manager rating of 'AM1' to the Management Company.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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



In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

- (a) Valuation of investment (Note 4.2.4)
- (b) Provisions (Note 4.4)
- (c) Element of income (Note 4.7)
- (d) Classification and impairment of financial assets (Note 4.2.1 and 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 principal accounting policies applied in 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 debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

Reclassifications

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

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 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) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates,

MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

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



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.

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

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

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 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.

4.2.8 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.

4.2.9 Receivable against Margin Trading System (MTS)

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

Trade date is the date at which the Fund commits to purchase or sell the assets. The MTS transactions are accounted for on the settlement date. The income is accrued at the applicable rate of return specified in the bid on the outstanding Margin Trading Transaction Value after adjustment of MTM losses.

4.2.10 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.

4.3 Financial liabilities

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



4.4 Provisions

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

4.5 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.

4.6 Issue and redemption of units

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

4.7 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.

4.8 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.



4.9 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.

4.10 Revenue recognition

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

4.11 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

	Note	2020 (Rupees in '000)	2019
In current accounts		1,387	633
In savings accounts	5.1 & 5.2	1,412,973	727,543
		<u>1,414,360</u>	<u>728,176</u>

5.1 These saving accounts carry mark-up at rates ranging from 5.5% to 15.5% per annum (2019: 8.25% to 14.5% per annum).

5.2 This includes cheques amounting to Rs. 41.34 million (2019: Rs. 1.970 million) issued on account of redemption of units and cheques amounting to Rs. 217 million (2019: Rs. 2.220 million) received on account of issuance of units as at year end.

6 INVESTMENTS

	Note	2020 (Rupees in '000)	2019
Investments by category			
At fair value through profit or loss			
Term finance certificates - listed	6.1	-	56,427
Term finance certificates - unlisted	6.2	-	20,000
Sukuks	6.3	-	-
Government securities - Market Treasury Bills	6.4	99,709	4,947
Term deposit receipt	6.6	65,000	98,478
Commercial Paper	6.7	-	98,330
		<u>164,709</u>	<u>278,182</u>



6.1 Term finance certificates - listed

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

Name of the investee companies	Tenor	As at 1 July 2019	Purchases during the year	Disposals/ matured 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 investments
		----- (Number of Certificates) -----				(Rupees in '000)	----- (%) -----	
Commercial banks								
Askari Commercial Bank Limited	10 years	7,400	-	7,400	-	-	-	-
JS Bank Limited	5 years	4,660	-	4,660	-	-	-	-
Saudi Pak Leasing Company Limited (Note 6.1.1)	5 years	8,000	-	-	8,000	-	-	-
Worldcall Telecom Limited (Note 6.1.2)	13 years	14,000	-	-	14,000	-	-	-
		34,060	-	12,060	22,000	-	-	-

6.1.1 This represents investment in listed term finance certificates with original term of five years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its terms on 26 December 2011 with new maturity in March 2017. The investee company again defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 30 April 2014. 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 said circulars.

6.1.2 This represents investment in listed term finance certificates of Worldcall Telecom Limited. On 07 April 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.2 Term finance certificates - unlisted

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

Name of the investee companies	Tenor	As at 1 July 2019	Purchases during the year	Disposals 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 investments
		----- (Number of Certificates) -----				(Rupees in '000)	----- (%) -----	
Commercial banks								
Agritech Limited II (Note 6.2.1)	10 years	30,000	-	-	30,000	-	-	-
Agritech Limited V (Note 6.2.2)	5 years	4,436	-	-	4,436	-	-	-
Jahangir Siddiqui and Company Limited	5 years	8,000	-	8,000	-	-	-	-
		42,436	-	8,000	34,436	-	-	-

6.2.1 This represents investment in Privately Placed unlisted Term Finance Certificates (PPTFCs) with a term of seven years. On 14 July 2010 the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing by MUFAP since 02 August 2010. 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.

6.2.2 This represents investment in Privately Placed Term Finance Certificates (PPTFC) of Agritech V received against due markup of Agritech I. The investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 17 January 2012. 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.



6.3 Sukuks

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

Name of the investee companies	Tenor	As at 1	Purchases	Disposals	As at	Market value	Market	Market
		July 2019	during	during	30 June	/ Carrying	value as a	value as a
			the year	the year	2020	value as at	percentage	percentage
						30 June 2020	of net	of total
							assets	investments
Commercial banks								
New Allied Electronics (Private) Limited (Note 6.3.1)	11 years	10,000	-	-	10,000	-	-	-
Eden Housing Limited (Note 6.3.2)	12 years	20,000	-	-	20,000	-	-	-
		30,000	-	-	30,000	-	-	-

6.3.1 This represents investment in privately placed sukuk with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and

accordingly has been classified as non performing asset by MUFAP since 09 January 2009. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.3.2 This represents investment in privately placed sukuk with a term of five years. On 06 May 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. 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.

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 Investments in government securities

Issue date	Tenor	Face value			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 investments
		As at 01 July 2019	Purchases during the year	Sales / matured during the year				
Market Treasury Bills								
09 May 2019	3 Months	5,000	-	5,000	-	-	-	
02 December 2019	12 months		35,000	35,000				
18 July 2019	6 Months		50,000	50,000				
07 November 2019	3 Months		85,000	85,000				
02 January 2020	3 Months		85,000	85,000	-	-	-	
27 February 2020	3 Months		250,000	250,000	-	-	-	
27 February 2020	3 Months		100,000	100,000	-	-	-	
30 January 2020	3 Months		80,000	80,000	-	-	-	
12 March 2020	3 Months		150,000	150,000	-	-	-	
23 April 2020 (Note 6.4.1)	3 Months		100,000	-	100,000	99,709	5.88	
		5,000	935,000	840,000	100,000	99,709	5.88	
							60.54	

6.4.1 Investments include market treasury bills with market value of Rs 99.709 million (30 June 2019: Rs 4.947 million) which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.



6.5 Significant terms and conditions of term finance certificates outstanding at the year end are as follows:

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate	Issue date	Maturity date	Rating
Secured							
Listed term finance certificates							
Saudi Pak Leasing Company Limited	15,000	Impaired	2,755	6 Month KIBOR ask rate plus 1.50%	13-Mar-2008	13-Mar-2013	Not Rated
Worldcall Telecom Limited	14,000	Impaired	1,881	6 Month KIBOR ask rate plus 1.6%	07-Oct-2008	07-Oct-2021	Not Rated
Unlisted term finance certificates							
Agri-tech Limited II	30,000	Impaired	4,996	6 Month KIBOR ask rate plus 1.75%	14-Jan-2008	14-Jan-2019	Not Rated
Agri-tech Limited V	4,436	Impaired	5,000	11% Fixed rate	01-July-2011	01-July-2017	Not Rated

6.6 These carry profit at the rate of 15.6 % per annum (2019: 13.2% per annum) and have maturity of more than 3 months.

6.7 Commercial Paper

Name of Issuer	Maturity Date	Face value			Carrying value as at 30 June 2020	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
		As at 01 July 2019	Purchases during the year	Sales / matured during the year			
(Rupees in '000)							
Hub Power Company Limited	22 July 2019	99,000		99,000	-	-	-
Hub Power Company Limited	24 March 2020		90,000	90,000	-	-	-
K-Electric Limited	27-Feb-20		100,000	100,000	-	-	-
TPL Corp Limited	11-Jan-20		25,000	25,000	-	-	-
		99,000	215,000	314,000	-	-	-

7 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

These are matured at the option of finance subject to maximum period of 60 days.

8 PROFIT RECEIVABLES

	2020	2019
	(Rupees in '000)	
Profit receivables on savings accounts	9,695	8,408
Margin Trading System	892	-
Accrued Markup on Term finance certificates and sukuks	191,693	194,021
Less: Income suspended over non-performing term finance certificates and sukuks	(191,693)	(191,693)
	-	2,328
	10,587	10,736

8.1 This represents total income suspended to date in relation to non-performing term finance certificates and sukuks as disclosed in note 8. Income is recognised on receipt basis.

9 ADVANCE, DEPOSITS AND PREPAYMENT

Deposit with Central Depository Company of Pakistan Limited		100	100
Deposit with National Clearing Company of Pakistan Limited		250	250
Deposit with MCB Financial Services Limited		100	100
Advance Tax	9.1	479	479
Prepayment		221	204
		1,150	1,133



- 9.1** 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 profit on bank deposit and investment 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. 0.479 million (2019: Rs. 0.479 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.

10 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2020 (Rupees in '000)	2019
Management remuneration	10.1	867	707
Sindh Sales Tax on management remuneration	10.2	113	92
Sales and transfer load payable		1,643	814
SST on sales Load		212	104
Selling and Marketing expense	10.3	2,116	1,978
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	302	494
		<u>5,253</u>	<u>4,189</u>

- 10.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 7% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of average annual net assets of the Fund till 11 July 2019, with effective from 12 July 2019 to 9 January 2020, the Management Company has revised its remuneration to the rate of 6% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of average annual net assets, with effective from 10 January 2020, the Management Company has revised its remuneration to the rate of 8% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets.
- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on management remuneration and sales load.
- 10.3** 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 from 0.4% per annum of average net assets of the Fund to 0.7% per annum of average net assets of the Fund or actual expenses whichever is lower and accordingly selling and marketing expense has been charged from 12 July 2019 at the rate of 0.7% per annum of average net assets of the Fund or actual whichever is lower.
- 10.4** 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.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
			(Rupees in '000)	
	Trustee remuneration	11.1	69	141
	Sindh Sales Tax on Trustee remuneration	11.2	20	18
			89	159

11.1 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
Up to 1 billion	0.17% per annum of net asset value
Over 1 billion to 5 billion Rs. 1 billion	Rs. 1.7 million plus 0.085% per annum of net assets exceeding
Over 5 billion	Rs. 5.1 million plus 0.07% per annum of net assets value exceeding Rs. 5 billion

With effective from 1 July 2019 the trustee has revised its remuneration and charged remuneration at the rate of 0.075% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

11.2 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 2020: 13%) was charged on trustee remuneration.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13 PAYABLE AGAINST REDEMPTION OF UNITS

This includes an amount of Rs. 2.770 million, Rs. 54.592 million, Rs. 0.345 million, Rs. 0.941 million, Rs. 10.137 million, Rs. 0.105 million payable on account of conversion of units from NBP Islamic Stock Fund, NBP Financial Sector Income Fund, NBP Government Securities Savings Fund, NBP Islamic Mahana Amdani Fund, NBP Income Opportunity Fund, NBP Mahana Amdani Fund respective to the Fund.

14	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
			(Rupees in '000)	
	Provision for Sindh Workers' Welfare Fund	14.1	7,126	4,491
	Federal Excise Duty on management remuneration	14.2	2,808	2,808
	Auditors' remuneration		508	447
	Bank charges		82	10
	Printing charges		5	26
	Withholding tax		2,978	1,134
	Capital gains tax		513	296
	Laga and levy charges		101	-
	Legal and professional charges		91	18
	NCCPL charges		30	-
	Others		19	25
			14,261	9,255



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

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

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 4.095 million and a provision for SWWF of Rs. 1.645 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.0412 per unit (30 June 2019: Rs 0.0437).

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

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has 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 Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 3.019 million out of which Rs. 0.211 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs 0.0174 (30 June 2019: Rs. 0.0294) per unit.



15 CONTINGENCY AND COMMITMENT

There was no contingency and commitment outstanding as at 30 June 2020.

16 NUMBER OF UNITS IN ISSUE

	2020	2019
	(Number of units)	
Total units in issue at beginning of the year	102,693,776	78,077,784
Add: units issued against		
- Sale	16.1	233,052,335
- Refund of capital at zero value	16.2 & 16.3	1,398,541
	234,450,876	101,142,636
Less: units redeemed	(164,128,701)	(76,526,644)
Total units in issue at end of the year	<u>173,015,951</u>	<u>102,693,776</u>

16.1 This includes units 10,770,744 (2019: 10,393,896 units) issued against Dividend Reinvestment Plan amounting to Rs.105,324,947 (2019: Rs.101,432,922) net of taxation.

16.2 The Management Company on 04 July 2018 declared final distribution of Rs. 0.5390 per unit (for full year) for the year ended 30 June 2018. The aggregate cash distribution amounted to Rs. 37.6934 million was in addition to refund of capital / element of income by issuing 450,083 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

16.3 The Management Company on 24 June 2020 (2019: 24 June 2019) declared interim distribution amounted to Rs. 1.1669 per unit (2019: Rs. 0.0891 per unit) (for full year) for the year ended 30 June 2020. The aggregate cash distribution is Rs. 108.951 million (2019: Rs. 74.255 million) was in addition to refund of capital / element of income by issuing 1,398,541 (2019: 1,032,769) additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

17 AUDITORS' REMUNERATION

	2020	2019
	(Rupees in '000)	
Annual audit fee	447	421
Half yearly review	143	147
Out of pocket expenses and others including government levy	135	48
	<u>725</u>	<u>616</u>

18 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 4.11, 16.2 and 16.3), no provision for taxation has been made in these financial statements.



19 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
(Rupees in '000)				
Balance as at 1 July 2019	-	-	-	-
Receivable against issuance of units	2,339,984	-	-	(2,339,984)
Payable against redemption of units	-	1,669,517	-	1,669,517
Dividend Payable	-	-	108,951	108,951
	2,339,984	1,669,517	108,951	(561,516)
Amount received on issuance of units	(2,233,060)	-	-	2,233,060
Amount paid on redemption of units	-	(1,600,165)	-	(1,600,165)
Dividend reinvested	(105,325)	-	(108,073)	(2,748)
Dividend paid	-	-	(878)	(878)
	(2,338,385)	(1,600,165)	(108,951)	629,269
Balance as at 30 June 2020	1,599	69,352	-	67,753

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 2.43% per annum. Total expense ratio (excluding government levies) is 2.06% per annum.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2020		
	Amortised cost	At fair value through profit or loss	Total
(Rupees in '000)			
Assets			
Bank balances	1,414,360	-	1,414,360
Investments	-	164,709	164,709
Receivable against Margin Trading System	191,347	-	191,347
Profit receivables	10,587	-	10,587
Receivables from funds under management by Management Company against conversion of units	1,599	-	1,599
Deposits	450	-	450
	1,618,343	164,709	1,783,052
	30 June 2020		
	At fair value through profit or loss	At amortized cost	Total
(Rupees in '000)			
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	5,253	5,253
Payable to Central Depository Company Limited -Trustee	-	89	89
Payable against redemption of units	-	69,352	69,352
Accrued expenses and other liabilities	-	836	836
	-	75,530	75,530



	30 June 2019			
	Amortised cost	At fair value through profit or loss	Mandatorily at fair value through profit or loss	Total
	----- (Rupees in '000) -----			
Assets				
Bank balances	728,176	-	-	728,176
Investments	-	196,808	81,374	278,182
Receivable against Margin Trading System	10,736	-	-	10,736
Profit receivables	450	-	-	450
Deposits	<u>739,362</u>	<u>196,808</u>	<u>81,374</u>	<u>1,017,544</u>
	30 June 2019			
	Mandatorily at fair value through profit or loss	At fair value through profit or loss	At amortized cost	Total
	----- (Rupees in '000) -----			
Liabilities				
Payable to NBP Fund Management Limited - Management Company	-	-	4,189	4,189
Payable to MCB Financial Services Limited - Trustee	-	-	159	159
	-	-	526	526
Accrued expenses and other liabilities	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>4,874</u>

22 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 22.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.
- 22.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 22.3** Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 22.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:



22.5 Details of the transactions with connected persons are as follows:	2020	2019
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration to the Management company	9,967	6,757
Sindh Sales Tax	1,296	878
Sales and transfer load	1,928	778
Sindh Sales Tax on Sales load	251	101
Selling and marketing expense	7,827	3,096
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,133	931
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	850	1,140
Sindh Sales Tax on Trustee remuneration	110	149
CDS Charges	440	-
Muhammad Murtaza Ali - Company Secretary / COO		
Units issued: 49,597 units (2019: Nil units)	500	-
Units redeemed: 49,597 units (2019: Nil units)	503	-
Fauji Fertilizer Company Limited** - Common Directorship		
Units issued: 25,271,160 units (2019: Nil units)	250,000	-
Units redeemed: 25,271,160 units (2019: Nil units)	250,167	-
MCB Financial Services Limited - Trustee		
Remuneration of the Trustee	-	241
Sindh Sales Tax on Trustee remuneration	-	31
National Bank of Pakistan - Sponsor		
Units redeemed: Nil units (2019: 45,420,602 units)	-	459,420
Employees of the Management Company		
Units issued: 2,058,110 units (2019: Nil units)	20,285	-
Units redeemed: 1,628,550 units (2019: Nil units)	16,119	-
Dividend re-invest: 2,266 units (2019: 874 units)	22	9
NBP Employees Pension Fund (Pension Fund of the parent of the Management Company)		
Dividend re-invest 8,019,059 units (2019: 8,070,378 units)	78,417	78,759
Bankislami Pakistan Limited		
Mark-up on balance	1,785	-
NBP Money Market Fund		
Purchased Treasury Bills	34,370	-
NBP Financial Sector Income Fund		
Sold Term Finance Certificate	75,484	-
NBP Income Opportunity Fund		
Purchased Commercial Paper	23,182	-
The Hub Power Company Limited		
Purchased Commercial Paper	83,647	-



	2020	2019
	(Rupees in '000)	
Portfolios managed by the Management Company		
Purchased Treasury Bills	110,167	-
National Clearing Company of Pakistan Limited (NCCPL)		
NCCPL Charges	306	-
Pakistan Stock Exchange Limited		
Annual Listing Fee Paid	25	-
22.6 Balances outstanding as at year end	2020	2019
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Management remuneration payable	867	707
Sindh Sales Tax payable	113	92
Sales load payable to Management Company	1,643	814
Sindh Sales Tax payable on Sales load	212	104
Selling and marketing expense	2,116	1,978
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	302	494
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	69	141
Sindh Sales Tax payable	20	18
Security deposit	100	100
CDC charges	47	17
Bankislami Pakistan Limited		
Bank Balance	541	-
Mark- up on balance	23	-
Employees of the Management Company		
Units held: 648,465 units (2019: 7,554 units)	6,351	74
Summit Bank Limited		
Bank balance	-	633
NBP Employees Pension Fund		
Units held: 75,220,001 units (2019: 67,200,942 units)	736,727	656,950
K.T.H CP Fund (M.T.I)		
Units held: 20,945,449 units (2019: Nil units)	205,146	-
National Clearing Company of Pakistan Limited (NCCPL)		
NCCPL Charges payable	13	-
NCCPL Deposit	250	-
Receivables from funds against conversion of units		
NBP Islamic Sarmaya Izafa Fund	740	-
NBP Islamic Mahana Amdani Fund	612	-
NBP Islamic Stock Fund	247	-



23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Qualification	Experience in year
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	32
2	Mr. Sajjad Anwar	CFA / MBA Finance	20
3	Mr. Asim Wahab Khan	CFA	15
4	Mr. Hassan Raza	ACCA, BSC and CFA	9
5	Muhammad Ali Bhabha*	CFA, MBA, FRM and MS	25

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

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

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2020:

S. No	Particulars	Percentage (%)
	Bright capital (private) limited	100

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

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

25 PATTERN OF UNIT HOLDING

Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	1,480	586,488	34.61
Associated companies / Directors	1	736,727	43.48
Insurance Companies	3	12,361	0.73
Retirement Funds	8	152,448	9.00
Public Limited Companies	2	249	0.01
Others	9	206,296	12.17
	1,503	1,694,570	100.00



Category	As at 30 June 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	227	174,422	17.37
Associated companies / Directors	1	656,950	65.44
Public Limited Companies	3	226	0.02
Retirement Funds	10	171,804	17.11
Others	5	524	0.05
	246	1,003,926	100.00

26 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 Director	Number of Meetings			Meetings not attended
	Held during tenure of directorship	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [Note 26.2]	3	2	1	74th meeting
Syed Hasan Irtiza Kazmi [Note 26.2]	3	3	-	-
Mr. Nasir Husain [Note 26.1]	1	-	1	72nd meeting
Mr. Abdul Hadi Palekar [Note 26.1]	1	-	1	72nd meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [Note 26.1]	1	1	-	-
Mr. Khalid Mansoor [Note 26.2]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [Note 26.1]	1	1	-	-
Mr. Saad Amanullah Khan [Note 26.2]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

26.1 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.

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

27 FINANCIAL RISK MANAGEMENT

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



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

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

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

27.1 Market risk

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

Management of market risk

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

27.1.1 Currency risk

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

27.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

As at 30 June 2020, the Fund holds KIBOR based bank balance exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2020, 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. 14.130 million (30 June 2019: Rs.8.032 million).

(b) Sensitivity analysis for fixed rate instruments

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



As at 30 June 2020, the Fund holds Market Treasury Bills which are classified as 'far value through profit and loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan on 30 June 2020, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 0.041 million (2019: Rs 0.004 million). In case of 100 basis points decrease in rates announced by the Financial Markets Association of Pakistan on 30 June 2020, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.0.041 million (2019: Rs.0.004 million).

The composition of the Fund's investment portfolio and rates announced by Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

As at 30 June 2020						
Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield/ Interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	5.5% - 15.5%	1,412,973	-	-	1,387	1,414,360
Investments	8.21% - 15.9%	164,709	-	-	-	164,709
Profit receivables		-	-	-	10,587	10,587
Receivable against Margin Trading System		-	-	-	191,347	191,347
Receivables from funds under management by Management Company against conversion of units		-	-	-	1,599	1,599
Deposits		-	-	-	450	450
		<u>1,577,682</u>	-	-	<u>205,370</u>	<u>1,783,052</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	5,253	5,253
Payable to Central Depository Company Limited - Trustee		-	-	-	89	89
Payable against redemption of units		-	-	-	69,352	69,352
Accrued expenses and other liabilities		-	-	-	836	836
		-	-	-	<u>75,530</u>	<u>75,530</u>
On-balance sheet gap		<u>1,577,682</u>	-	-	<u>129,840</u>	<u>1,707,522</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest sensitivity		<u>1,577,682</u>	-	-	<u>129,840</u>	<u>1,707,522</u>
Cumulative interest rate sensitivity gap		<u>1,577,682</u>	<u>1,577,682</u>	<u>1,577,682</u>		



As at 30 June 2019

Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield/ Interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	8.25% - 14.5%	727,543	-	-	633	728,176
Investments	8.50% - 14.71%	201,755	-	76,427	-	278,182
Profit receivables		-	-	-	10,736	10,736
Deposits		-	-	-	450	450
		<u>929,298</u>	<u>-</u>	<u>76,427</u>	<u>11,819</u>	<u>1,017,544</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	4,189	4,189
Payable to Central Depository Company Limited - Trustee		-	-	-	159	159
Accrued expenses and other liabilities		-	-	-	526	526
		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>4,874</u>
On-balance sheet gap		<u>929,298</u>	<u>-</u>	<u>76,427</u>	<u>6,945</u>	<u>1,012,670</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest sensitivity		<u>929,298</u>	<u>-</u>	<u>76,427</u>	<u>6,945</u>	<u>1,012,670</u>
Cumulative interest rate sensitivity gap		<u>929,298</u>	<u>929,298</u>	<u>1,005,725</u>		

27.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk as no equity securities are held by the Fund as at 30 June 2020.

27.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills, Term deposit receipts and Term Finance Certificates is limited as Market Treasury Bill are guaranteed by the Federal Government and in case of Term Finance Certificates and Term deposit receipts the counter parties are financial institutions with reasonably high credit ratings. 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.

Bank balances	2020	2019
	(Rupees in '000)	
AAA	3,379	2,077
AA+, AA-, AA	1,030,538	470,485
A+, A, A-	379,056	255,614
Suspended	1,387	-
	<u>1,414,360</u>	<u>728,176</u>



	2020	2019
	(Rupees in '000)	
Term Finance Certificates		
AA+, AA-, AA	-	40,326
A+, A-, A	-	36,101
	<u>-</u>	<u>76,427</u>

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 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.

27.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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

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



	30 June 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	5,253	5,253	-	-
Payable to Central Depository Company Limited - Trustee	89	89	-	-
Payable against redemption of units	69,352	69,352	-	-
Accrued expenses and other liabilities	836	836	-	-
	<u>75,530</u>	<u>75,530</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>1,694,570</u>	<u>1,694,570</u>	<u>-</u>	<u>-</u>
----- (Rupees in '000) -----				
	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	4,189	4,189	-	-
Payable to Central Depository Company Limited - Trustee	159	159	-	-
Accrued expenses and other liabilities	526	526	-	-
	<u>4,874</u>	<u>4,874</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>1,003,926</u>	<u>1,003,926</u>	<u>-</u>	<u>-</u>

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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



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

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

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

		30 June 2020						
		Carrying value			Fair value			
		At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
		99,709	-	99,709	-	99,709	-	99,709
	- Market Treasury Bills							
28.1	- Term deposit receipt	65,000	-	65,000	-	65,000	-	65,000
		164,709	-	164,709	-	164,709	-	164,709
Financial assets not measured at fair value								
28.1	Bank balances	-	1,414,360	1,414,360				
	Profit receivables	-	10,587	10,587				
	Receivable against Margin Trading System		191,347	191,347				
	Receivables from funds under management by Management Company against conversion of units		1,599	1,599				
	Deposits	-	450	450				
		-	1,618,343	1,618,343				
Financial liabilities not measured at fair value								
28.1	Payable to NBP Fund Management Limited - Management Company	-	5,253	5,253				
	Payable to Central Depository Company Limited - Trustee	-	89	89				
	Payable against redemption of units	-	69,352	69,352				
	Accrued expenses and other liabilities	-	836	836				
		-	75,530	75,530				



30 June 2019

	Carrying value			Fair value				
	At fair value through profit or loss	Loans and receivables	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
- Market Treasury Bills		4,947	-	4,947	-	4,947	-	4,947
- Term Finance Certificates		76,427	-	76,427	-	76,427	-	76,427
- Term deposit receipt	28.1	98,478	-	98,478	-	98,478	-	98,478
- Commercial Paper	28.1	98,330	-	98,330	-	98,330	-	98,330
		<u>278,182</u>	<u>-</u>	<u>278,182</u>	<u>-</u>	<u>278,182</u>	<u>-</u>	<u>278,182</u>
Financial assets not measured at fair value	28.1							
Bank balances		-	728,176	728,176				
Profit receivables		-	10,736	10,736				
Deposits		-	450	450				
		<u>-</u>	<u>739,362</u>	<u>739,362</u>				
Financial liabilities not measured at fair value	28.1							
Payable to NBP Fund Management Limited - Management Company		-	4,189	4,189				
Payable to Central Depository Company Limited - Trustee		-	159	159				
Accrued expenses and other liabilities		-	526	526				
		<u>-</u>	<u>4,874</u>	<u>4,874</u>				

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

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

29 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. The Fund has no restrictions on the subscription and redemption of units.

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 under management.



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

30 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.

31 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')	1,694,570	1,003,926	803,721	922,057	618,907	583,494
Net Income / (loss) (Rs. '000')	129,128	83,840	46,846	40,477	39,882	75,236
Net Asset Value per units (Rs.)	9.7943	9.7759	10.2938	9.7548	9.7377	9.7306
Offer price per unit	9.9050	9.8864	10.4102	9.8650	9.8665	9.8604
Redemption price per unit	9.7943	9.7759	10.2938	9.7548	9.7377	9.7306
Ex - Highest offer price per unit (Rs.)	9.9050	10.7662	10.4101	9.8650	9.8665	9.8604
Ex - Lowest offer price per unit (Rs.)	8.7363	9.8682	9.865	9.2727	9.2329	8.6723
Ex - Highest redemption price per unit (Rs.)	9.7943	10.6459	10.2938	9.7548	9.7377	9.7306
Ex - Lowest redemption price per unit (Rs.)	8.7363	9.7579	9.7564	9.1576	9.109	8.5581
Fiscal Year Opening Ex NAV	8.7337	9.7548	9.7548	9.1577	9.1067	8.5561
Total return of the fund	12.11%	9.30%	5.53%	6.52%	6.93%	13.73%
Capital growth	0.18%	0.16%	0.00%	-0.21%	0.08%	3.33%
Income distribution as % of Ex-NAV	11.94%	9.14%	5.53%	6.73%	6.85%	10.40%
Income distribution as % of Par Value	11.67%	8.91%	5.39%	6.17%	6.67%	8.90%
Interim distribution per unit	1.1669	0.8911		0.6167	0.6667	0.89
Final distribution per unit			0.539	-	0	-
Distribution dates						8.84
Interim	24-Jun-20	24-Jun-18		19-Jun-17	29-Jun-16	29-Jun-15
Final			4-Jul-18			-
Average annual return (launch date 28-03-08)						
(Since inception to June 30, 2020)	5.31%					
(Since inception to June 30, 2019)		4.70%				
(Since inception to June 30, 2018)			4.28%			
(Since inception to June 30, 2017)				4.14%		
(Since inception to June 30, 2016)					3.86%	
(Since inception to June 30, 2015)						3.40%
(Since inception to June 30, 2014)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	12 Days			40	332	171

"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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 /nbpffunds

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



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 Murataz 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Al Habib Limited
Faysal Bank Limited
Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
United Bank Limited



Auditor

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, Scheme 5,
Clifton, Karachi 75600, Pakistan.

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Fax: 92-42-35861095

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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

This is the fourth Annual Report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Fund-II (NIAAF-II) on May 26, 2017.

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-II 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-VI (NIAAP-VI), NAFA Islamic Active Allocation Plan-VII (NIAAP-VII), NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII), NAFA Islamic Capital Preservation Plan-I (NICPP I) & NAFA Islamic Capital Preservation Plan-II (NICPP II).

Islamic Income Fund:	NBP Active Allocation Riba Free Savings Fund
Islamic Money Market:	NBP Islamic Money Market Fund
Islamic Equity 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-VI (NIAAP-VI)

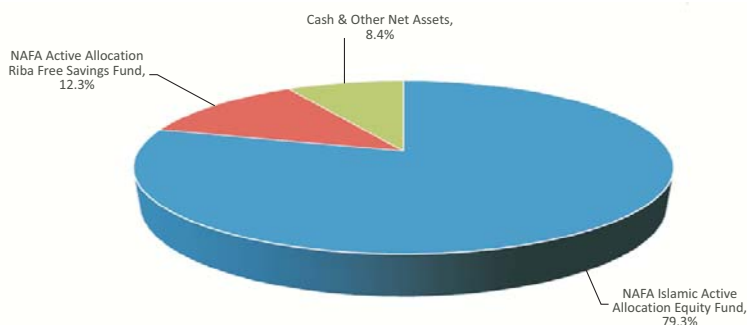
This is the fourth annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) on May 26, 2017. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) increased by 13.5% as against the benchmark which increased by 11.5%, 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-VI (NIAAP-VI) has decreased from Rs.89.3334 on May 26, 2017 to Rs. 80.2002 on June 30, 2020, thus showing a decrease of 10.2%. The Benchmark return during the same period decreased by 11.3%. Thus, the Fund has outperformed its Benchmark by 1.1% since its inception on May 26, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 140 million.

The Plan has earned a total income of Rs. 22.567 million during the year. After deducting total expenses of Rs. 1.276 million, the net income is Rs. 21.291 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 12.04% of the opening ex-NAV (9.52% of the par value) in NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) 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-VII (NIAAP-VII)

This is the fourth annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) on June 29, 2017. 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.

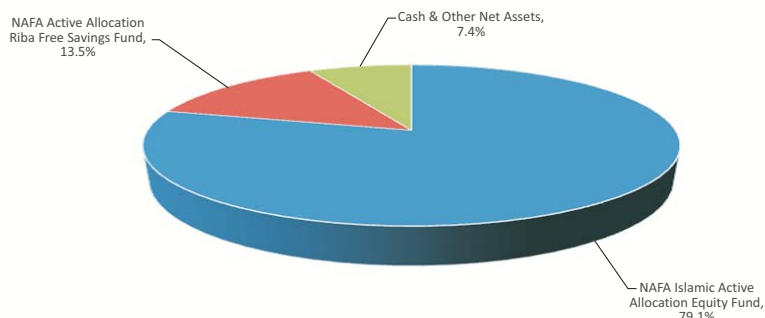
Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) increased by 7.1% as against the benchmark which increased by 5.8%, thus, the Fund outperformed the benchmark by 1.3% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has decreased from Rs.93.2102 June 29, 2017 to Rs. 84.6286 on June 30, 2020, thus showing a decrease of 9.2%. The Benchmark return during the same period decreased by 8.9%. Thus, the Fund has underperformed its Benchmark by 0.3% since its inception on January 29, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 35 million.



The Plan has earned a total income of Rs. 3.176 million during the year. After deducting total expenses of Rs. 0.462 million, the net income is Rs. 2.714 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 7.24% of the opening ex-NAV (6.13% of the par value) in NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) 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-VIII (NIAAP-VIII)

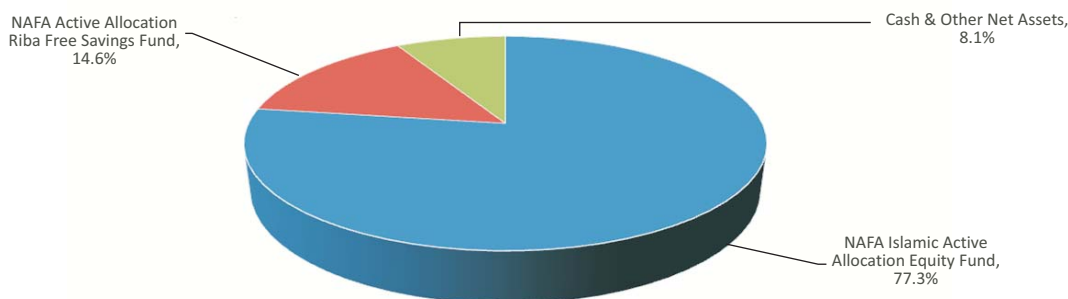
This is the third annual report for the period ended June 30, 2020, since launch of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) on November 03, 2017. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shariah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) increased by 8.1% as against the benchmark which increased by 4.7%, thus, the Fund outperformed the benchmark by 3.4% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) has increased from Rs. 93.2660 on November 03, 2017 to Rs.96.9868 on June 30, 2020, thus showing an increase of 4.0%. The Benchmark return during the same period increased by 0.9%. Thus, the Fund has outperformed its Benchmark by 3.1% since its inception on November 03, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs.121 million.

The Plan has earned a total income of Rs. 18.457 million during the year. After deducting total expenses of Rs. 1.279 million, the net income is Rs. 17.178 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 7.24% of the opening ex-NAV (6.96% of the par value) in NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) 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 Capital Preservation Plan-I (NICPP-I)

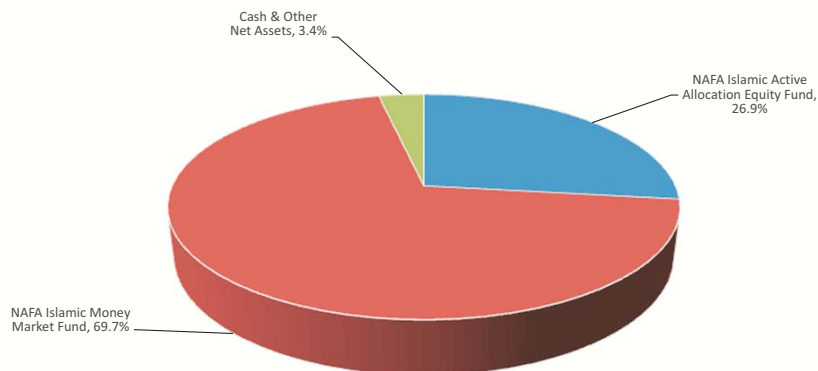
This is the third annual report for the period ended June 30, 2020, since launch of NAFA Islamic Capital Preservation Plan-I (NICPP-I) on February 28, 2018. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-I (NICPP I) increased by 6.6% as against the benchmark which increased by 5.0%, thus, the Fund outperformed the benchmark by 1.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-I (NICPP I) has increased from Rs.92.0190 (Ex-Div) on February 28, 2018 to Rs.100.2984 on June 30, 2020, thus showing an increase of 9.0%. The Benchmark return during the same period was increased by 4.3%. Thus, the Fund has outperformed its Benchmark by 4.7% since its inception on February 28, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs 190 million.

The Plan has earned a total income of Rs. 38.948 million during the year. After deducting total expenses of Rs. 2.513 million, the net income is Rs. 36.435 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 6.56% of the opening ex-NAV (6.57% of the par value) in NAFA Islamic Capital Preservation Plan I (NICPP-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 Capital Preservation Plan-II (NICPP-II)

This is the third annual report for the period ended June 30, 2020, since launch of NAFA Islamic Capital Preservation Plan-II (NICPP-II) on April 27, 2018. 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.

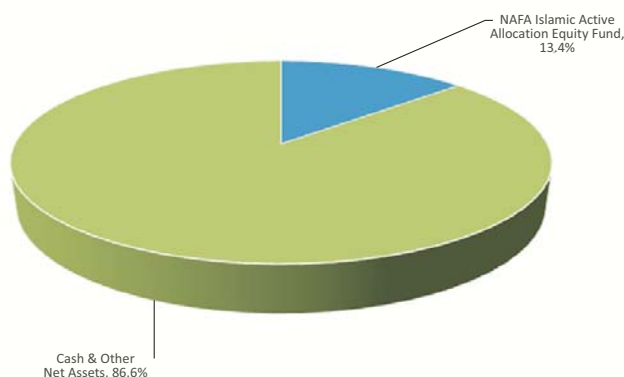


Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-II (NICPP II) increased by 5.7% as against the benchmark which increased by 3.6%, thus, the Fund outperformed the benchmark by 2.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-II (NICPP II) has increased from Rs.94.0762 (Ex-Div) on April 27, 2018 to Rs.100.1578 on June 30, 2020, thus showing an increase of 6.5%. The Benchmark return during the same period was increased by 1.3%. Thus, the Fund has outperformed its Benchmark by 5.2% since its inception on April 27, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs.163 million.

The Plan has earned a total income of Rs. 21.721 million during the year. After deducting total expenses of Rs. 3.627 million, the net income is Rs. 18.094 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 5.69% of the opening ex-NAV (5.69% of the par value) in NAFA Islamic Capital Preservation Plan II (NICPP-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.

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 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 to these financial statements.
 12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 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	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. 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

26 مئی 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن فنڈ-II (NIAAF-II) کی 30 جون 2020 ختم شدہ سال کے لئے یہ چوتھی سالانہ رپورٹ ہے۔

فنڈ کا مقصد شریعہ مکملیت کی یونٹی فنڈ اور اہم منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن فنڈ-II (NIAAF-II) 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-VI (NIAAP-VI)، NAFA اسلامک ایکٹو ایلوکیشن پلان-VII (NIAAP-VII)، NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII) اور NAFA اسلامک کیپٹل پریزیرویشن پلان-I (NICPP-I) اور NAFA اسلامک کیپٹل پریزیرویشن پلان-II (NICPP-II) ہیں۔

اسلامک اہم فنڈ: NBP ایکٹو ایلوکیشن ریفری سیونگ فنڈ

اسلامک ایکٹیو فنڈ: NBP اسلامک ایکٹو ایلوکیشن ایکٹیو فنڈ

اسلامک منی مارکیٹ فنڈ: NBP اسلامک منی مارکیٹ فنڈ

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 بلین ڈالر کی توسیعی فنڈسہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 بلین امریکی ڈالر کی آمد چھٹی شہت خجروں کے باوجود مارکیٹ کا آغاز منفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرمیکل 370 کی منسوختی 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 تھکن 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 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 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 پیکج 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 انسرومنٹ (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 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 دار کارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسیزیر، سیمنٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، بیکنگ اور جی اور گلاس اینڈ سٹریکس 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 بیوشن، 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۔

کارپوریت 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 گراؤ، (ii) پوٹی لیٹی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 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 مانیٹری 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 سورجین ہیلڈ پر پڑے کیونکہ 3 ماہ، 6 ماہ اور 12 ماہ کی ٹی بلز پیداوار بالترتیب 566 ہیسز پوائنٹس، 580 ہیسز پوائنٹس اور 608 ہیسز پوائنٹس تک کم ہوئی۔ SBP نے زبرد جائزہ مدت کے دوران سٹائٹس (27) ٹی بلز نیلامیاں منعقد کیں اور کل 14,317 بلین روپے جمع کئے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI

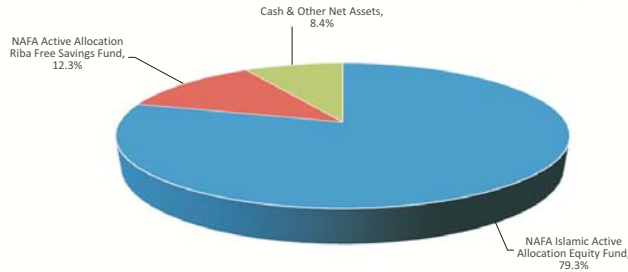
26 مئی 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI کی 30 جون 2020 مختتمہ سال کے لئے یہ چوتھی سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم مارکیٹ فنڈ کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI کے بیچ مارک جو 11.5% زیادہ ہوا کے مقابلے 13.5% زیادہ ہوا، لہذا، پلان نے سال کے دوران 2.0% بیچ مارک کی بہتر کارکردگی دکھائی۔ 26 مئی 2017 کو اپنے قیام سے NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI کے پونٹ کی قیمت 89.3334 روپے سے کم ہو کر 30 جون 2020 کو 80.2002 روپے ہو گئی، لہذا 10.2% کی کمی دکھائی۔ اس مدت کے دوران بیچ مارک منافع میں 11.3% کمی ہوئی۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 1.1% بہتر رہی۔ پلان کی یہ کارکردگی ٹیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 140 بلین روپے ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI کو اس مدت کے دوران 22.567 بلین روپے کی کل آمدنی ہوئی۔ 1.276 بلین روپے کے اخراجات منہا کرنے کے بعد کل آمدنی 21.291 بلین روپے ہے۔

30 جون 2020 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

ٹیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VI) VI میں اوپننگ ex-NAV کا 12.04% (بنیادی قدر کا 9.52%) 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 پلان پرائم 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-VII) VII

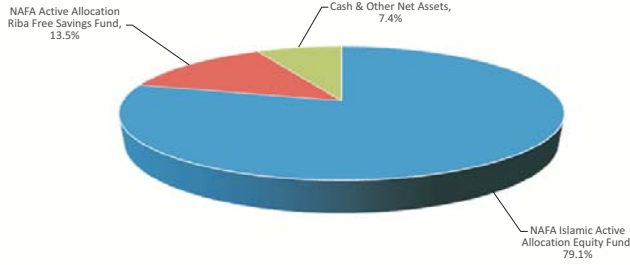
26 مئی 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن پلان (NIAAP-VII) VII کی 30 جون 2020 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کمپلیٹ ایکٹیو فنڈ اور انکم مارکیٹ فنڈ کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک ایکٹو ایلوکیشن پلان-VII (NIAAP-VII) کے بیچ مارک جو 5.8% زیادہ ہوا کے مقابلے میں 7.1% زیادہ ہوا، لہذا، پلان نے سال کے دوران 1.3% بیچ مارک کی بہتر کارکردگی دکھائی۔ 26 مئی 2017 کو اپنے قیام سے NAFA اسلامک ایکٹو ایلوکیشن پلان-VII (NIAAP-VII) کے پونٹ کی قیمت 93.2102 روپے سے کم ہو کر 30 جون 2020 کو 84.6286 روپے ہو گئی، لہذا 9.2% کی کمی دکھائی۔ اس مدت کے دوران بیچ مارک منافع میں 8.9% کمی ہوئی۔ لہذا 29 جنوری 2017 کو اپنے آغاز سے پلان کی کارکردگی اپنے بیچ مارک سے 10.3% برتری۔ پلان کی یہ کارکردگی بیچ مارک منافع اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 35 ملین روپے ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-VII کو اس مدت کے دوران 3.176 ملین روپے کی کل آمدنی ہوئی۔ 0.462 ملین روپے کے اخراجات منہا کرنے کے بعد کل آمدنی 2.714 ملین روپے ہے۔

30 جون 2020 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

بیچ مارک منافع کی تقسیم کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد NAFA اسلامک ایکٹو ایلوکیشن پلان-VII (NIAAP-VII) میں اوپننگ ex-NAV کا 7.24% (بنیادی قدر کا 6.13%) 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 پلان پر آگم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII)

30 نومبر 2017 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII) کی 30 جون 2020 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کیپلیٹ ایسٹ فیڈ اور اکرم مارکیٹ فنڈز کی فعال طور منظم رپورٹ نوٹیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

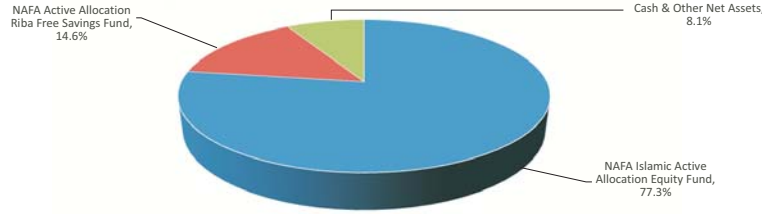
پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII) کے بیچ مارک جو 4.7% زیادہ ہوا کے مقابلے میں 8.1% زیادہ ہوا، لہذا، پلان نے سال کے دوران 3.4% بیچ مارک کی بہتر کارکردگی دکھائی۔ 30 نومبر 2017 کو اپنے قیام سے NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII (NIAAP-VIII) کے پونٹ کی قیمت 93.2660 روپے سے بڑھ کر 30 جون 2020 کو 96.9868 روپے ہو گئی، لہذا 4.0% کا اضافہ ظاہر کیا۔ اس مدت کے دوران بیچ مارک منافع میں 0.9% کا اضافہ ہوا۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 3.1% بہتر رہی۔ پلان کی یہ کارکردگی بیچ مارک منافع اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 121 ملین روپے ہے۔

NAFA اسلامک ایکٹو ایلوکیشن پلان-VIII کو اس مدت کے دوران 18.457 ملین روپے کی کل آمدنی ہوئی۔ 1.279 ملین روپے کے اخراجات منہا کرنے کے بعد کل آمدنی 17.178 ملین روپے ہے۔



30 جون 2020 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد NAFA اسلامک ایکٹو ایلوکیشن پلان VIII (NIAAP-VIII) میں اوپننگ ex-NAV کا 7.24% (بنیادی قدر کا 6.96%) 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 پلان پرائم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک کیپٹل پریزرویشن پلان-I (NICPP-I)

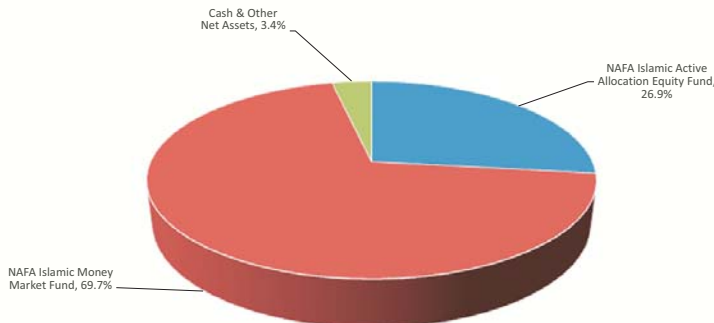
28 فروری 2018 کو قائم ہونے والے NAFA اسلامک کیپٹل پریزرویشن پلان-I (NICPP-I) کی 30 جون 2020 ختمہ سال کے لئے یہ دوسری سالانہ رپورٹ ہے۔ پلان کا مقصد مشرعیہ کمپلیٹنٹ ایکٹیو فنڈ اور منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

موجودہ مدت کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان-I (NICPP-I) کے بیچ مارک جو 5.0% زیادہ ہوا کے مقابلے میں 1.8% زیادہ ہوا، لہذا، پلان نے سال کے دوران 1.6% بیچ مارک کی بہتر کارکردگی دکھائی۔ 28 فروری 2018 کو اپنے قیام سے NAFA اسلامک کیپٹل پریزرویشن پلان-I (NICPP-I) کے یونٹ کی قیمت 92.0190 روپے سے بڑھ کر 30 جون 2020 کو 100.2984 روپے ہو گئی، لہذا 9.0% کا اضافہ ظاہر کیا۔ اس مدت کے دوران بیچ مارک منافع میں 4.3% کا اضافہ ہوا۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 4.7% بہتر رہی۔ پلان کی یہ کارکردگی بینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 190 ملین روپے ہے۔

NAFA اسلامک کیپٹل پریزرویشن پلان-I (NICPP-I) کو اس مدت کے دوران 38.948 ملین روپے کی آمدنی ہوئی۔ 2.513 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 36.435 ملین روپے ہے۔

30 جون 2020 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:





آمدنی کی تقسیم

مینیسٹری کمیٹی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2019 کے اختتام کے بعد NAFA اسلامک کیپیٹل پریزرویشن پلان-II (NICPP-II) میں اوپننگ ex-NAV کا 6.56% (بنیادی قدر کا 6.57%) 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 کیپیٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے پلان پرائم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک کیپیٹل پریزرویشن پلان-II (NICPP-II)

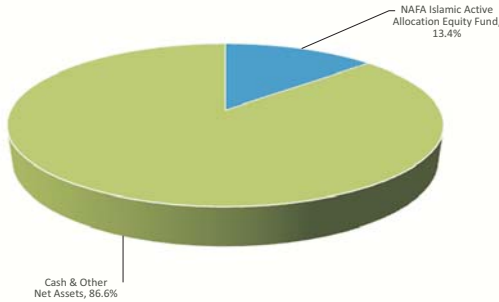
27 اپریل 2018 کو قائم ہونے والے NAFA اسلامک کیپیٹل پریزرویشن پلان-II (NICPP-II) کی 30 جون 2020 مختتمہ سال کے لئے تیسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کیپلیٹ ایجوٹی فنڈ اور مٹنی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران NAFA اسلامک کیپیٹل پریزرویشن پلان-II (NICPP-II) کے بیچ مارک جو 3.6% زیادہ ہوا کے مقابلے میں 5.7% زیادہ ہوا، لہذا، پلان نے سال کے دوران 2.1% بیچ مارک کی بہتر کارکردگی دکھائی۔ 27 اپریل 2018 کو اپنے قیام سے NAFA اسلامک کیپیٹل پریزرویشن پلان-II (NICPP-II) کے یونٹ کی قیمت 94.0762 روپے (Ex-Div) سے بڑھ کر 30 جون 2020 کو 100.1578 روپے ہو گئی، لہذا 6.5% کا اضافہ ظاہر کیا۔ اس مدت کے دوران بیچ مارک منافع میں 1.3% کا اضافہ ہوا۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 5.2% بہتر رہی۔ پلان کی یہ کارکردگی مینیسٹری کمیٹی اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 163 ملین روپے ہے۔

NAFA اسلامک کیپیٹل پریزرویشن پلان-II (NICPP-II) کو اس مدت کے دوران 21.721 ملین روپے کی آمدنی ہوئی۔ 3.627 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 18.094 ملین روپے ہے۔

30 جون 2020 کو پلان کی ایسٹ ایلیکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینیسٹری کمیٹی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد NAFA اسلامک کیپیٹل پریزرویشن پلان-II (NICPP-II) میں اوپننگ ex-NAV کا 5.69% (بنیادی قدر کا 5.69%) 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 کیپیٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے پلان پرائم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔



آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG تا شیر 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 بیرونی میں ڈائریکٹرز اسٹیٹمنٹ

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کمپنیشن فلوار پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شہریاتی 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 بیرونی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی 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 23 میں کی گئی ہے۔
11. پونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 22 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 20 میں ظاہر کی گئی ہے۔
13. مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ مینجمنٹ کمپنی ایک غیر 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	غیر جانبدار ڈائریکٹرز
2. جناب سعد امان اللہ خان	
3. جناب ہمایوں بشیر	
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1. شیخ محمد عبدالواحد سیٹھی (چیئرمین)	نان ایگزیکٹو ڈائریکٹرز
2. جناب سعد الرحمان خان	
3. سید حسن القسبی کاظمی	
4. جناب علی سید گل	
5. جناب عمران ظفر	



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمیٹی 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 ڈسٹی 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 منجمنٹ کمیٹی

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-II (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 - II

NAFA Islamic Asset Allocation Fund -II (NIAAF-II) 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-II 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-VI (NIAAP-VI), NAFA Islamic Active Allocation Plan-VII (NIAAP-VII), NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII), NAFA Islamic Capital Preservation Plan-I (NICPP I) & NAFA Islamic Capital Preservation Plan-II (NICPP II).

Islamic Income:	NAFA Active Allocation Riba Free Savings Fund
Islamic Money Market:	NAFA Islamic Money Market Fund
Islamic Equity:	NAFA Islamic Active Allocation Equity Fund

Fund performance review

Plans	Launch Date	Fund Size (Million)	Cumulative Performance Since Inception	
			Plans Return	Benchmark* Return
NIAAP-VI	26-May-17	140	(10.2%)	(11.3%)
NIAAP-VII	29-June-17	35	(9.2%)	(8.9%)
NIAAP-VIII	03-Nov-17	121	4.0%	0.9%
NICPP-I	28-Feb-18	190	9.0%	4.3%
NICPP-II	27-Apr-18	163	6.5%	1.3%

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.

Plans	Asset Allocation of Plans		
	NAFA Islamic Active Allocation Funds		Cash & Other Net Assets/Liabilities
	Equity	Riba Free Savings/Islamic Money Market Fund	
NIAAP-VI	79.3%	12.3%	8.4%
NIAAP-VII	79.1%	13.5%	7.4%
NIAAP-VIII	77.3%	14.6%	8.1%
NICPP-I	26.9%	69.7%	3.4%
NICPP-II	13.4%	-	86.6%

NAFA Islamic Active Allocation Plan -VI

NAFA launched its NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) in May, 2017 which is the sixth plan under NAFA Islamic Active Allocation Fund-II. 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-VI 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.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) increased by 13.5% as against the benchmark which increased by 11.5%, 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-VI (NIAAP-VI) has decreased from Rs.89.3334 on May 26, 2017 to Rs. 80.2002 on June 30, 2020, thus showing a decrease of 10.2%. The Benchmark return during the same period decreased by 11.3%. Thus, the Fund has outperformed its Benchmark by 1.1% since its inception on May 26, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 140 million.



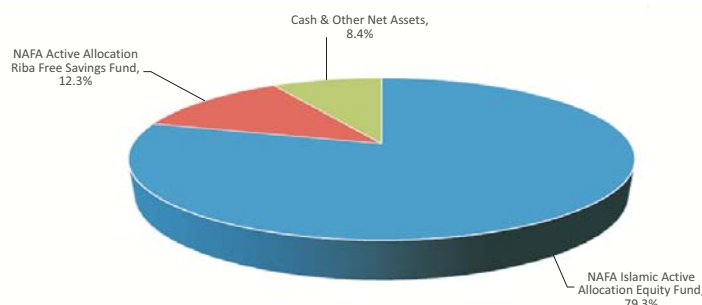
Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.435 Millions. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.2489/.36%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

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.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 12.04% of the opening ex-NAV (9.52% of the par value) in NAFA Islamic Active Allocation Plan -VI (NIAAP-VI) for the period ended June 30, 2020.

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -VI as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1
1-1000	11
1001-5000	34
5001-10000	10
10001-50000	24
50001-100000	2
100001-500000	4
Total	86

NAFA Islamic Active Allocation Plan -VII

NAFA launched its NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) in June 2017 which is the seventh plan under NAFA Islamic Active Allocation Fund-II. 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-VII 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.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) increased by 7.1% as against the benchmark



which increased by 5.8%, thus, the Fund outperformed the benchmark by 1.3% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has decreased from Rs.93.2102 June 29, 2017 to Rs. 84.6286 on June 30, 2020, thus showing a decrease of 9.2%. The Benchmark return during the same period decreased by 8.9%. Thus, the Fund has underperformed its Benchmark by 0.3% since its inception on June 29, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 35 million.

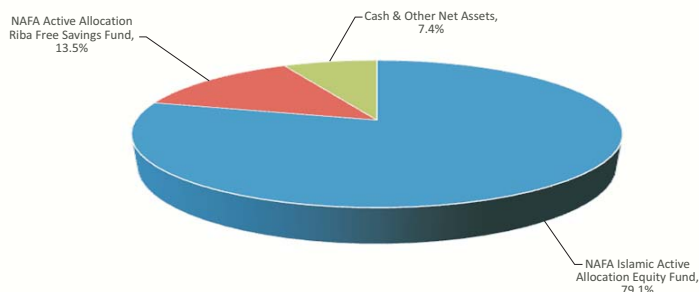
Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.055 Millions. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.1350/17%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

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.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 7.24% of the opening ex-NAV (6.13% of the par value) in NAFA Islamic Active Allocation Plan -VII (NIAAP II) for the period ended June 30, 2020.

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -VII as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1
1-1000	10
1001-5000	8
5001-10000	5
10001-50000	7
50001-100000	1
100001-500000	-
Total	32

NAFA Islamic Active Allocation Plan -VIII

NAFA launched its NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) in November 2017 which is the eight plan under NAFA Islamic Active Allocation Fund-II. 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-VIII 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.



Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) increased by 8.1% as against the benchmark which increased by 4.7%, thus, the Fund outperformed the benchmark by 3.4% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) has increased from Rs. 93.2660 on November 03, 2017 to Rs.96.9868 on June 30, 2020, thus showing an increase of 4.0%. The Benchmark return during the same period was increased by 0.9%. Thus, the Fund has outperformed its Benchmark by 3.1% since its inception on November 03, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs.121 million.

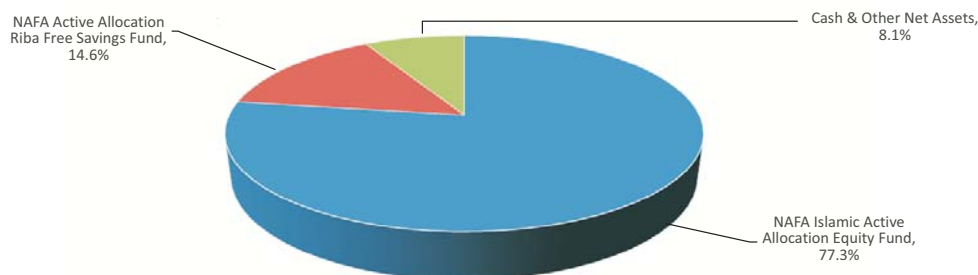
Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.452 Millions. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.3607/.4%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

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.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 7.24% of the opening ex-NAV (6.96% of the par value) in NAFA Islamic Active Allocation Plan -VIII (NIAAP III) for the period ended June 30, 2020.

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -VIII as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	-
1-1000	57
1001-5000	71
5001-10000	20
10001-50000	19
50001-100000	1
100001-500000	3
Total	171

NAFA Islamic Capital Preservation Plan-I (NICPP I)

NAFA launched its NAFA Islamic Capital Preservation Plan-I (NICPP I) in February 2018 which is the ninth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-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 Money Market Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-I (NICPP I) increased by 6.6% as against the benchmark which increased by 5.0%, thus, the Fund outperformed the benchmark by 1.6% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-I (NICPP I) has increased from Rs.92.0190 (Ex-Div) on February 28, 2018 to Rs.100.2984 on June 30, 2020, thus showing an increase of 9.0%. The Benchmark return during the same period was increased by 4.3%. Thus, the Fund has outperformed its Benchmark by 4.7% since its inception on February 28, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs 190 million.

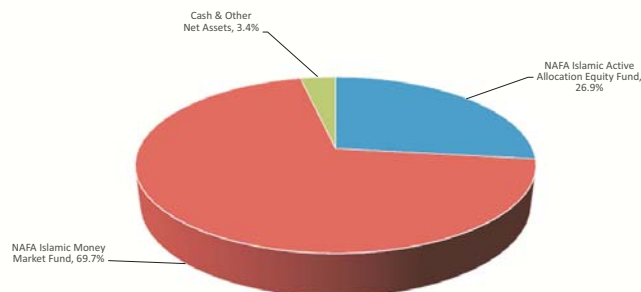
Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 1.467 Millions. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.7752/.82%.. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

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.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 6.56% of the opening ex-NAV (6.57% of the par value) in NAFA Islamic Capital Preservation Plan - II (NICPP I) for the period ended June 30, 2020.

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan I as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1
1-1000	69
1001-5000	78
5001-10000	30
10001-50000	32
50001-100000	6
100001-500000	4
Total	220

NAFA Islamic Capital Preservation Plan-II (NICPP II)

NAFA launched its NAFA Islamic Capital Preservation Plan-II (NICPP II) in April 2018 which is the tenth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated



equity & Money Market schemes managed by NAFA based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-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 Shariah Compliant Equity Fund and Money Market Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-II (NICPP II) increased by 5.7% as against the benchmark which increased by 3.6%, thus, the Fund outperformed the benchmark by 2.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-II (NICPP II) has increased from Rs.94.0762 (Ex-Div) on April 27, 2018 to Rs.100.1578 on June 30, 2020, thus showing an increase of 6.5%. The Benchmark return during the same period was increased by 1.3%. Thus, the Fund has outperformed its Benchmark by 5.2% since its inception on April 27, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs.163 million.

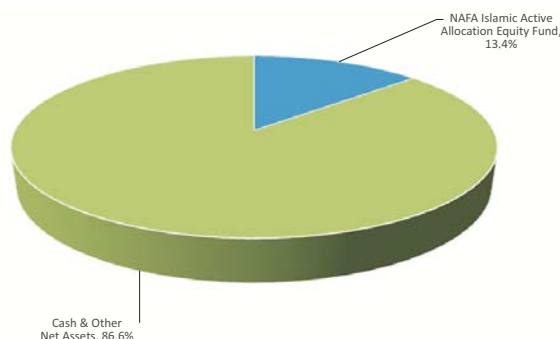
Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.599 Millions. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.3679/.39%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.

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.

The asset allocation of the Fund as on June 30, 2020 is as follows:



Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 5.69% of the opening ex-NAV (5.69% of the par value) in NAFA Islamic Capital Preservation Plan - II (NICPP II) for the period ended June 30, 2020.

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan II as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	02
1-1000	96
1001-5000	93
5001-10000	53
10001-50000	38
50001-100000	1
100001-500000	2
Total	285



STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NAFA Islamic Active Allocation Fund - II (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

Report of the Shari'ah Supervisory Board - NAFA Islamic Active Allocation Fund-II

August 31, 2020/ Muharram 11, 1442

Alhamdulillah, it was the Four year of the operations of NAFA Islamic Active Allocation Fund-II (NIAAF-II). Under this fund, NBP Funds launched its NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) on May 26, 2017, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) on June 29, 2017, NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) on November 03, 2017, NAFA Islamic Capital Preservation Plan-I (NICPP-I) on February 28, 2018 and NAFA Islamic Capital Preservation Plan-II (NICPP-II) on April 27, 2018. 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-II in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAAF-II 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-II 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 Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board



Independent Reasonable Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of NBP Fund Management Limited, Management Company of NAFA Islamic Active Allocation Fund - II (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the management company for the year ended 30 June 2020, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended 30 June 2020.

Responsibilities of the Management Company

The Management Company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The management company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund in substance and in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The Firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.



The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of controls for making investments and maintaining bank accounts in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.
Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the annexed statement, for the year ended 30 June 2020, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

Date: 30 September 2020
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of the NAFA Islamic Active Allocation Fund - II Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NAFA Islamic Active Allocation Fund - II ("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 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**.

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2020

Note	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)												
Assets												
5	15,513	3,636	12,118	10,730	145,111	187,108	9,125	5,631	34,159	44,806	305,472	399,193
6	128,235	32,135	111,587	183,312	21,796	477,065	206,575	67,915	362,971	750,404	71,652	1,459,517
	141	37	159	144	891	1,372	199	91	313	457	3,230	4,290
7	40	8	6	115	1,523	1,692	40	8	6	115	1,523	1,692
8	-	-	-	-	-	-	-	-	36	157	108	301
	-	-	-	-	-	-	8,500	3,000	-	-	-	11,500
Total assets	143,929	35,816	123,870	194,301	169,321	667,237	224,439	76,645	397,485	795,939	381,985	1,876,493
Liabilities												
9	557	380	109	413	1,103	2,562	626	416	268	781	1,328	3,419
10	9	2	9	14	10	44	19	5	33	66	37	160
11	36	9	38	83	51	217	340	131	480	1,243	612	2,806
12	-	-	-	-	2,065	2,065	-	-	-	-	-	-
	3,323	708	2391	4,009	3,011	13,442	360	250	425	1178	690	2,903
Total liabilities	3,925	1,099	2,547	4,519	6,240	18,330	1,345	802	1,206	3,268	2,667	9,288
Net assets	140,004	34,717	121,323	189,782	163,081	648,907	223,094	75,843	396,279	792,671	379,318	1,867,205
Unit holders' fund (as per statement attached)	140,004	34,717	121,323	189,782	163,081	648,907	223,094	75,843	396,279	792,671	379,318	1,867,205
Contingency and commitment												
13	(Number of units)											
14	1,745,686	410,231	1,250,919	1,892,169	1,628,237		2,819,908	894,604	4,119,257	7,784,210	3,788,904	
(Rupees)												
Net assets value per unit	80.2002	84.6286	96.9868	100.2984	100.1578		79.1139	84.7782	96.2016	101.8306	100.1129	

The annexed notes 1 to 28 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

Note	2020					Total	2019					Total
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	
(Rupees in '000)												
Income												
Profit on bank deposits	1,857	439	1,865	3,718	23,667	31,546	2,299	1,066	3,431	5,214	47,853	59,863
Dividend income	10,721	2,660	10,421	6,561	670	31,033	4,397	1,878	11,777	72,176	-	90,228
Capital gain / (loss) on sale of investments at fair value through profit or loss (FVTPL) - net	12,245	(79)	12,142	23,775	(2,532)	45,551	(7,000)	(3,091)	(35,026)	(24,797)	(22,474)	(92,388)
Net unrealised (diminution) / appreciation on re-measurement of investments at FVTPL	(2,256)	156	(5,971)	4,894	(84)	(3,261)	(26,538)	(9,345)	1,832	(19,364)	(10,551)	(63,966)
Total income / (loss)	22,567	3,176	18,457	38,948	21,721	104,869	(26,842)	(9,492)	(17,986)	33,229	14,828	(6,263)
Expenses												
Remuneration to NBP Fund Management Limited - Management Company	9.1	179	36	166	305	1,972	2,658	308	128	444	547	5,372
Sindh Sales Tax on remuneration to Management Company	9.2	23	5	22	40	256	346	40	17	58	71	698
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	124	29	134	291	179	757	299	113	423	1,092	537
Sindh Sales Tax on remuneration to Trustee	10.2	16	4	17	38	23	98	39	15	55	142	70
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	177	41	192	416	256	1,082	358	138	506	1,308	643
Annual fee - Securities and Exchange Commission of Pakistan	11	35	8	38	83	51	215	340	131	480	1,243	611
Auditors' remuneration	15	175	196	198	213	208	990	224	195	179	284	236
Amortisation of preliminary expenses and flotation cost	8	-	-	36	157	108	301	149	23	66	217	89
Legal fee		36	47	48	47	82	260	80	75	76	46	78
Shariah advisor fee		32	9	38	94	44	217	68	104	93	223	111
Settlement and bank charges		9	9	1	46	43	108	35	23	23	127	110
Annual listing fee		5	5	5	5	5	25	6	6	6	6	5
Printing charges		30	18	33	34	31	146	9	10	3	6	47
Total expenses		841	407	928	1,769	3,258	7,203	1,955	978	2,412	5,312	8,607
Net income / (loss) from operating activities		21,726	2,769	17,529	37,179	18,463	97,666	(28,797)	(10,470)	(20,398)	27,917	6,221
Provision for Sindh Workers' Welfare Fund	12.1	(435)	(55)	(351)	(744)	(369)	(1,954)	-	-	-	(558)	(125)
Net income / (loss) for the year before taxation		21,291	2,714	17,178	36,435	18,094	95,712	(28,797)	(10,470)	(20,398)	27,359	6,096
Taxation	16	-	-	-	-	-	-	-	-	-	-	-
Net income / (loss) for the year		21,291	2,714	17,178	36,435	18,094	95,712	(28,797)	(10,470)	(20,398)	27,359	6,096
Allocation of net income for the year												
Net income for the year		21,291	2,714	17,178	36,435	18,094					27,359	6,096
Income already paid on units redeemed		(325)	(76)	(2,260)	(24,472)	(9,214)					(13,837)	(6,047)
Accounting income available for distribution:		20,966	2,638	14,918	11,963	8,880					13,522	49
- Relating to capital gains		11,995	88	11,535	5,316	-					-	-
- Excluding capital gains		8,971	2,550	3,383	6,647	8,880					13,522	49
		20,966	2,638	14,918	11,963	8,880					13,522	49

The annexed notes 1 to 28 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 / PERIOD ENDED 30 JUNE 2020

	2020					Total	2019					Total
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	
	----- (Rupees in '000) -----											
Net Income / (loss) for the year	21,291	2,714	17,178	36,435	18,094	95,712	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive Income / (loss) for the year	21,291	2,714	17,178	36,435	18,094	95,712	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)

The annexed notes 1 to 28 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 30 JUNE 2020

Note	2020																	
	NIAAP-VI			NIAAP-VII			NIAAP-VIII			NICPP-I			NICPP-II			Total		
	Value	Accumulated (Loss)	Total	value	Accumulated (Loss)	Total	Value	Accumulated (Loss)	Total	Value	Undistributed income (Rupees in '000)	Total	Value	Undistributed income	Total	Value	Accumulated (Loss)	Total
Net assets at beginning of the year	369,150	(146,056)	223,094	100,645	(24,802)	75,843	415,380	(19,101)	396,279	779,107	13,564	792,671	379,249	69	379,318	2,043,531	(176,326)	1,867,205
Issue of 156,376 units (NIAAP-VI), 23,126 units (NIAAP-VII), 69,165 units (NIAAP-VIII), 188,158 units (NICPP-I), 81,507 units (NICPP-II)	12,372	-	12,372	1,961	-	1,961	6,654	-	6,654	19,160	-	19,160	8,160	-	8,160	48,307	-	48,307
- Capital value	180	-	180	(2)	-	(2)	60	-	60	(289)	-	(289)	3	-	3	(48)	-	(48)
- Element of income	12,552	-	12,552	1,959	-	1,959	6,714	-	6,714	18,871	-	18,871	8,163	-	8,163	48,259	-	48,259
Total proceeds on issuance of units																		
Redemption of 1,230,598 units (NIAAP-VI) 507,499 units (NIAAP-VII) 2,937,503 units (NIAAP-VIII) 6,080,199 units (NICPP-I) 2,242,174 units (NICPP-II)	(97,357)	-	(97,357)	(43,025)	-	(43,025)	(282,592)	-	(282,592)	(619,150)	-	(619,150)	(224,470)	-	(224,470)	(1,266,594)	-	(1,266,594)
- Capital value	(4,118)	(325)	(4,443)	(323)	(76)	(399)	(5,550)	(2,260)	(7,810)	9,259	(24,472)	(15,213)	112	(9,214)	(9,102)	(620)	(36,347)	(36,967)
- Element of loss	(101,475)	(325)	(101,800)	(43,348)	(76)	(43,424)	(288,142)	(2,260)	(290,402)	(609,891)	(24,472)	(634,363)	(224,358)	(9,214)	(233,572)	(1,267,214)	(36,347)	(1,303,561)
Total payments on redemption of units																		
Total comprehensive income for the year	-	21,291	21,291	-	2,714	2,714	-	17,178	17,178	-	36,435	36,435	-	18,094	18,094	-	95,712	95,712
Final distribution for the year ended 30 June 2020	14.1	-	-	-	-	-	-	-	-	-	(12,000)	(12,000)	-	-	-	-	(12,000)	(12,000)
Interim Distribution for the year ended 30 June 2020																		
- Cash distribution	14.2	-	(15,133)	(15,133)	-	(2,375)	(2,375)	-	(8,446)	(8,446)	-	(11,832)	(11,832)	-	(8,922)	(8,922)	-	(46,708)
Net assets at end of the year	280,227	(140,223)	140,004	59,256	(24,539)	34,717	133,952	(12,629)	121,323	188,087	1,695	189,782	163,054	27	163,081	824,576	(175,669)	648,907
Undistributed income / (loss) brought forward																		
- Realised		(119,518)			(15,457)			(20,933)			32,928			10,620			(112,360)	
- Unrealised		(26,538)			(9,345)			1,832			(19,364)			(10,551)			(63,966)	
		(146,056)			(24,802)			(19,101)			13,564			69			(176,326)	
Accounting income available for distribution:																		
- Relating to capital gains		11,995			88			11,535			5,316			-			28,934	
- Excluding capital gains		8,971			2,550			3,383			6,647			8,880			30,431	
		20,966			2,638			14,918			11,963			8,880			59,365	
Final distribution for the year ended 30 June 2020	14.1	-	-	-	-	-	-	-	-	-	(12,000)	-	-	-	-	-	(12,000)	-
Interim Distribution for the year ended 30 June 2020																		
- Cash distribution	14.2	(15,133)			(2,375)			(8,446)			(11,832)			(8,922)			(46,708)	
Undistributed loss carried forward		(140,223)			(24,539)			(12,629)			1,695			27			(175,669)	
Undistributed (loss) / income carried forward																		
- Realised		(137,967)			(24,695)			(6,658)			(3,199)			111			(172,408)	
- Unrealised		(2,256)			156			(5,971)			4,894			(84)			(3,261)	
		(140,223)			(24,539)			(12,629)			1,695			27			(175,669)	
			(Rupees)			(Rupees)			(Rupees)			(Rupees)			(Rupees)			
Net assets value per unit at beginning of the year			79.1139			84.7782			96.2016			101.8306			100.1129			
Net assets value per unit at end of the year			80.2002			84.6286			96.9868			100.2984			100.1578			

The annexed notes 1 to 28 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 / PERIOD ENDED 30 JUNE 2019

	2019																	
	NIAAP-VI			NIAAP-VII			NIAAP-VIII			NICPP-I			NICPP-II			Total		
	Value	Undistributed income	Total	value	Undistributed income	Total	Value	Undistributed income	Total	Value	Undistributed income	Total	Value	Undistributed income	Total	Value	Undistributed income	Total
Net assets at beginning of the year	565,565	(117,259)	448,306	209,801	(14,332)	195,469	587,207	1,297	588,504	1,756,151	6,438	1,762,589	848,098	4,894	852,992	3,966,822	(118,962)	3,847,860
Issue of Nil units (NIAAP-VI), (NIAAP-VII) (NIAAP-VIII), 51,446 units (NICPP-I), 41,311 units (NICPP-II) (NICPP-II)	-	-	-	-	-	-	-	-	-	5,142	-	5,142	4,131	-	4,131	9,273	-	9,273
- Capital value	-	-	-	-	-	-	-	-	-	5,142	-	5,142	4,131	-	4,131	9,273	-	9,273
- Element of income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	-	-	-	5,142	-	5,142	4,131	-	4,131	9,273	-	9,273
Redemption of 2,329,210 units (NIAAP-VI) 1,196,307 units (NIAAP-VII) 1,747,711 units (NIAAP-VIII) 9,828,629 units (NICPP-I) 4,733,396 units (NICPP-II)	(202,792)	-	(202,792)	(111,837)	-	(111,837)	(175,310)	-	(175,310)	(982,186)	-	(982,186)	(472,980)	-	(472,980)	(1,945,105)	-	(1,945,105)
- Capital value	(202,792)	-	(202,792)	(111,837)	-	(111,837)	(175,310)	-	(175,310)	(982,186)	-	(982,186)	(472,980)	-	(472,980)	(1,945,105)	-	(1,945,105)
- Element of income	6,377	-	6,377	2,681	-	2,681	3,483	-	3,483	-	(13,837)	(13,837)	-	(6,047)	(6,047)	12,541	(19,884)	(7,343)
Total payments on redemption of units	(196,415)	-	(196,415)	(109,156)	-	(109,156)	(171,827)	-	(171,827)	(982,186)	(13,837)	(996,023)	(472,980)	(6,047)	(479,027)	(1,932,564)	(19,884)	(1,952,448)
Total comprehensive (loss) / income for the year	-	(28,797)	(28,797)	-	(10,470)	(10,470)	-	(20,398)	(20,398)	-	27,359	27,359	-	6,096	6,096	-	(26,210)	(26,210)
Cash distribution	-	-	-	-	-	-	-	-	-	-	(6,396)	(6,396)	-	(4,874)	(4,874)	-	(11,270)	(11,270)
Net assets at end of the year	369,150	(146,056)	223,094	100,645	(24,802)	75,843	415,380	(19,101)	396,279	779,107	13,564	792,671	379,249	69	379,318	2,043,531	(176,326)	1,867,205
Undistributed loss brought forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Realised	-	(92,713)	-	-	(4,988)	-	-	(727)	-	-	(4,137)	-	-	6,823	-	-	(95,742)	-
- Unrealised	-	(24,546)	-	-	(9,344)	-	-	2,024	-	-	10,575	-	-	(1,929)	-	-	(23,220)	-
	-	(117,259)	-	-	(14,332)	-	-	1,297	-	-	6,438	-	-	4,894	-	-	(118,962)	-
Accounting income available for distribution:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Relating to capital gains	-	-	-	-	-	-	-	-	-	-	13,522	-	-	49	-	-	13,571	-
- Excluding capital gains	-	-	-	-	-	-	-	-	-	-	13,522	-	-	49	-	-	13,571	-
Net loss for the year	-	(28,797)	-	-	(10,470)	-	-	(20,398)	-	-	-	-	-	-	-	-	(59,665)	-
Final Distribution for the year ended 30 June 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Cash distribution	-	-	-	-	-	-	-	-	-	-	(6,396)	-	-	(4,874)	-	-	(11,270)	-
Undistributed loss carried forward	-	(146,056)	-	-	(24,802)	-	-	(19,101)	-	-	13,564	-	-	69	-	-	(176,326)	-
Undistributed (loss) / income carried forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Realised	-	(119,518)	-	-	(15,457)	-	-	(20,933)	-	-	32,928	-	-	10,620	-	-	(112,360)	-
- Unrealised	-	(26,538)	-	-	(9,345)	-	-	1,832	-	-	(19,364)	-	-	(10,551)	-	-	(63,966)	-
	-	(146,056)	-	-	(24,802)	-	-	(19,101)	-	-	13,564	-	-	69	-	-	(176,326)	-
Net assets value per unit at beginning of the year			(Rupees) 87.0647			(Rupees) 93.4852			(Rupees) 100.3081			(Rupees) 100.3672			(Rupees) 100.5789			
Net assets value per unit at end of the year			79.1139			84.7782			96.2016			101.8306			100.1129			

The annexed notes 1 to 28 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 / PERIOD ENDED 30 JUNE 2020

Note	2020					2019						Total
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II		
(Rupees in '000)												
CASH FLOWS FROM OPERATING ACTIVITIES												
Net profit / (loss) for the year	21,291	2,714	17,178	36,435	18,094	95,712	(28,797)	(10,470)	(20,398)	27,359	6,096	(26,210)
Adjustments:												
Net unrealised diminution / (appreciation) on re-measurement of investments of investments at FVTPL	2,256	(156)	5,971	(4,894)	84	3,261	26,538	9,345	(1,832)	19,364	10,551	63,966
Capital (gain) / loss on sale of investments - net	(12,245)	79	(12,142)	(23,775)	2,532	(45,551)	7,000	3,091	35,026	24,797	22,474	92,388
Amortisation of preliminary expenses and flotation costs	-	-	36	157	108	301	149	23	66	217	89	544
	11,302	2,637	11,043	7,923	20,818	53,723	4,890	1,989	12,862	71,737	39,210	130,688
Decrease / (increase) in assets												
Investments	88,329	35,857	257,555	595,761	47,240	1,024,742	182,209	104,423	155,281	864,152	(57,763)	1,248,302
Profit receivable on bank deposits	58	54	154	313	2,339	2,918	(31)	(17)	(99)	142	1,311	1,306
Advance and other receivable	-	-	-	-	-	-	-	-	-	(76)	(816)	(892)
Preliminary expenses and flotation costs	-	-	-	-	-	-	-	-	-	-	-	-
Receivable against sale of investments	8,500	3,000	-	-	-	11,500	(8,500)	(3,000)	-	-	-	(11,500)
	96,887	38,911	257,709	596,074	49,579	1,039,160	173,678	101,406	155,182	864,218	(57,268)	1,237,216
(Decrease) / increase in liabilities												
Payable to NBP Fund Management Limited - Management Company	(69)	(36)	(159)	(368)	(225)	(857)	(795)	(149)	(311)	(710)	(605)	(2,570)
Payable to Central Depository Company of Pakistan Limited - Trustee	(10)	(3)	(24)	(52)	(27)	(116)	(16)	(10)	(12)	(83)	(30)	(151)
Payable to Securities and Exchange Commission of Pakistan	(304)	(122)	(442)	(1,160)	(561)	(2,589)	(223)	(73)	63	587	463	817
Payable against purchase of investment	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	2,963	458	1,966	2,831	2,321	10,539	(22)	(23)	(4)	784	413	1,148
	2,580	297	1,341	1,251	1,508	6,977	(1,056)	(255)	(264)	578	241	(756)
Net cash generated from / (used in) operating activities	110,769	41,845	270,093	605,248	71,905	1,099,860	177,512	103,140	167,780	936,533	(17,817)	1,367,148
CASH FLOWS FROM FINANCING ACTIVITIES												
Amount received against issuance of units	12,552	1,959	6,714	18,871	8,163	48,259	-	-	-	-	-	-
Amount paid against redemption of units	(101,800)	(43,424)	(290,402)	(634,363)	(231,507)	(1,301,496)	(196,415)	(109,156)	(171,827)	(996,023)	(479,027)	(1,952,448)
Distribution paid	(15,133)	(2,375)	(8,446)	(23,832)	(8,922)	(58,708)	-	-	-	(1,254)	(743)	(1,997)
Net cash (used in) financing activities	(104,381)	(43,840)	(292,134)	(639,324)	(232,266)	(1,311,945)	(196,415)	(109,156)	(171,827)	(997,277)	(479,770)	(1,954,445)
Net increase / (decrease) in cash and cash equivalents	6,388	(1,995)	(22,041)	(34,076)	(160,361)	(212,085)	(18,903)	(6,016)	(4,047)	(60,744)	(497,587)	(587,297)
Cash and cash equivalents at beginning of the year	9,125	5,631	34,159	44,806	305,472	399,193	28,028	11,647	38,206	105,550	803,059	986,490
Cash and cash equivalents at end of the year	15,513	3,636	12,118	10,730	145,111	187,108	9,125	5,631	34,159	44,806	305,472	399,193

The annexed notes 1 to 28 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 / PERIOD ENDED 30 JUNE 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NAFA Islamic Active Allocation Fund - II (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 the Trustee. The Trust Deed was executed on 24 March 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 20 March 2017 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008).
- 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 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. By the year ended 30 June 2018 the Fund has offered all five plans and the offer of units was discontinued after the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the SECP after intimation to the Trustee. The maturity of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II is 27 April 2019, 29 June 2019, 04 November 2019, 28 February 2020 and 27 April 2020 respectively. During the year 30 June 2019 NIAAP VI and NIAAP VII has completed the initial maturity of two years on 27 April 2019 and 29 June 2019 respectively. However, the management has decided to continue the allocation plans after their initial maturity as the duration of allocation plans is perpetual. The units of the plans are transferable and can be categorised as an Open-End "Shariah Compliant Fund of Funds" as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).
- 1.4 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, income fund and money market fund. The allocation plan intends to dynamically switch between equity asset class (NBP Islamic Active Allocation Equity Fund (Formerly; NAFA Islamic Active Allocation Equity Fund)) and moderate risk income asset class (NBP Active Allocation Riba Free Savings Fund (Formerly; NAFA Active Allocation Riba Free Savings Fund)) and low risk asset class (NBP Islamic Money Market Fund (Formerly; NAFA Islamic Money Market Fund)) and Bank Deposits. Investors of the Fund may hold different types of Allocation Plans and may invest in any one or more of the available allocation plans. The Management Company may also invest in any other Collective Investment Schemes available to it with the prior approval of the SECP.
- 1.5 Each allocation plan under the Fund announces separate NAV which ranks pari passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.
- 1.6 The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company. The Fund has not yet been rated.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as a Trustee of the Fund. The Fund property of different types of allocations plans shall be accounted for and maintained separately in books of accounts which shall collectively constitute the Fund property of the Scheme.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- provisions of and directives issued under the Companies Act, 2017 along with part and the requirements VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations).

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

- (a) Valuation of Investment (Note 4.2.4)
- (b) Provisions (Note 4.5)
- (c) Element of income (Note 4.8)
- (d) Classification and Impairment of financial assets (4.2.1 and 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 the 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 the 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 the 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 rates. 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 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 amendments are not likely to affect the financial statements of the Company. The application of amendments are not likely to have an impact on the 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 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 the 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 the 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 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 present. The application of amendments are not likely to have an impact on the 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 the Fund's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal 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 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 include cash and cash equivalents and recevables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: this includes investment in mutual funds. These financial assets are managed and their performance 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 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:

The investment of the Fund in the units of mutual funds is valued by reference to the net asset values (redemption prices) declared by the respective funds.

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 Funds' 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 liabilities

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

4.2.8 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

4.2.9 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.

4.3 Financial liabilities

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

4.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of two years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

4.5 Provisions

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

4.6 Taxation

The income of the Fund 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 ninety percent of its accounting income for the period, 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 period, 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 Management Company has not recognised any amount in respect of taxation in these financial statements where respective plans are in loss and in case of income the respective plans distributes more than ninety percent of its accounting income for the current period 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.

4.7 Issue and redemption of units

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

Units redeemed are recorded at the redemption price of each allocation plan, as per the constitutive documents, applicable to units for which the Management Company/ distributors receive redemption requests during business hours of that day. The redemption price represents daily Net Asset Value (NAV) announced as of the close of the business day less any back-end load, provisions for transaction costs and any provision for duties and charges, if applicable.

4.8 Element of income

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

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

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year.

The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.9 Earnings per unit

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

4.10 Net assets value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of each allocated Plan by the number of units in circulation of the respective Plans at the period end.

4.11 Revenue recognition

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

4.12 Distribution

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

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

5	BANK BALANCES	Note	2020					2019						
			NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	NICPP-II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP-I	NICPP-II	Total
----- (Rupees in '000) -----														
	In current account		6	1	27	218	137	389	198	1	112	839	841	1,991
	In savings accounts	5.1 & 5.2	15,507	3,635	12,091	10,512	144,974	186,719	8,927	5,630	34,047	43,967	304,631	397,202
			<u>15,513</u>	<u>3,636</u>	<u>12,118</u>	<u>10,730</u>	<u>145,111</u>	<u>187,108</u>	<u>9,125</u>	<u>5,631</u>	<u>34,159</u>	<u>44,806</u>	<u>305,472</u>	<u>399,193</u>

5.1 These carry profit at the rates ranging from 7.50% to 12.50% (2019: 6.50% to 13.50%) per annum.

5.2 This includes cheques amounting to Rs. 3.0200 million, Rs. 0.3401 million, and Rs. 0.1431 million of NIAAP VIII, NICPP - I, and NICPP - II respectively (30 June 2019: Rs. 0.3442 million, Rs. 0.2460 million, Rs. 0.2058 million, and Rs. 0.4942 million of NIAAP VI NIAAP VII, NIAAP VIII, and NICPP - I respectively), issued on account of redemption of units as at year end.

6	INVESTMENTS	2020					2019							
		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	
----- (Rupees in '000) -----														
	At fair value through profit or loss													
	Investment in mutual funds													
	- related parties	6.1	<u>128,235</u>	<u>32,135</u>	<u>111,587</u>	<u>183,312</u>	<u>21,796</u>	<u>477,065</u>	<u>206,575</u>	<u>67,915</u>	<u>362,971</u>	<u>750,404</u>	<u>71,652</u>	<u>1,459,517</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

6.1 Investment in mutual funds - related parties

6.1.1 NAFA Islamic Active Allocation Plan VI

Name of Fund	As at 01 July 2019	Purchased during the year	Redeemed 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 investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NBP Islamic Active Allocation Equity Fund	14,631,427	6,634,097	8,513,442	12,752,082	111,016	79.29	86.57
NBP Active Allocation Riba Free Savings Fund	7,350,156	6,558,027	12,192,607	1,715,576	17,219	12.30	13.43
Total	21,981,583	13,192,124	20,706,049	14,467,658	128,235	91.59	100.00

6.1.2 NAFA Islamic Active Allocation Plan VII

Name of Fund	As at 01 July 2019	Purchased during the year	Redeemed 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 investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NBP Islamic Active Allocation Equity Fund	5,002,192	2,091,611	3,940,270	3,153,533	27,453	79.08	85.43
NBP Active Allocation Riba Free Savings Fund	2,242,637	1,695,628	3,471,810	466,455	4,682	13.49	14.57
Total	7,244,829	3,787,239	7,412,080	3,619,988	32,135	92.56	100.00

6.1.3 NAFA Islamic Active Allocation Plan VIII

Name of Fund	As at 01 July 2019	Purchased during the year	Redeemed 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 investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NBP Islamic Active Allocation Equity Fund	-	17,332,638	6,554,958	10,777,680	93,828	77.34	84.09
NBP Active Allocation Riba Free Savings Fund	36,204,464	3,477,121	37,912,215	1,769,370	17,759	14.64	15.91
Total	36,204,464	20,809,759	44,467,173	12,547,050	111,587	91.98	100.00

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



6.1.4 NAFA Islamic Capital Preservation Plan I

Name of Fund	As at 01 July 2019	Purchased during the year	Redeemed 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 investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NBP Islamic Active Allocation Equity Fund	8,065,113	22,582,899	24,792,114	5,855,898	50,980	26.86	27.81
NBP Islamic Money Market Fund	67,562,848	12,239,877	66,616,328	13,186,397	132,332	69.73	72.19
Total	75,627,961	34,822,776	91,408,442	19,042,295	183,312	96.59	100.00

6.1.5 NAFA Islamic Capital Preservation Plan II

Name of Fund	As at 01 July 2019	Purchased during the year	Redeemed 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 investments
	----- (Number of units) -----				(Rupees in '000)	----- (%) -----	
NBP Islamic Active Allocation Equity Fund	7,889,326	11,232,997	16,618,654	2,503,669	21,796	13.37	100.00

7 ADVANCE AND OTHER RECEIVABLE

	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
----- (Rupees in '000) -----												
Advance tax	40	-	-	76	1,523	1,639	40	-	-	76	1,523	1,639
Other receivable	-	8	6	39	-	53	-	8	6	39	-	53
	40	8	6	115	1,523	1,692	40	8	6	115	1,523	1,692

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 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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit on bank deposits as at 30 June 2020 amounts to Rs. 0.04 million, Rs. 0.076 million, and Rs. 1.523 million for NIAAP -VI, NICPP - I, and NICPP - II respectively (2019: Rs. 0.04 million, Rs. 0.076 million, and Rs. 1.523 million for NIAAP -VI, NICPP - I, and NICPP - II respectively).

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.

8	PRELIMINARY EXPENSES AND FLOTATION COSTS	2020					2019						
		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)													
	Opening Balance	-	-	36	157	108	301	149	23	102	374	197	845
	Less: Amortisation for the year	-	-	(36)	(157)	(108)	(301)	(149)	(23)	(66)	(217)	(89)	(544)
	Balance at end of the year	-	-	-	-	-	-	-	-	36	157	108	301

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of two years as per the requirements set out in the Trust Deed.

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

		2020					2019							
		NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	
(Rupees in '000)														
	Remuneration to Management Company	9.1	14	3	17	14	127	175	15	5	22	31	265	338
	Sindh Sales Tax on management remuneration	9.2	2	1	2	2	14	21	2	1	3	4	34	44
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	79	18	75	145	187	504	147	52	228	494	254	1,175
	Sales and transfer load		391	304	-	201	668	1,564	391	304	-	201	668	1,564
	Sindh Sales Tax on sales load		51	39	-	26	87	203	51	39	-	26	87	203
	Other payable		20	15	15	25	20	95	20	15	15	25	20	95
			<u>557</u>	<u>380</u>	<u>109</u>	<u>413</u>	<u>1,103</u>	<u>2,562</u>	<u>626</u>	<u>416</u>	<u>268</u>	<u>781</u>	<u>1,328</u>	<u>3,419</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 1.5 percent of average annual net assets. The Management Company charged remuneration at the rate of 1.25% per annum in NIAAP - VI, NIAAP - VII and NIAAP - VIII and 1% per annum in NICPP - I and NICPP - II based on the average daily net assets of the allocation plans after deducting the market value of investment in collective investments, managed by the Management Company of the Fund. The amount of remuneration is being paid monthly in arrears.
- 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** 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						
	NIAAP - VI	NIAAP - VII	NIAAP - VII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VII	NICPP - I	NICPP - II	Total	
	----- (Rupees in '000) -----												
Trustee remuneration	10.1	8	2	8	12	7	37	17	4	29	58	33	141
Sindh Sales Tax on Trustee remuneration	10.2	1	-	1	2	3	7	2	1	4	8	4	19
		<u>9</u>	<u>2</u>	<u>9</u>	<u>14</u>	<u>10</u>	<u>44</u>	<u>19</u>	<u>5</u>	<u>33</u>	<u>66</u>	<u>37</u>	<u>160</u>

- 10.1** Upto 30 June 2020, The Trustee is 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 their daily net assets value of the fund.

Net assets

Tariff per annum

Upto Rs. 1,000 million

0.10% of net assets per annum assets

On an amount exceeding Rs 1,000 million

Rs. 1 million plus 0.075% per annum of net assets, exceeding Rs. 1,000 million.

With effective from 1 July 2019 the Trustee has revised its remuneration to 0.07% per annum of Net Assts of the each respective plan. 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 investment scheme categorized as an Shariah Compliant Fund of Funds is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.095 percent of the average annual net assets of each respective plan til 30 June 2019 and with effect from 1 July 2019 SECP has revised its fee rate to 0.02 percent per annum of the average annual net assets of each respective plan. The fee is paid annually in arrears.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											
Provision for Sindh Workers' Welfare Fund 12.1	435	55	452	1,467	599	3,008	-	-	101	723	230	1,054
Auditors' remuneration	154	136	142	171	140	743	194	154	158	171	145	822
Bank charges	38	29	20	5	88	180	56	40	38	3	91	228
Printing charges	34	14	26	30	54	158	19	11	13	26	40	109
Legal fee	36	43	48	48	111	286	22	18	21	22	50	133
Shariah advisor fee	39	12	45	96	37	229	68	27	93	224	111	523
Withholding tax	2,587	419	1,625	2,167	1,887	8,685	1	-	1	2	22	26
Capital gain tax	-	-	33	25	95	153	-	-	-	7	1	8
	<u>3,323</u>	<u>708</u>	<u>2,391</u>	<u>4,009</u>	<u>3,011</u>	<u>13,442</u>	<u>360</u>	<u>250</u>	<u>425</u>	<u>1,178</u>	<u>690</u>	<u>2,903</u>

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 the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act.

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of financial institutions. The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014.

Had the provision for SWWF not been recorded in the financial statements of each respective plan for the current period the net asset value per unit of the each respective plan as at 30 June 2020 would have been higher by Rs. 0.2489, Rs.0.1350, Rs. 0.3607, Rs. 0.7752, Rs. 0.3679 (30 June 2019: Rs. 0.0245, Rs. 0.0929, Rs. 0.060 of NIAAF - VIII, NICPP - I and NICPP - II respectively) NIAAF - VI, NIAAF - VII NIAAF - VIII, NICPP - I, NICPP - II respectively.

13 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 30 June 2020 (2019: Nil).

14 NUMBER OF UNITS IN ISSUE

	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	----- (Number of units) -----											
Opening	2,819,908	894,604	4,119,257	7,784,210	3,788,904	19,406,883	5,149,118	2,090,911	5,866,968	17,561,393	8,480,989	39,149,379
Units issued	14.3 156,376	23,126	69,165	188,158	81,507	518,332	-	-	-	51,446	41,311	92,757
Less: units redeemed	(1,230,598)	(507,499)	(2,937,503)	(6,080,199)	(2,242,174)	(12,997,973)	(2,329,210)	(1,196,307)	(1,747,711)	(9,828,629)	(4,733,396)	(19,835,253)
Total units in issue at end of the year	<u>1,745,686</u>	<u>410,231</u>	<u>1,250,919</u>	<u>1,892,169</u>	<u>1,628,237</u>	<u>6,927,242</u>	<u>2,819,908</u>	<u>894,604</u>	<u>4,119,257</u>	<u>7,784,210</u>	<u>3,788,904</u>	<u>19,406,883</u>

- 14.1** The Management Company on 19 July 2019 has declared distribution of Rs. 1.6178 per unit for NAFA - Islamic Capital Preservation Plan I (NICPP - I) (for full year). The aggregate cash distribution is Rs. 12 million for NAFA - Islamic Capital Preservation Plan I (NICPP - I).
- 14.2** The Management Company on 29 June 2020 has declared distribution of Rs. 9.5218 per unit for NAFA - Islamic Active Allocation Plan VI (NIAAP - VI), Rs. 6.130 per unit for NAFA Islamic Active Allocation Plan VII, Rs. 6.9649 per unit for NAFA Islamic Active Allocation Plan VIII, Rs. 6.5739 per unit for NAFA - Islamic Capital Preservation Plan I (NICPP - I), Rs. 5.6922 per unit for NAFA - Islamic Capital Preservation Plan II (NICPP - II) (for full year). The aggregate cash distribution is Rs. 15.133 m NAFA - Islamic Active Allocation Plan VI (NIAAP - VI), Rs. 2.375 million for NAFA Islamic Active Allocation Plan VII (NIAAP - VII), Rs. 8.446 million for NAFA - Islamic Active Allocation Plan VIII, Rs. 11.832 million for NAFA - Islamic Capital Preservation Plan I (NICPP - I), Rs. 8.922 million for NAFA - Islamic Capital Preservation Plan II (NICPP - II).
- 14.3** This includes 156,376 units of NIAAP-VI, 23,126 units of NIAAP-VII, 69,165 units of NIAAP-VIII, 188,158 units of NICPP-I and 71,273 units of NICCP-II issued against Dividend Reinvestment Plan amounting to Rs. 12.552 million (NIAAP-VI), Rs. 1.959 million (NIAAP-VII), Rs. 6.714 million (NIAAP-VIII), Rs. 18.871 million (NICPP-I) and Rs. 7.139 million (NICPP-II), net of taxation.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



15 AUDITORS' REMUNERATION

	2020					2019						
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	----- (Number of units) -----											
Annual audit fee	116	110	116	116	112	570	135	115	105	170	150	675
Half yearly fee	46	44	46	46	46	228	44	44	44	44	44	220
Out of pocket expenses and others including government levy	13	42	36	51	50	192	45	36	30	70	42	223
	<u>175</u>	<u>196</u>	<u>198</u>	<u>213</u>	<u>208</u>	<u>990</u>	<u>224</u>	<u>195</u>	<u>179</u>	<u>284</u>	<u>236</u>	<u>1,118</u>

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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II during the year to the unit holders as per distribution policy (refer note 4.12 and 14.2), no provision for taxation has been made in these financial statements.

17 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	NIAAP - VI			Total
	Receivable against sale of units	Payable against redemption of units	Dividend Payable	
	----- (Rupees in '000) -----			
Balance as at 01 July 2019	-	-	-	-
Receivable against issuance of units	12,552	-	-	12,552
Payable against redemption of units	-	101,800	-	101,800
Dividend Announced	-	-	15,133	15,133
	<u>12,552</u>	<u>101,800</u>	<u>15,133</u>	<u>129,485</u>
Dividend re-invested	(12,552)	-	(15,133)	(27,685)
Amount paid on redemption of units	-	(101,800)	-	(101,800)
	<u>(12,552)</u>	<u>(101,800)</u>	<u>(15,133)</u>	<u>(129,485)</u>
Balance as at 30 June 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	NIAAP - VII			
	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	----- (Rupees in '000) -----			
Balance as at 01 July 2019	-	-	-	-
Receivable against issuance of units	1,959	-	-	1,959
Payable against redemption of units	-	43,424	-	43,424
Dividend Announced	-	-	2,375	2,375
	1,959	43,424	2,375	47,758
Dividend re-invested	(1,959)	-	(2,372)	(4,331)
Amount paid on redemption of units	-	(43,424)	-	(43,424)
Dividend paid	-	-	(3)	(3)
	(1,959)	(43,424)	(2,375)	(47,758)
Balance as at 30 June 2020	-	-	-	-
	NIAAP - VIII			
	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	----- (Rupees in '000) -----			
Balance as at 01 July 2019	-	-	-	-
Receivable against issuance of units	6,714	-	-	6,714
Payable against redemption of units	-	(290,402)	-	(290,402)
Dividend Announced	-	-	8,446	8,446
	6,714	(290,402)	8,446	(275,242)
Dividend re-invested	(6,714)	-	(8,298)	(15,012)
Amount paid on redemption of units	-	290,402	-	290,402
Dividend paid	-	-	(148)	(148)
	(6,714)	290,402	(8,446)	275,242
Balance as at 30 June 2020	-	-	-	-

	NICPP - I			
	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	----- (Rupees in '000) -----			
Balance as at 1 July 2019	-	-	-	-
Receivable against issuance of units	18,871	-	-	18,871
Payable against redemption of units	-	634,363	-	634,363
Dividend Payable	-	-	23,832	23,832
	18,871	634,363	23,832	677,066
Dividend re-invested	(18,871)	-	(23,058)	(41,929)
Amount paid on redemption of units	-	(634,363)	-	(634,363)
Dividend paid	-	-	(774)	(774)
	(18,871)	(634,363)	(23,832)	(677,066)
Balance as at 30 June 2020	-	-	-	-

	NICPP - II			
	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	----- (Rupees in '000) -----			
Balance as at 1 July 2019	-	-	-	-
Receivable against issuance of units	8,163	-	-	8,163
Payable against redemption of units	-	(233,572)	-	(233,572)
Dividend Payable	-	-	8,922	8,922
	8,163	(233,572)	8,922	(216,487)
Amount received on issuance of units	(1,024)	-	-	(1,024)
Amount paid on redemption of units	-	231,507	-	231,507
Dividend re-invested	(7,139)	-	(8,892)	(16,031)
Dividend Paid	-	-	(30)	(30)
	(8,163)	231,507	(8,922)	214,422
Balance as at 30 June 2020	-	(2,065)	-	(2,065)

18 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 0.72%, 1.12%, 0.67%, 0.61% and 1.42% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II respectively. Total expense ratio (excluding government levies) is 0.43%, 0.95%, 0.44%, 0.39% and 1.14% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II respectively.

19 FINANCIAL INSTRUMENTS BY CATEGORY

19.1

	As at 30 June 2020			As at 30 June 2019		
	NIAAP - VI			NIAAP - VI		
	At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	Mandatorily at fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	15,513	-	15,513	9,125	-	9,125
Investments	-	128,235	128,235	-	206,575	206,575
Profit receivable on bank deposits	141	-	141	199	-	199
Receivable against sale of investments	-	-	-	8,500	-	8,500
	<u>15,654</u>	<u>128,235</u>	<u>143,889</u>	<u>17,824</u>	<u>206,575</u>	<u>224,399</u>
	As at 30 June 2020			As at 30 June 2019		
	NIAAP - VI			NIAAP - VI		
	At fair value through profit or loss	At amortised cost	Total	Mandatorily at fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Limited - Management Company	-	557	557	-	626	626
Payable to Central Depository Company of Pakistan Limited - Limited - Trustee	-	9	9	-	19	19
Accrued expenses and other liabilities	-	301	301	-	359	359
	<u>-</u>	<u>867</u>	<u>867</u>	<u>-</u>	<u>1,004</u>	<u>1,004</u>

19.2

	As at 30 June 2020			As at 30 June 2019		
	NIAAP - VII					
	At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	Mandatorily at fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	3,636	-	3,636	5,631	-	5,631
Investments	-	32,135	32,135	-	67,915	67,915
Profit receivable on bank deposits	37	-	37	91	-	91
Other receivable	8	-	8	8	-	8
Receivable against sale of investments	-	-	-	3,000	-	3,000
	<u>3,681</u>	<u>32,135</u>	<u>35,816</u>	<u>8,730</u>	<u>67,915</u>	<u>76,645</u>

	As at 30 June 2020			As at 30 June 2019		
	NIAAP - VII					
	At fair value through profit or loss	At amortised cost	Total	Mandatorily at fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Limited - Management Company	-	380	380	-	416	416
Payable to Central Depository Company of Pakistan Limited - Limited - Trustee	-	2	2	-	5	5
Accrued expenses and other liabilities	-	234	234	-	250	250
	<u>-</u>	<u>616</u>	<u>616</u>	<u>-</u>	<u>671</u>	<u>671</u>

19.3

	As at 30 June 2020			As at 30 June 2019		
	NIAAP - VIII			NIAAP - VIII		
	At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	Mandatorily at fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	12,118	-	12,118	34,159	-	34,159
Investments	-	111,587	111,587	-	362,971	362,971
Profit receivable on bank deposits	159	-	159	313	-	313
Other receivable	6	-	6	6	-	6
	<u>12,283</u>	<u>111,587</u>	<u>123,870</u>	<u>34,478</u>	<u>362,971</u>	<u>397,449</u>
	NIAAP - VIII			NIAAP - VIII		
	At fair value through profit or loss	At amortised cost	Total	Mandatorily at fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Company	-	109	109	-	268	268
Payable to Central Depository Company of Limited - Trustee	-	9	9	-	33	33
Accrued expenses and other liabilities	-	281	281	-	323	323
		<u>399</u>	<u>399</u>		<u>624</u>	<u>624</u>

19.4

	As at 30 June 2020			As at 30 June 2019		
	NICPP - I			NICPP - I		
	At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	Mandatorily at fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	10,730	-	10,730	44,806	-	44,806
Investments	-	183,312	183,312	-	750,404	750,404
Profit receivable on bank deposits	144	-	144	457	-	457
Other receivable	39	-	39	39	-	39
	<u>10,913</u>	<u>183,312</u>	<u>194,225</u>	<u>45,302</u>	<u>750,404</u>	<u>795,706</u>

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



	NICPP - I			NICPP - I		
	At fair value through profit or loss	At amortised cost	Total	Mandatorily at fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Company	-	413	413	-	781	781
Payable to Central Depository Company of Limited - Trustee	-	14	14	-	66	66
Accrued expenses and other liabilities	-	350	350	-	446	446
	-	777	777	-	1,293	1,293

19.5

	As at 30 June 2020			As at 30 June 2019		
	NICPP - II			NICPP - II		
	At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	Mandatorily at fair value through profit or loss	Total
----- (Rupees in '000) -----						
Assets						
Bank balances	145,111	-	145,111	305,472	-	305,472
Investments	-	21,796	21,796	-	71,652	71,652
Profit receivable on bank deposits	891	-	891	3,230	-	3,230
	146,002	21,796	167,798	308,702	71,652	380,354

	NICPP - II			NICPP - II		
	At fair value through profit or loss	At amortised cost	Total	Mandatorily at fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----						
Liabilities						
Payable to NBP Fund Management Company	-	1,103	1,103	-	1,328	1,328
Payable to Central Depository Company of Limited - Trustee	-	10	10	-	37	37
Accrued expenses and other liabilities	-	430	430	-	437	437
Payable against redemption of units	-	2,065	2,065	-	-	-
	-	3,608	3,608	-	1,802	1,802

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

20.1 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 sponsors, 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 10 percent or more units of the Fund.

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

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

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

20.5 Transactions during the year

	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)												
NBP Fund Management Limited- Management Company												
Remuneration to Management Company	179	36	166	305	1,972	2,658	308	128	444	547	5,372	6,799
Sindh Sales Tax on remuneration of Management Company	23	5	22	40	256	346	40	17	58	71	698	884
Allocation of expenses related to registrar services, accounting, operation and valuation services	177	41	192	416	256	1,082	358	138	506	1,308	643	2,953
Preliminary expenses and floatation costs	-	-	36	157	108	301	149	23	66	217	89	544
Units Redeemed : Nil units (NIAAP VII) [2019: 499,812 units (NIAAP VII)]	-	-	-	-	-	-	-	46,807	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee												
Remuneration to the Trustee	124	29	134	291	179	757	299	113	423	1,092	537	2,464
Sindh Sales Tax on remuneration to Trustee	16	4	17	38	23	98	39	15	55	142	70	321
Employees of the Management Company												
Dividend reinvestment: 10 units [2019: Nil units] (NIAAP VI)	1	-	-	-	-	1	-	-	-	-	-	-
Units redeemed: 1,935 units [2019: Nil units] (NIAAP-VI)	143	-	-	-	-	143	-	-	-	-	-	-
Units redeemed: Nil units [2019: 103 units] (NIAAP-VII)	-	-	-	-	-	-	-	9	-	-	-	9
Units redeemed: 1,940 units [2019: Nil units] (NIAAP-VIII)	-	-	186	-	-	186	-	-	-	-	-	-
Units redeemed: 11,106 units [2019: 4,680 units] (NICPP - I)	-	-	-	1,192	-	1,192	-	-	-	471	-	471
Dividend reinvestment : 147 units [2019: 45 units] (NICPP - I)	-	-	-	15	-	15	-	-	-	4	-	4
Units redeemed: 2,725 units [2019: Nil units] (NICPP - II)	-	-	-	-	286	286	-	-	-	-	1	1

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
Investment in NBP Islamic Active Allocation Equity Fund												
Dividend Income	10,378	2,566	9,996	1,478	670	25,088	-	-	-	-	-	-
Units purchased: 6,634,097 units [2019: 17,180,647 units] (NIAAP-VI)	57,158	-	-	-	-	57,158	187,021	-	-	-	-	187,021
Units purchased: 2,091,611 units [2019: 5,952,215 units] (NIAAP-VII)	-	17,670	-	-	-	17,670	-	64,957	-	-	-	64,957
Units purchased 17,332,638 [2019: 23,186,475 units] (NIAAP - VIII)	-	-	163,426	-	-	163,426	-	-	254,316	-	-	254,316
Units purchased: 22,582,899 Units [2019: 39,309,965 units] (NICPP - I)	-	-	-	208,674	-	208,674	-	-	-	441,491	-	441,491
Units purchased: 11,232,997 Units [2019: 26,688,487 units] (NICPP - II)	-	-	-	-	104,917	104,917	-	-	-	-	292,644	292,644
Units Sold:												
Units sold: 8,513,442 units [2019: 21,964,005 units] (NIAAP - VI)	76,522	-	-	-	-	76,522	233,531	-	-	-	-	233,531
Units sold: 3,940,270 units [2019: 9,407,712 units] (NIAAP - VII)	-	35,654	-	-	-	35,654	-	100,418	-	-	-	100,418
Units sold: 6,554,958 units [2019: 48,505,244 units] (NIAAP - VIII)	-	-	63,098	-	-	63,098	-	-	500,267	-	-	500,267
Units sold: 24,792,114 units [2019: 45,258,985 units] (NICPP - I)	-	-	-	231,204	-	231,204	-	-	-	477,044	-	477,044
Units sold: 16,618,654 units [2019: 22,935,279 units] (NICPP - II)	-	-	-	-	154,689	154,689	-	-	-	-	234,880	234,880
Investment in NBP Islamic Active Allocation Riba Free Savings Fund												
Dividend Income	343	94	424	-	-	861	4,397	1,878	11,777	-	-	18,052
Units purchased: 6,558,027 units [2019: 16,686,039 units] (NIAAP VI)	68,604	-	-	-	-	68,604	162,168	-	-	-	-	162,168
Units purchased: 1,695,628 units [2019: 7,339,444 units] (NIAAP - VII)	-	17,187	-	-	-	17,187	-	72,011	-	-	-	72,011
Units purchased: 3,477,121 units [2019: 46,475,005 units] (NIAAP - VIII)	-	-	35,966	-	-	35,966	-	-	459,882	-	-	459,882

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



	2020					2019						
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
Units Sold:												
Units sold: 12,192,607 units [2019: 28,726,100 units] (NIAAP - VI)	125,324	-	-	-	-	125,324	297,867	-	-	-	-	297,867
Units sold: 3,471,810 units [2019: 13,620,270 units] (NIAAP - VII)	-	35,138	-	-	-	35,138	-	140,975	-	-	-	140,975
Units sold: 37,912,215 units [2019: 35,624,159 units] (NIAAP - VIII)	-	-	381,708	-	-	381,708	-	-	369,212	-	-	369,212
Investment in NBP Islamic Money Market Fund												
Dividend Income	-	-	-	5,083	-	5,083	-	-	-	72,176	-	72,176
Units Purchased: 12,239,877 units [2019: 37,459,678 units] (NICPP - I)	-	-	-	121,516	-	121,516	-	-	-	372,011	-	372,011
Units sold: 66,616,328 units [2019: 117,630,430 units] (NICPP - I)	-	-	-	670,972	-	670,972	-	-	-	1,200,611	-	1,200,611
BankIslami Pakistan Limited												
Mark-up on balances	585	152	431	-	-	1,168	2238	1,049	3,371	-	-	6,658
PITC Employees Trust (Pension) Fund												
Dividend reinvestment : 3,999 units [2019: Nil units] (NICPP - I)	-	-	-	401	-	401	-	-	-	-	-	-
Units redeemed: 295,627 units [2019: Nil units] (NICPP - I)	-	-	-	32,747	-	32,747	-	-	-	-	-	-

20.6 Amounts outstanding as at year end:

NBP Fund Management

Limited - Management Company

Management remuneration payable	14	3	17	14	127	175	15	5	22	31	265	338
Sindh Sales Tax payable	2	1	2	2	14	21	2	1	3	4	34	44
Allocation of expenses related to registrar services, accounting, operation and valuation services	79	18	75	145	187	504	147	52	228	494	254	1,175
Sales load and transfer load payable	391	304	-	201	668	1,564	391	304	-	201	668	1,564
Sindh Sales Tax on sales load	51	39	-	26	87	203	51	39	-	26	87	203
Other payable	20	15	15	25	20	95	20	15	15	25	20	95

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)												
Employees of the Management Company												
Units held: 110 units [2019: 1,935 units] (NIAAP-VI)	9	-	-	-	-	9	153	-	-	-	-	153
Units held: Nil units [2019: 1,940 units] (NIAAP VIII)	-	-	-	-	-	-	-	-	187	-	-	187
Units held: Nil units [2019: 9,506 units] (NICPP - I)	-	-	-	-	-	-	-	-	-	968	-	968
Units held: Nil units [2019: 2,412 units] (NICPP - II)	-	-	-	-	-	-	-	-	-	-	242	242
Central Depository Company of Pakistan Limited - Trustee												
Remuneration payable	8	2	8	12	7	37	17	4	29	58	33	141
Sindh Sales Tax payable on remuneration to Trustee	1	-	1	2	3	7	2	1	4	8	4	19
NBP Islamic Active Allocation Equity Fund												
Units held: 12,752,082 units [2019: 14,631,427 units] (NIAAP-VI)	111,016	-	-	-	-	111,016	132,885	-	-	-	-	132,885
Units held: 3,153,533 units [2019: 5,002,192 units] (NIAAP-VII)	-	27,453	-	-	-	27,453	-	45,430	-	-	-	45,430
Units held: 10,777,680 units [2019: Nil units] (NIAAP - VIII)	-	-	93,828	-	-	93,828	-	-	-	-	-	-
Units held: 5,855,898 units [2019: 8,065,113 units] (NICPP - I)	-	-	-	50,980	-	50,980	-	-	-	73,250	-	73,250
Units held: 2,503,669 units [2019: 7,889,326 units] (NICPP - II)	-	-	-	-	21,796	21,796	-	-	-	-	71,652	71,652
Receivable against sale of investment (NIAAP-VI)	-	-	-	-	-	-	8,500	-	-	-	-	8,500
NBP Islamic Active Allocation Riba Free Savings Fund												
Units held: 1,715,576 units [2019: 7,350,156 units] (NIAAP-VI)	17,219	-	-	-	-	17,219	73,690	-	-	-	-	73,690
Units held: 466,455 units [2019: 2,242,637 units] (NIAAP - VII)	-	4,682	-	-	-	4,682	-	22,485	-	-	-	22,485
Units held: 1,769,370 units [2019: 36,204,464 units] (NIAAP - VIII)	-	-	17,759	-	-	17,759	-	-	362,971	-	-	362,971
Receivable against sale of investment (NIAAP-VII)	-	-	-	-	-	-	-	3,000	-	-	-	3,000
NBP Islamic Money Market Fund												
Units held: 13,186,397 units [2019: 67,562,848 units] (NICPP - I)	-	-	-	132,332	-	132,332	-	-	-	677,154	-	677,154
BankIslami Pakistan Limited												
Bank balances	8,808	647	10,293	-	-	19,748	8,839	5,437	33,940	-	-	48,216
Profit receivable	115	12	34	-	-	161	198	88	313	-	-	599
Hamdard Laboratories (Waqf) Pakistan												
Units held : Nil units [2019: 992,789 Units]	-	-	-	-	-	-	-	-	-	101,096	-	101,096
Global Technologies & Services												
Units held : 324,787 units [2019: Nil Units]	26,048	-	-	-	-	26,048	-	-	-	-	-	-

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



	2020						2019					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
Rashida Raza Kazim Units held : 273,434 units [2019: Nil Units]	21,929	-	-	-	-	21,929	-	-	-	-	-	-
Muhammad Naeem Units held : 216,475 units [2019: Nil Units]	17,361	-	-	-	-	17,361	-	-	-	-	-	-
Mrs Saba Haleem Siddiqui Units held : 215,302 units [2019: Nil Units]	-	18,221	-	-	-	18,221	-	-	-	-	-	-
Brookes Pharma Lab.Staff Provident Fund Units held : 300,445 units [2019: Nil Units]	-	-	29,139	-	-	29,139	-	-	-	-	-	-
Haseeb Iqbal Units held : 176,082 units [2019: Nil Units]	-	-	17,078	-	-	17,078	-	-	-	-	-	-
Battalion Fund 4 Baloch Regiment Units held : 242,289 units [2019: Nil Units]	-	-	-	24,301	-	24,301	-	-	-	-	-	-
The Eisaar Trust Units held : 189,722 units [2019: Nil Units]	-	-	-	19,029	-	19,029	-	-	-	-	-	-
Ms Parveen Muzaffar Units held : 260,181 units [2019: Nil Units]	-	-	-	-	26,059	26,059	-	-	-	-	-	-

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

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

*Mr.Sajjad Anwar is the Fund Manager. He is also managing NAFA Islamic Active Allocation Fund I, NAFA Islamic Active Allocation Fund III, NBP Islamic Stock Fund (Formerly NAFA Islamic Stock Fund), NAFA Pension Fund, NAFA Islamic Pension Fund and NAFA Islamic Principal Protected Fund II.

22 PATTERN OF UNIT HOLDING

	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
NIAAP - VI						
Category						
Individuals	78	79,866	57.05	156	148,346	66.50
Insurance Companies	2	11,354	8.11			
Retirement Funds	-	-	-	2	3,134	1.40
Corporates	-	-	-	2	10,174	4.56
Others	6	48,784	34.84	8	61,439	27.54
	86	140,004	100.00	168	223,094	100.00
NIAAP - VII						
Category						
Individuals	32	34,717	100.00	71	66,736	87.99
Retirement Funds	-	-	-	2	7,439	9.81
Others	-	-	-	1	1,667	2.20
	32	34,717	100.00	74	75,843	100.00
NIAAP - VIII						
Category						
Individuals	167	78,489	64.69	344	195,838	49.42
Retirement Funds	3	32,777	27.02	6	168,810	42.60
Others	1	10,057	8.29	5	31,631	7.98
	171	121,323	100.00	355	396,279	100.00
NICPP - I						
Category						
Individuals	210	100,934	53.18	533	362,787	45.77
Retirement Funds	4	19,186	10.11	10	97,106	12.25
Others	6	69,661	36.71	11	332,778	41.98
	220	189,782	100.00	554	792,671	100.00
NICPP - II						
Category						
Individuals	275	147,533	90.47	557	338,227	89.17
Retirement Funds	3	1,717	1.05	6	16,484	4.35
Others	7	13,831	8.47	10	24,607	6.48
	285	163,081	99.99	573	379,318	100.00

23 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			Meetings not attended
	Held during tenure of directorship	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan (Note 23.2)	3	2	1	74th meeting
Syed Hasan Irtiza Kazmi (Note 23.2)	3	3	-	-
Mr. Nasir Husain (Note 23.1)	1	-	1	72nd meeting
Mr. Abdul Hadi Palekar (Note 23.1)	1	-	1	72nd meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy (Note 23.1)	1	1	-	-
Mr. Khalid Mansoor (Note 23.2)	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque (Note 23.1)	1	1	-	-
Mr. Saad Amanullah Khan (Note 23.2)	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

23.1 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.

23.2 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.

24 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 Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of change in market 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 shariah compliant equity funds and income funds. 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.

24.1 Market risk

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

Management of market risk

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

24.1.1 Currency risk

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

24.1.2 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. 0.1551 million, Rs. 0.0364, Rs. 0.1209, Rs. 0.1051, and Rs. 1.4497 of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I, and NICPP - II respectively (2019: Rs. 0.0893 million, Rs. 0.0563 million, Rs. 3405 million, Rs. 0.4397 million, and Rs. 3.0463 million of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I, and NICPP - II respectively).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that exposes the Fund to any material profit rate risk.

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

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



24.1.2.1

	As At 30 June 2020					As At 30 June 2019						
	NIAAP-VI					NIAAP-VI						
	Exposed to yield / interest rate risk					Exposed to yield / interest rate risk						
	Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total	Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total
	----- (Rupees in '000) -----					----- (Rupees in '000) -----						
On-balance sheet financial instruments												
Financial assets												
Bank balances	7.5% - 12.5%	15,507	-	-	6	15,513	6.5% - 13.5%	8,927	-	-	198	9,125
Investments		-	-	-	128,235	128,235		-	-	-	206,575	206,575
Profit receivable on bank deposits		-	-	-	141	141		-	-	-	199	199
Receivable against sale of investments		-	-	-	-	-		-	-	-	8,500	8,500
		<u>15,507</u>	<u>-</u>	<u>-</u>	<u>128,382</u>	<u>143,889</u>		<u>215,502</u>	<u>-</u>	<u>-</u>	<u>8,897</u>	<u>224,399</u>
Financial liabilities												
Payable to NBP Fund Management Limited - Management Company		-	-	-	557	557		-	-	-	626	626
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	9	9		-	-	-	19	19
Accrued expenses and other liabilities		-	-	-	301	301		-	-	-	359	359
		<u>-</u>	<u>-</u>	<u>-</u>	<u>867</u>	<u>867</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,004</u>	<u>1,004</u>
On-balance sheet gap		<u>15,507</u>	<u>-</u>	<u>-</u>	<u>127,515</u>	<u>143,022</u>		<u>215,502</u>	<u>-</u>	<u>-</u>	<u>7,893</u>	<u>223,395</u>
Off-balance sheet financial instruments												
		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>15,507</u>	<u>-</u>	<u>-</u>	<u>127,515</u>	<u>143,022</u>		<u>215,502</u>	<u>-</u>	<u>-</u>	<u>7,893</u>	<u>223,395</u>
Cumulative interest rate sensitivity gap		<u>15,507</u>	<u>15,507</u>	<u>15,507</u>				<u>215,502</u>	<u>215,502</u>	<u>215,502</u>		

24.1.2.2

	As At 30 June 2020					As At 30 June 2019						
	NIAAP-VII					NIAAP-VII						
	Exposed to yield / interest rate risk					Exposed to yield / interest rate risk						
Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total	Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total	
----- (Rupees in '000) -----												
On-balance sheet financial instruments												
Financial assets												
Bank balances	7.5% - 12.5%	3,635	-	-	1	3,636	6.5% - 13.5%	5,630	-	-	1	5,631
Investments		-	-	-	32,135	32,135		-	-	-	67,915	67,915
Profit receivable on bank deposits		-	-	-	37	37		-	-	-	91	91
Other receivable		-	-	-	8	8		-	-	-	8	8
Receivable against sale of investment		-	-	-	-	-		-	-	-	3,000	3,000
		<u>3,635</u>	<u>-</u>	<u>-</u>	<u>32,181</u>	<u>35,816</u>		<u>5,630</u>	<u>-</u>	<u>-</u>	<u>71,015</u>	<u>76,645</u>
Financial liabilities												
Payable to NBP Fund Management Limited - Management Company		-	-	-	380	380		-	-	-	416	416
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2	2		-	-	-	5	5
Accrued expenses and other liabilities		-	-	-	234	234		-	-	-	250	250
		<u>-</u>	<u>-</u>	<u>-</u>	<u>616</u>	<u>616</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>671</u>	<u>671</u>
On-balance sheet gap		<u>3,635</u>	<u>-</u>	<u>-</u>	<u>31,565</u>	<u>35,200</u>		<u>73,545</u>	<u>-</u>	<u>-</u>	<u>2,429</u>	<u>75,974</u>
Off-balance sheet financial instruments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>3,635</u>	<u>-</u>	<u>-</u>	<u>31,565</u>	<u>35,200</u>		<u>73,545</u>	<u>-</u>	<u>-</u>	<u>2,429</u>	<u>75,974</u>
Cumulative interest rate sensitivity gap		<u>3,635</u>	<u>3,635</u>	<u>3,635</u>				<u>73,545</u>	<u>73,545</u>	<u>73,545</u>		

24.1.2.3

	As At 30 June 2020					As At 30 June 2019						
	NIAAP-VIII					NIAAP-VIII						
	Exposed to yield / interest rate risk					Exposed to yield / interest rate risk						
Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total	Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total	
	----- (Rupees in '000) -----					----- (Rupees in '000) -----						
On-balance sheet financial instruments												
Financial assets												
Bank balances	7.5% - 12.5%	12,091	-	-	27	12,118	6.5% - 13.5%	34,047	-	-	112	34,159
Investments		-	-	-	111,587	111,587		-	-	-	362,971	362,971
Profit receivable on bank deposits		-	-	-	159	159		-	-	-	313	313
Other receivable		-	-	-	6	6		-	-	-	6	6
		<u>12,091</u>	<u>-</u>	<u>-</u>	<u>111,779</u>	<u>123,870</u>		<u>397,018</u>	<u>-</u>	<u>-</u>	<u>431</u>	<u>397,449</u>
Financial liabilities												
Payable to NBP Fund Management Limited - Management Company		-	-	-	109	109		-	-	-	268	268
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	9	9		-	-	-	33	33
Accrued expenses and other liabilities		-	-	-	281	281		-	-	-	323	323
		<u>-</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>399</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>624</u>	<u>624</u>
On-balance sheet gap		<u>12,091</u>	<u>-</u>	<u>-</u>	<u>111,380</u>	<u>123,471</u>		<u>397,018</u>	<u>-</u>	<u>-</u>	<u>(193)</u>	<u>396,825</u>
Off-balance sheet financial instruments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>12,091</u>	<u>-</u>	<u>-</u>	<u>111,380</u>	<u>123,471</u>		<u>397,018</u>	<u>-</u>	<u>-</u>	<u>(193)</u>	<u>396,825</u>
Cumulative interest rate sensitivity gap		<u>12,091</u>	<u>12,091</u>	<u>12,091</u>				<u>397,018</u>	<u>397,018</u>	<u>397,018</u>		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



24.1.2.4

	As At 30 June 2020					As At 30 June 2019						
	NICPP - I					NICPP - I						
	Exposed to yield / interest rate risk					Exposed to yield / interest rate risk						
Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total	Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total	
	----- (Rupees in '000) -----					----- (Rupees in '000) -----						
On-balance sheet financial instruments												
Financial assets												
Bank balances	7.5% - 12.5%	10,512	-	-	218	10,730	6.5% - 13.25%	43,967	-	-	839	44,806
Investments		-	-	-	183,312	183,312		-	-	-	750,404	750,404
Profit receivable on bank deposits		-	-	-	144	144		-	-	-	457	457
Other receivable		-	-	-	39	39		-	-	-	39	39
		10,512	-	-	183,713	194,225		794,371	-	-	1,335	795,706
Financial liabilities												
Payable to NBP Fund Management Limited - Management Company		-	-	-	413	413		-	-	-	781	781
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	14	14		-	-	-	66	66
Accrued expenses and other liabilities		-	-	-	350	350		-	-	-	446	446
		-	-	-	777	777		-	-	-	1,293	1,293
On-balance sheet gap		10,512	-	-	182,936	193,448		794,371	-	-	42	794,413
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap		10,512	-	-	182,936	193,448		794,371	-	-	42	794,413
Cumulative interest rate sensitivity gap		10,512	10,512	10,512				794,371	794,371	794,371		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



24.1.2.5

	As at 30 June 2020					As at 30 June 2019						
	NICPP - II					NICPP - II						
	Yield / interest rate	Exposed to yield / interest rate risk				Total	Yield / interest rate	Exposed to yield / interest rate risk				Total
		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk			Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	
(Rupees in '000)					(Rupees in '000)							
On-balance sheet financial instruments												
Financial assets												
Bank balances	7.5% - 12.5%	144,974	-	-	137	145,111	6.5% - 13.25%	304,631	-	-	841	305,472
Investments		-	-	-	21,796	21,796		-	-	-	71,652	71,652
Profit receivable on bank deposits		-	-	-	891	891		-	-	-	3,230	3,230
		144,974	-	-	22,824	167,798		376,283	-	-	4,071	380,354
Financial liabilities												
Payable to NBP Fund Management Limited - Management Company		-	-	-	1,103	1,103		-	-	-	1,328	1,328
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	10	10		-	-	-	37	37
Payable against redemption of units		-	-	-	2,065	2,065		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	430	430		-	-	-	437	437
		-	-	-	3,608	3,608		-	-	-	1,802	1,802
On-balance sheet gap		144,974	-	-	19,216	164,190		376,283	-	-	2,269	378,552
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-		-	-	-	-	-
Total interest rate sensitivity gap		144,974	-	-	19,216	164,190		376,283	-	-	2,269	378,552
Cumulative interest rate sensitivity gap		144,974	144,974	144,974				376,283	376,283	376,283		

24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of change in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently 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, NBP Active Allocation Riba Free Savings Fund and NBP Money Market Fund, the net income of the NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II would increase / (decrease) by Rs. 6.4118 million, Rs. 1.6068 million, Rs. 5.5793 million, Rs. 9.1656 million and Rs. 1.0898 million [2019: Rs. 10.3288 million, Rs. 3.3957 million, Rs. 18.1486 million, Rs. 37.5202 million, Rs. 3.5826 million] respectively and net asset NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II (decrease) by the same amount as a result of gains / (losses) on these securities at 'fair value through profit and loss.

24.2 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 bank balances. Risks attributable to 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.

Bank Balances	As at 30 June 2020					
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP - I	NICPP - II	Total
	----- (Rupees in '000) -----					
AAA	6,227	2,609	1,237	2,650	141,003	153,726
AA+	-	-	-	-	5	5
AA	472	379	561	7,859	3,963	13,234
AA-	6	1	27	221	140	395
A+	8,808	647	10,293	-	-	19,748
	15,513	3,636	12,118	10,730	145,111	187,108

Bank Balances	As at 30 June 2019					
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP - I	NICPP - II	Total
	----- (Rupees in '000) -----					
AAA	28	13	13	1,673	547	2,274
AA+	-	-	-	-	5	5
AA	60	180	93	42,291	304,076	346,700
AA-	198	1	112	842	844	1,997
A+	8,839	5,437	33,941	-	-	48,217
	9,125	5,631	34,159	44,806	305,472	399,193

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 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.

24.3 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 the market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten 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 period, 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 period.

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:

	As At 30 June 2020				As At 30 June 2019			
	NIAAP - VI				NIAAP - VI			
	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----								
Financial Liabilities								
Payable to NBP Fund Management Limited - Management Company	557	-	-	557	626	-	-	626
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	9	-	-	9	19	-	-	19
Accrued expenses and other liabilities	301	-	-	301	359	-	-	359
	867	-	-	867	1,004	-	-	1,004
Unit holders' fund	140,004	-	-	140,004	223,094	-	-	223,094

	As At 30 June 2020				As At 30 June 2019			
	NIAAP - VII				NIAAP - VII			
	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----								
Financial Liabilities								
Payable to NBP Fund Management Limited - Management Limited	380	-	-	380	416	-	-	416
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	2	-	-	2	5	-	-	5
Accrued expenses and other liabilities	234	-	-	234	250	-	-	250
	616	-	-	616	671	-	-	671
Unit holders' fund	34,717	-	-	34,717	75,843	-	-	75,843

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



	As At 30 June 2020				As At 30 June 2019			
	NIAAP - VIII				NIAAP - VIII			
	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----								
Financial Liabilities								
Payable to NBP Fund Management Limited - Management Company	109	-	-	109	268	-	-	268
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	9	33	-	-	33
Accrued expenses and other liabilities	281	-	-	281	323	-	-	323
	399	-	-	399	624	-	-	624
Unit holders' fund	121,323	-	-	121,323	396,279	-	-	396,279

	As At 30 June 2020				As At 30 June 2019			
	NICPP - I				NICPP - I			
	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----								
Financial Liabilities								
Payable to NBP Fund Management Limited - Management Company	413	-	-	413	781	-	-	781
Payable to Central Depository Company of Pakistan Limited - Trustee	14	-	-	14	66	-	-	66
Accrued expenses and other liabilities	350	-	-	350	446	-	-	446
	777	-	-	777	1,293	-	-	1,293
Unit holders' fund	189,782	-	-	189,782	792,671	-	-	792,671

	As At 30 June 2020				As At 30 June 2019			
	NICPP - II				NICPP - II			
	Upto three months	Over three months and upto one year	Over one year	Total	Upto three months	Over three months and upto one year	Over one year	Total
----- (Rupees in '000) -----								
Financial Liabilities								
Payable to NBP Fund Management Limited - Management Company	1,103	-	-	1,103	1,328	-	-	1,328
Payable to Central Depository Company of Pakistan Limited - Trustee	10	-	-	10	37	-	-	37
Payable against redemption of units	2,065	-	-	2,065	-	-	-	-
Accrued expenses and other liabilities	430	-	-	430	437	-	-	437
	3,608	-	-	3,608	1,802	-	-	1,802
Unit holders' fund	163,081	-	-	163,081	379,318	-	-	379,318

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		30 June 2020						
		NIAAP-VI						
		Carrying value			Fair value			
		At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
<i>Investments</i>								
	Mutual funds - related parties	128,235	-	128,235	-	128,235	-	128,235
Financial assets not measured at fair value								
25.1	Bank balances	-	15,513	15,513				
	Profit receivable on bank deposits	-	141	141				
		-	15,654	15,654				
Financial liabilities not measured at fair value								
25.1	Payable to NBP Fund Management Limited - Management Company	-	557	557				
	Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	-	9	9				
	Accrued expenses and other liabilities	-	301	301				
		-	867	867				
		30 June 2019						
		NIAAP-VI						
		Carrying value			Fair value			
		At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
<i>Investments</i>								
	Mutual funds - related parties	206,575	-	206,575	-	206,575	-	206,575
Financial assets not measured at fair value								
25.1	Bank balances	-	9,125	9,125				
	Profit receivable on bank deposits	-	199	199				
	Receivable against sale of investments	-	8,500	8,500				
		-	17,824	17,824				

30 June 2019						
NIAAP-VI						
Carrying value			Fair value			
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----						
Financial liabilities not measured at fair value	-					
25.1 Payable to NBP Fund Management Company	-	626				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	19				
Accrued expenses and other liabilities	-	359				
	-	1,004				

As at 30 June 2020						
NIAAP-VII						
Carrying value			Fair value			
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments						
Mutual funds - related parties	32,135	-	32,135	-	32,135	-
						32,135
Financial assets not measured at fair value						
25.1 Bank balances	-	3,636	3,636			
Profit receivable on bank deposits	-	37	37			
Other receivable	-	8	8			
	-	3,681	3,681			
Financial liabilities not measured at fair value						
25.1 Payable to NBP Fund Management Limited - Management Company	-	380	380			
Payable to Central Depository Company of Pakistan Limited - Pakistan Limited - Trustee	-	2	2			
Accrued expenses and other liabilities	-	234	234			
	-	616	616			

							As at 30 June 2019			
							NIAAP-VII			
Carrying value			Fair value							
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total				
----- (Rupees in '000) -----										
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
Mutual funds - related parties										
	67,915	-	67,915	-	67,915	-	67,915			
Financial assets not measured at fair value										
25.1	Bank balances									
	-	5,631	5,631							
	Profit receivable on bank deposits									
	-	91	91							
	Other receivable									
	-	8	8							
	Receivable against sale of investments									
	-	3,000	3,000							
	-	8,730	8,730							
Financial liabilities not measured at fair value										
25.1	Payable to NBP Fund Management Company									
	-	416	416							
	Payable to Central Depository Company of Pakistan Limited - Trustee									
	-	5	5							
	Accrued expenses and other liabilities									
	-	250	250							
	-	671	671							
							As at 30 June 2020			
							NIAAP-VIII			
Carrying value			Fair value							
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total				
----- (Rupees in '000) -----										
On-balance sheet financial instruments										
Financial assets measured at fair value										
Investments										
Mutual funds - related parties										
	111,587	-	111,587	-	111,587	-	111,587			
Financial assets not measured at fair value										
25.1	Bank balances									
	-	12,118	12,118							
	Profit receivable on bank deposits									
	-	159	159							
	Other receivable									
	-	6	6							
	-	12,283	12,283							

		As at 30 June 2020					
		NIAAP-VIII					
		Carrying value		Fair value			
	At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial liabilities not measured at fair value							
25.1							
Payable to NBP Fund Management Company	-	109	109				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	9	9				
Accrued expenses and other liabilities	-	281	281				
	-	399	399				
----- (Rupees in '000) -----							
		As at 30 June 2019					
		NIAAP-VIII					
		Carrying value		Fair value			
	At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
Mutual funds - related parties	362,971	-	362,971	-	362,971	-	362,971
----- (Rupees in '000) -----							
Financial assets not measured at fair value							
25.1							
Bank balances	-	34,159	34,159				
Profit receivable on bank deposits	-	313	313				
Other receivable	-	6	6				
	-	34,478	34,478				
----- (Rupees in '000) -----							
Financial liabilities not measured at fair value							
25.1							
Payable to NBP Fund Management Company	-	268	268				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	33	33				
Accrued expenses and other liabilities	-	323	323				
	-	624	624				
----- (Rupees in '000) -----							

		As at 30 June 2020						
		NICPP - I						
		Carrying value			Fair value			
		At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments							
	Mutual funds - related parties	183,312	-	183,312	-	183,312	-	183,312
Financial assets not measured at fair value								
	25.1 Bank balances	-	10,730	10,730				
	Profit receivable on bank deposits	-	144	144				
	Other receivable	-	39	39				
		-	10,913	10,913				
Financial liabilities not measured at fair value								
	25.1 Payable to NBP Fund Management Company	-	413	413				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	14	14				
	Accrued expenses and other liabilities	-	350	350				
		-	777	777				
		As at 30 June 2019						
		NICPP - I						
		Carrying value			Fair value			
		At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
	Investments							
	Mutual funds - related parties	750,404	-	750,404	-	750,404	-	750,404
Financial assets not measured at fair value								
	25.1 Bank balances	-	44,806	44,806				
	Profit receivable on bank deposits	-	457	457				
	Other receivable	-	39	39				
		-	45,302	45,302				

		As at 30 June 2019						
		NICPP - I						
		Carrying value		Fair value				
	At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
Financial liabilities not measured at fair value	25.1							
Payable to NBP Fund Management Company		-	781	781				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	66	66				
Accrued expenses and other liabilities		-	446	446				
		-	1,293	1,293				
		As at 30 June 2020						
		NICPP - II						
		Carrying value		Fair value				
	At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
Mutual funds - related parties		21,796	-	21,796	-	21,796	-	21,796
Financial assets not measured at fair value	25.1							
Bank balances		-	145,111	145,111				
Profit receivable on bank deposits		-	891	891				
		-	146,002	146,002				
Financial liabilities not measured at fair value	25.1							
Payable to NBP Fund Management Company		-	1,103	1,103				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	10	10				
Payable against redemption of units		-	2,065	2,065				
Accrued expenses and other liabilities		-	430	430				
		-	3,608	3,608				

As at 30 June 2019						
NICPP - II						
Carrying value			Fair value			
At fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets measured at fair value						
Investments						
Mutual funds - related parties	71,652	-	71,652	-	71,652	-
Financial assets not measured at fair value						
Bank balances		305,472	305,472			
Profit receivable on bank deposits	-	3,230	3,230			
	-	308,702	308,702			
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Company	-	1,328	1,328			
Payable to Central Depository Company of Pakistan Limited - Trustee	-	37	37			
Accrued expenses and other liabilities	-	437	437			
	-	1,802	1,802			

- 25.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 25.2** 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 each respective plan 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 of each respective plan approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

26 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 under management.

In accordance with the risk management policies stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

27 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.

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.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	2020					2019					2018					2017	
	NIAAP VI For the year ended June 30, 2020	NIAAP VII For the year ended June 30, 2020	NIAAP VIII For the year ended June 30, 2020	NICPP-I For the year ended June 30, 2020	NICPP-II For the year ended June 30, 2020	NIAAP VI For the year ended June 30, 2019	NIAAP VII For the year ended June 30, 2019	NIAAP VIII For the year ended June 30, 2019	NICPP-I For the year ended June 30, 2019	NICPP-II For the year ended June 30, 2019	NIAAP VI For the year ended June 30, 2018	NIAAP VII For the year ended June 30, 2018	NIAAP VIII For the period ended June 30, 2018	NICPP-I For the period ended June 30, 2018	NICPP-II For the period ended June 30, 2018	NIAAP VI For the period ended June 30, 2017	NIAAP VII For the period ended June 30, 2017
Net assets at the year / period ended (Rs '000)	140,004	34,717	121,323	189,782	163,081	223,094	75,843	396,279	792,671	379,318	448,306	195,469	588,504	1,762,589	852,992	893,904	174,577
Net income / (Loss) for the year / period ended (Rs '000)	21,291	2,714	17,178	36,435	18,094	(28,797)	(10,470)	(20,398)	27,359	6,096	(64,783)	(14,291)	4,925	8,082	5,161	(52,476)	(41)
Net Asset Value per unit at the year / period ended (Rs)	80.2002	84.6286	96.9868	100.2984	100.1578	79.1139	84.7782	96.2016	101.8306	100.1129	87.0647	93.4852	100.3081	100.3672	100.5769	94.4551	99.9773
Offer 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
Redemption Price per unit	80.2002	84.6286	96.9868	100.2984	100.1578	79.1139	84.7782	96.2016	101.8306	100.1129	87.0647	93.4852	100.3081	100.3672	100.5769	94.4551	99.9773
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
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
Ex - Highest redemption price per unit (Rs.)	87.1148	91.2221	104.8229	108.7747	108.0773	89.5347	96.1950	103.2221	101.4888	103.6082	95.8903	100.9567	105.6002	100.7581	100.6673	100.0068	100.0000
Ex - Lowest redemption price per unit (Rs.)	62.9397	66.4146	76.0014	93.7044	93.8695	77.9638	83.5841	94.7363	98.0093	99.3634	82.6638	89.1658	98.3967	99.4565	100.0000	92.8764	99.9773
Opening Nav of Fiscal Year	70.6783	79.0219	89.7234	94.0447	94.7237	87.0647	93.4852	100.3081	98.4138	100.5769	94.4551	99.9773	100.0000	99.6371	100.0000	100.0000	100.0000
Total return of the fund	13.47%	7.10%	8.10%	6.65%	5.74%	-9.13%	-9.31%	-4.09%	1.83%	0.11%	-7.82%	-6.49%	0.31%	0.37%	0.56%	-5.54%	-0.02%
Capital growth	1.54%	-0.19%	0.88%	0.09%	0.05%	-9.13%	-9.31%	-4.09%	0.21%	0.11%				0.00%	0.00%	-	-
Income distribution as % of Ex nav	11.94%	7.24%	7.24%	6.56%	5.69%				1.61%					0.36%	0.57%	-	-
Income distribution as % of Par nav	9.52%	6.13%	6.96%	6.57%	5.69%				1.62%					0.36%	0.57%	-	-
Distribution																	
Interim distribution per unit	9.5218	6.1340	6.9649	6.5739	5.6922												
Final distribution per unit									1.6178					0.3642	0.5747	-	-
Distribution Dates																	
Interim	29-Jun-20	29-Jun-20	29-Jun-20	29-Jun-20	29-Jun-20											-	-
Final									19-Jul-19					4-Jul-18	4-Jul-18	-	-
Average annual return of the fund (launch date May 26, 2015)																	
(Since inception to June 30, 2020)	-3.4%	-3.2%	1.5%	3.8%	2.9%												
(Since inception to June 30, 2019)						-10.58%	-7.91%	-2.31%	1.65%	0.59%							
(Since inception to June 30, 2018)											-11.87%	-6.50%	0.31%	0.37%	0.56%		
(Since inception to June 30, 2017)																-5.54%	-0.02%
(Since inception to June 30, 2016)																	
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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Website: www.nbpfunds.com

 /nbpfunds

NBP ISLAMIC MONEY MARKET 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. 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Summit Bank Limited
United 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.nbpffunds.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 of **NBP Islamic Money Market Fund (NIMMF)** for the year ended June 30, 2020.

Fund's Performance

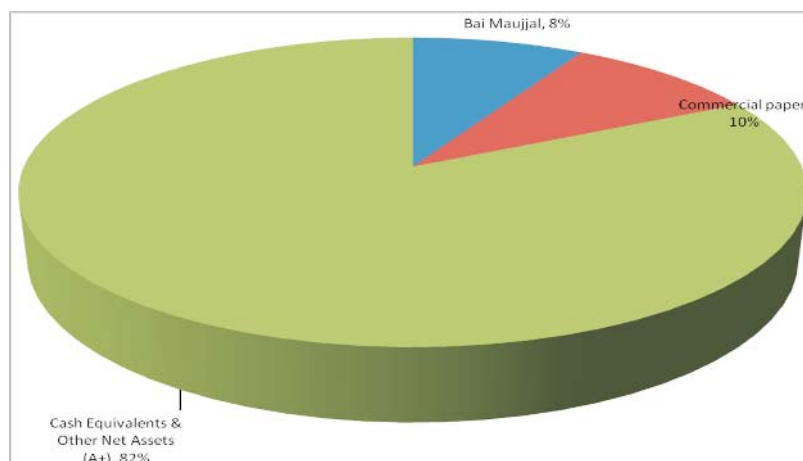
The size of NBP Islamic Money Market Fund has significantly increased from Rs. 750 million to Rs. 5,886 million during the period, i.e. an extraordinary increase of 684%. During the said period, the unit price of the Fund has increased from Rs. 8.9695 (Ex-Div) on June 30, 2019 to Rs. 10.0355 on June 30, 2020 thus posting a return of 11.8% as compared to its Benchmark return of 5.4% for the same period. The return of the Fund is net of management fee and all other expenses.

NIMMF is categorized as a Shariah Compliant Money Market Fund. The Fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days while also providing easy liquidity along with a high-quality credit profile.

During the period under review, the market witnessed a surge in issuance of short-term corporate sukuks and commercial papers to meet the increasing funding need for working capital and also to bridge the fixed capital investments. 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.

The Fund has earned a total income of Rs. 427.05 million during the year. After deducting total expenses of Rs. 45.55 million, the net income is Rs. 381.51 million.

The asset allocation of NBP Islamic Money Market 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 11.74% of the opening ex-NAV (11.77% 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, being eligible, offer themselves for re-appointment for the year ending June 30, 2020.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 26 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 23 to these financial statements.
13. The 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	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. 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

این بی پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی اسلامک منی مارکیٹ فنڈ (سابقہ: INAFA) اسلامک منی مارکیٹ فنڈ (NIMMF) کی دوسری سالانہ رپورٹ برائے پختہ سال 30 جون 2019 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

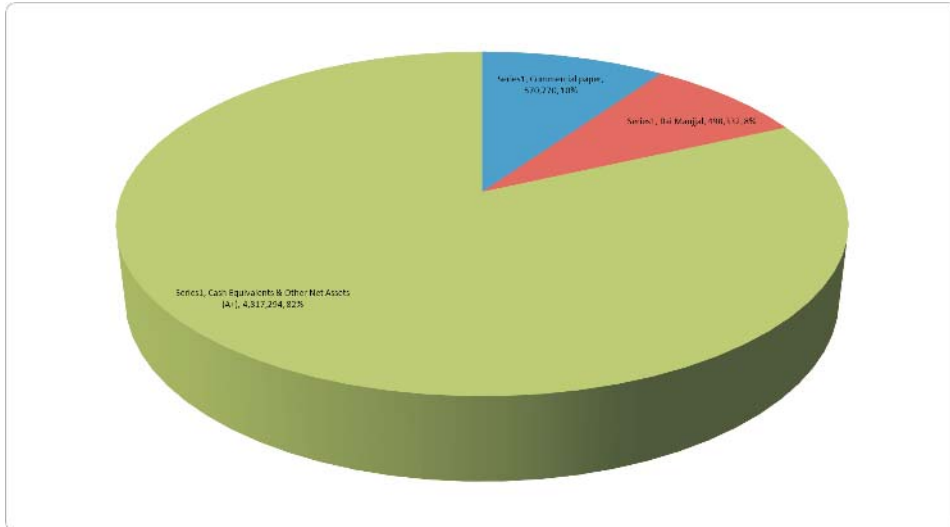
موجودہ مدت کے دوران این بی پی اسلامک منی مارکیٹ فنڈ (NIMMF) کا سائز 1,519 ملین روپے سے کم ہو کر 750 ملین روپے ہو گیا ہے یعنی %51 کی کمی ہوئی۔ زبرد جائزہ مدت کے دوران، فنڈ کے پونٹ کی قیمت 30 جون 2018 کو 9.2673 روپے (EX-Div) سے بڑھ کر 30 جون 2019 کو 10.0226 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک %3.4 کے مقابلے میں %8.2 منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIMMF کی درجہ بندی بطور شریعہ مکہلا سٹ منی مارکیٹ فنڈ کی گئی ہے۔ اس فنڈ کا مقصد اسلامی بینکوں / تجارتی بینکوں کی اسلامی وینڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں تو اتر سے بہتر منافع فراہم کرنا ہے۔ ریٹنگ کم از کم تقاضا AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد میچورٹی والی سیکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کی نپ تلی اوسط مدت 90 دن سے زائد نہیں ہو سکتی۔

مالی سال 2019 کے دوران، بیک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ ماہی پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور درپیش افراط زر کے دباؤ کو دور کرنے کے رجحان SBP نے پالیسی کی شرح %6.50 سے %12.25 تک بڑھادی۔ بجلی اور ایندھن کی قیمتوں میں اضافہ، کرنسی کی قدر کی کمی کے باعث درآمدی افراط زر اور SBP سے بلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پیکل کردہ افراط زر جون 2018 میں %5.2 سے بڑھ کر جون 2019 میں %8.9 ہو گیا۔ حکومت کی طرف سے ضرورت سے زائد قرضہ لینے، اشیائے خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، پوٹی لیٹیور کے نرخوں میں متوقع اضافی ایڈجسٹمنٹ، بینکوں کا بڑھتا اور کرنسی کی قدر میں کمی کے دوسرے دور جیسے اثرات کی وجہ سے افراط زر میں اضافہ متوقع ہے۔

فنڈ نے موجودہ مدت کے دوران 114.04 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 20.25 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 93.79 ملین روپے ہے۔

30 جون 2019 کو NIMMF کی ایسٹ ایلوکیشن حسب ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کے %7.702 (بنیادی قدر کا %7.702) عبوری نقد پوڈیٹڈ منظور کیا ہے۔



یکسیشن

درج بالا نقد منافع سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین میں سے 90% ہے، اس لئے فنڈ پر ایک ٹیکس آرڈیننس 2001 کے سیکشن 11 کی شق 99 کے تحت ٹیکس لاکھ نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، مہسوز Deloitte یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2020 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرر کے لئے پیش کرتے ہیں۔

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

1. منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شمار یا تو 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 دواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو بھی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈوں اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 23 میں کی گئی ہے۔
11. یونٹ ہولڈنگ کا تقصیلی پیرین مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، ہی ای او ای ایف او، کمپنی بیکریٹری 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 20 میں ظاہر کی گئی ہے۔
13. منجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی جو صلا افزائی کرتی ہے۔ منجمنٹ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

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

نام	کیپنگری
جناب کمال عامر چنائے	•1
جناب شہر یار فاروق	•2
جناب ہمایوں بشیر	•3
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	
شیخ محمد عبدالواحد سیدھی (چیئرمین)	•1
جناب ناصر حسین	•2
جناب عبدالہادی پالیگر	•3
جناب علی سیگل	•4
جناب عمران ظفر	•5



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے میٹجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اسٹیٹمنٹ کمپنیشن 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 ڈرلانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ میٹجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ:

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 Money Market 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 Money Market Fund

NBP Islamic Money Market Fund (NIMMF) is an Open-End Shariah Compliant Money Market Fund.

Investment Objective of the Fund

To provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

Benchmark

Three months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

Fund Performance Review

This is the Third Annual report since the launch of the Fund on February 28, 2018. The Fund size increased extraordinarily by 684% during the year and stands at Rs. 5,886 million as of June 30, 2020. Since its inception, the Fund has earned an annualized return of 9.2% versus the benchmark return of 4.1%, thus registering an outperformance of 5.1% p.a. During FY20, the Fund posted an 11.8% return versus the benchmark return of 5.4%, thus registering an outperformance of 6.4% p.a. This outperformance is net of management fee and other expenses.

NIMMF is an Islamic Money Market Scheme with no direct or indirect exposure to the stock market. The Fund aims to consistently provide a better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. The minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months of maturity. The weighted average time to maturity of the Fund cannot exceed 90 days while also providing easy liquidity along with a high-quality credit profile.

During the period under review, the market witnessed a surge in issuance of short-term corporate sukuks and commercial papers to meet the increasing funding need for working capital and also to bridge the fixed capital investments. 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.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Placements with Banks & DFIs	27.71%	-
Commercial Paper	9.70%	-
Cash, Bank Placements & Other Assets	62.59%	100%
Total	100%	100%



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	11.77%	11.1993	10.0226

Unit Holding Pattern of NBP Islamic Money Market Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
1-1000	404
1001-5000	116
5001-10000	54
10001-50000	236
50001-100000	150
100001-500000	307
500001-1000000	64
1000001-5000000	70
5000001-10000000	11
10000001-100000000	9
Total	1,421

During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Money Market 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. 10.20Million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Re. 0.0174/.2%. For details, investors are advised to read note 17 of the Financial Statement of the Scheme for the year ended June 30, 2020.



STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Money Market 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 SHARI'AH SUPERVISORY BOARD

August 31, 2020/ Muharram 11, 1442

Alhamdulillah, the period from July 01, 2019 to June 30, 2020 was the Third year of the operations of NBP Islamic Money Market Fund (NIMMF). 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 NIMMF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIMMF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.

On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NIMMF for the year ended June 30, 2020 are not in compliance with the 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 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 Money Market Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NBP Islamic Money Market 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 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 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	We performed the following procedures during our audit of investments:
	<p>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.</p> <p>The Fund's primary activity is, inter alia, to invest in Shariah Complaint Money market instrument (Islamic Commercial Paper, Bai Maujjal) and term deposits receipts which are the main driver of the Fund's performance.</p> <p>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.</p>	<ul style="list-style-type: none"> obtained understanding of relevant controls placed by the Management Company applicable to the balance; independently verified existence of investments from Central Depository Company (CDC), bank account statements and other relevant documents; 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.



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

		2020	2019
	Note	----- Rupees in '000 -----	
ASSETS			
Bank balances	5	3,742,608	747,089
Investments	6	2,202,102	-
Preliminary and floatation costs	7	581	802
Deposits, prepayment and other receivable	8	263	198
Profit accrued	9	27,032	8,878
Receivable against transfer of units	10	63,982	-
Total assets		6,036,568	756,967
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	11	10,709	2,233
Payable to Central Depository Company of Pakistan Limited - Trustee	12	298	107
Payable to the Securities and Exchange Commission of Pakistan	13	693	928
Payable against redemption of units		109,581	-
Accrued expenses and other liabilities	14	28,891	3,206
Total liabilities		150,172	6,474
NET ASSETS		5,886,396	750,493
UNIT HOLDERS' FUND (as per statement attached)		5,886,396	750,493
Contingencies and commitments	15		
		----- Number of units -----	
Number of units in issue	21	586,559,970	74,880,236
		----- Rupees in '000 -----	
Net asset value per unit	22	10.0355	10.0226

The annexed notes from 1 to 33 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 / profit on:			
- bank balances		310,873	114,044
- term deposit receipts		30,564	-
- sukuk		41,857	-
- commercial papers		41,891	-
- bai muajjal		1,973	-
Loss on sale of investments		(103)	-
Total income		427,055	114,044
EXPENSES			
Remuneration of NBP Asset Management Limited - Management Company	11.1	4,188	11,485
Sindh Sales Tax on remuneration of the Management Company	11.2	544	1,493
Reimbursement of operational expenses to the Management Company		3,466	1,238
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	12.1	2,253	1,575
Sindh Sales Tax on remuneration of the Trustee	12.2	293	205
Selling and marketing expense - Management Company	11.4	24,106	-
Annual fee to the Securities and Exchange Commission of Pakistan		693	928
Settlement and bank charges		423	127
Auditors' remuneration	16	516	539
Shariah advisor fee		507	224
Preliminary and floatation cost		221	224
Fund rating fee		212	192
Legal and professional charges		113	68
Annual listing fee		28	27
Printing charges		175	15
Brokerage expense		25	-
Total expenses		37,763	18,340
Net income from operating activities		389,292	95,704
Provision for Sindh Workers' Welfare Fund	17	(7,786)	(1,914)
Net income for the year before taxation		381,506	93,790
Taxation	18	-	-
Net income for the year after taxation		381,506	93,790
Earnings per unit	19		
Allocation of net income for the year			
Net income for the year after taxation		381,506	93,790
Income already paid on units redeemed		(311,621)	(28,272)
		69,885	65,518
Accounting income available for distribution:			
- Relating to capital gain		-	-
- Excluding capital gain		69,885	65,518
		69,885	65,518

The annexed notes from 1 to 33 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees in '000 -----	
Net income for the year after taxation	381,506	93,790
Total comprehensive income for the year	381,506	93,790

The annexed notes from 1 to 33 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

Note	2020	2019
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	381,506	93,790
Adjustments:		
- return / mark-up on bank balances	(310,873)	(114,044)
- return / mark-up on investments	(116,285)	-
- loss on sale of investments	103	-
- amortization of preliminary expenses and floatation costs	221	224
- provision for Sindh Workers' Welfare Fund	7,786	1,914
	(419,048)	(111,906)
	(37,542)	(18,116)
(Increase) / decrease in assets		
Investments	(1,069,205)	-
Deposits, prepayment and other receivable	(65)	4
	(1,069,270)	4
Increase / (decrease) in liabilities		
Payable to the Management Company	8,476	(994)
Payable to the Trustee	191	(104)
Payable to the Securities and Exchange Commission of Pakistan	(235)	514
Accrued expenses and other liabilities	17,899	75
	26,331	(509)
Return on bank balances received	298,342	114,231
Return on term deposit receipts	26,914	-
Return on commercial papers	41,891	-
Return on sukuk	41,857	-
	(671,477)	95,610
Net cash (used in) / generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	18,196,531	1,042,609
Amounts paid on redemption of units	(13,333,704)	(1,820,723)
Distribution paid	(62,831)	(83,837)
	4,799,996	(861,951)
Net cash generated from / (used in) financing activities		
Net increase / decrease in cash and cash equivalents during the year	4,128,519	(766,341)
Cash and cash equivalents at the beginning of the year	747,089	1,513,430
Cash and cash equivalents at the end of the year	5.3 4,875,608	747,089

The annexed notes from 1 to 33 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 NBP Islamic Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited [formally; NBP Fullerton Asset Management Limited] as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on January 09, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 07, 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by 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 classified as sharia compliant "money market" 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 of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

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

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan limited (CDC) as trustee of the Fund.

Impact of COVID - 19

- 1.2 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 during the period from March 20, 2020 to end of May 2020 (which was lock-down period) for the same reasons. However, with the gradual opening up of the local & export Industry, economic activity in the Country is on the uptick, especially from the month of June, 2020. Pakistan Stock Exchange, however, remained open and functional during the lock down period. Activities of the Fund were operational during the aforementioned period as staff of Management Company were working online sitting remotely. Pakistan Stock Exchange showed a mix performance during lock down period with some dips and recoveries during the lock down period, starting from March 20, 2020 to May 09, 2020. NAV per unit of the Fund during this period was Rs. 10.9413 to Rs. 11.0966.

The Management Company is of the view that COVID-19 pandemic has not materially affected the financial performance of the Fund as the activities of the Fund remained continued during the lock down period and the financial markets in the country remained operational during such time.

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:



Amendments

Effective date (accounting periods beginning on or after)

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

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

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.

Amendments

Effective date (accounting periods 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 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 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

Effective date (accounting periods beginning on or after)

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business January 01, 2022

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

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 ("FVOCI") and
- Fair value through profit or loss ("FVTPL").



Financial asset at amortised cost

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

- 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 FVOCI

A financial asset is measured at FVOCI 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.

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

Financial asset at FVTPL

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

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

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

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

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, 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, 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.

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 and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that 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.
- Markup / return on government securities, sukuk certificates, bank balances and term deposits are recognized on a time proportion basis using the effective interest method.

4.8 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 (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.

4.9 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 Expenses

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

4.11 Preliminary expenses and floatation costs

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

4.12 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 ----- Rupees in '000 -----
5 BANK BALANCES			
Current accounts	5.1	11,329	2,125
Savings accounts	5.2	3,731,279	744,964
		<u>3,742,608</u>	<u>747,089</u>
5.1	These include bank balances of Rs. 0.198 million (2019: Nil) maintained with Bank Islami Pakistan (related party).		
5.2	These savings accounts carry profit at rates ranging from 2.50% to 14.50% per annum (June 30, 2019: 2.50% to 13.85% per annum).		
5.3 CASH AND CASH EQUIVALENT			
Current accounts		11,329	2,125
Saving accounts		3,731,279	744,964
Term deposit receipts		1,133,000	-
		<u>4,875,608</u>	<u>747,089</u>
6 INVESTMENTS			
At fair value through profit or loss			
Commercial papers	6.1	570,770	-
Term deposit receipts	6.2	1,133,000	-
Bai muajjal	6.3	498,332	-
		<u>2,202,102</u>	<u>-</u>
6.1	This represents two Commercial Papers from K-Electric purchased on February 14, 2020 and on September 10, 2020, having face values of Rs. 35 million and Rs. 550 million, each carries a profit at the rate of 14.64% and 13.64%. These commercial papers will mature on August 14, 2020 and On March 10, 2020 respectively.		
6.2	These represents short term deposits having original maturity period of one months. These carry mark-up rate of 7.35% per annum.		
6.3	This represents the sales of K-Electric Commercial Papers as bai Mujjal to Pak Brunie Invesment Comapny Limited on June 10, 2020 (having face value of Rs. 300 million). and on june 11, 2020, (having face value of Rs. 113 million). These carries profit at the rate of 7.60% and both will mature on September 10, 2020.		
	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
7 PRELIMINARY AND FLOATATION COSTS			
Preliminary expenses and floatation costs incurred	7.1	802	1,026
Less: amortisation during the period		(221)	(224)
Closing balance		<u>581</u>	<u>802</u>
7.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from March 01, 2018 as per the requirements set out in the Trust Deed of the Fund.		



	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
8 DEPOSITS, PREPAYMENT AND OTHER RECEIVABLE			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Mutual fund rating fee		93	98
Advanced tax		70	-
		263	198

9 PROFIT ACCRUED			
Profit accrued on:			
- bank balances		21,409	8,878
- bai muajjal		1,973	-
- term deposit receipts		3,650	-
		27,032	8,878

10 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.

	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
11 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	11.1	406	317
Sindh Sales Tax on remuneration of the Management Company	11.2	53	41
Sales load		1,978	78
Sindh Sales Tax on sales load	11.2	257	10
Operational charges	11.3	981	536
Selling and marketing expense	11.4	6,883	-
Other payable		151	1,251
		10,709	2,233

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

The Management Company has charged management remuneration at the rate of 1% per annum (determined on a daily basis) until April 22, 2019. Thereafter from April 23, 2019, the Management Company has charged management remuneration at the rate of 0.5% per annum (determined on a daily basis) and then revised it again on July 12, 2020 to 1%. The fee is payable to the Management Company on a monthly basis in arrears.

11.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% on remuneration of the Management Company through 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.



- 11.4** 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, 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.

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.

	Note	2020 ----- Rupees in '000 -----	2019 -----
12	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration of the Trustee	12.1 264	95
	Sindh Sales Tax on remuneration of the Trustee	12.2 34	12
		298	107

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

During the year, Trustee has revised its fee from below mentioned table to 0.065% per annum of net assets.

Tariff structure applicable to the Fund for last year is as follows:

Net asset value	Tariff per annum
Upto Rs. 1 Billion	0.15% per annum of net asset value.
1 Billion Upto 10 Billion	Rs. 1.5 million plus 0.075% per annum of net asset value exceeding Rs. 1 Billion.
Over 10 Billion	Rs. 8.25 million plus 0.06% per annum of net asset value exceeding Rs. 10 Billion.

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

13 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 13.1** Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "shariah compliant money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.



	Note	2020	2019
----- Rupees in '000 -----			
14 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		514	392
Provision for Sindh Workers' Welfare Fund	17	10,203	2,417
Withholding tax		6,930	92
Capital gain tax		10,412	17
Legal and professional charges		104	12
Bank charges		32	12
Printing charges		108	10
Payable to Broker		25	-
Settlement Charges		15	4
Shariah advisor fee		520	222
Others		28	28
		28,891	3,206

15 CONTINGENCIES AND COMMITMENTS

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

	2020	2019
-----Rupees in '000-----		
16 AUDITORS' REMUNERATION		
Annual audit fee	315	300
Review Fee	126	120
Out of pocket expenses and sales tax	75	119
	516	539

17 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

As at June 30, 2020, the provision in relation to SWWF amounted to Rs. 10.203 million (2019: 2.417 million). Had the provision not being made, the Net Asset Value per unit as at June 30, 2020 would have been higher by Rs. 0.0174 (2019: Rs. 0.0323) per unit.



18 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety % of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund 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.

19 EARNINGS PER UNIT

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

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset value for the year) is 1.31% per annum including 0.37% representing government levies on Collective Investment Schemes such as sales tax and Securities and Exchange Commission of Pakistan fee for the year.

	2020	2019
	----- Number of Units -----	
21 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	74,880,236	149,594,218
Add: units issued during the year	1,774,087,279	104,401,421
Less: units redeemed during the year	(1,262,407,545)	(179,115,403)
Total units in issue at the end of the year	586,559,970	74,880,236

21.1 These units includes 2,771,617 allocated units which are issued subsequently to unitholders

22 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.

23 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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

23.2 The transactions with connected persons and related parties are carried at agreed terms.

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

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



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

23.5 Details of transactions with connected persons are as follows:

NBP FUND Management Company

Remuneration of the Management Company	4,188	11,485
Sindh Sales Tax on Management Company's remuneration	544	1,493
Operational expenses	3,466	1,238
Selling and marketing expense - Management Company	24,106	-
Sales load paid to the Management Company	2,612	69

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	2,253	1,575
Sindh Sales Tax on Remuneration of the Trustee	293	205
CDS charges	7	7

Employees of the Management Company

Dividend re-invest units issued 63,171 units (2019: Nil)	633	-
Units issued / transferred in: 32,288,739 units (2019: 388,826 unit)	338,770	3,907
Units redeemed / transferred out: 25,397,759 units (2019: 388,282 unit)	270,991	3,908

CDC Trustee NAFA Islamic Capital Preservation Plan - I - (Common Management)

Units issued / transferred in: 13,301,995 (2019: 201,37,459,679) units	133,071	372,011
Unit redeemed / transferred out: 67,678,446 (2019: 117,630,431) units	705,795	1,200,611

Hub Power Company (Common Directorship with the Management Company)

Term finance certificate purchased	560,000	-
Term finance certificate income	41,857	-

CDC Trustee NBP Riba Free Savings Fund

Commercial Paper Buy	201,131	-
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CDC Trustee NBP Financial Sector Income Fund

Commercial Paper Buy	305,515	-
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Fauji Fertilizer Company Limited (Portfolio Managed by Management Company)

Units issued / transferred in: 37,525,416 (2019: Nil) units	380,000	-
Unit redeemed / transferred out: 37,525,416 (2019: Nil) units	384,335	-

Byco Petroleum Pakistan limited - Employee Provident Fund (portfolio managed by Management Company)

Units issued / transferred in: 6,314,777 (2019: Nil) units	65,494	-
Unit redeemed / transferred out: 2,276,411 (2019: Nil) units	25,494	-

Reckitt Benckiser Pakistan Limited - Workers Pension Fund (Portfolio managed by Management Company)

Units issued / transferred in 1,893,279 (2019: Nil) units	19,000	-
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Bosch Pharmaceuticals Private Limited - Employees Provident Fund (Portfolio managed by Management Company)

Dividend re-invest units issued 207,440 (2019: Nil) units	2,080	-
Units issued / transferred in: 10,475,942 (2019: Nil) units	105,000	-

Pakistan Stock Exchange (Common Directorship with the Management Company)

Annual listing fee paid	25	25
-------------------------	----	----



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

23.6 Amounts outstanding as at year end are as follows:

NBP FUND Management Limited		
Remuneration of the Management Company	406	317
Sindh Sales Tax payable on remuneration of the Management Company	53	41
Operational expenses	981	536
Sales load	1,978	78
Sindh Sales Tax and Federal Excise Duty on sales load	257	10
Other Payable	1,251	1,251
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	264	95
Sindh Sales tax Remuneration payable	34	12
CDC Charges	1	-
Security deposit	100	100
Employees of Management Company		
Investment held in the Fund: 718,454 Units (2019: 573 units)	7,210	6
CDC Trustee NAFA Islamic Capital Preservation Plan - I - (Common Management)		
Investment held in the Fund: 13,186,397 units (2019: 67,562,848 units)	132,332	677,155
Byco Petroleum Pakistan limited - Employee Provident Fund (Portfolio Managed by Management Company)		
Investment held in the Fund: 4,038,366 (2019: Nil) units	40,527	-
Reckitt Benckiser Pakistan Limited - Workers Pension Fund (Portfolio Managed by Management Company)		
Investment held in the Fund: 1,893,279 (2019: Nil) units	19,000	-
Bosch Pharmaceuticals Private Limited - Employees Provident Fund (Portfolio managed by Management)		
Investment held in the Fund: 10,683,382 (2019: Nil) units	107,213	-

24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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



24.1 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 Government Securities Liquid Fund
- NBP Government Securities Plan I
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Mahana Amdani Fund
- NBP Money Market Fund
- NBP Islamic Savings Fund
- NBP Mahana Amdani Fund
- NBP Riba Free Savings Fund
- NBP Savings Fund

25 PATTERN OF UNIT HOLDING

Category	As at June 30, 2020		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	Rupees in '000		
Individuals	1,356	3,283,102	55.77%
Insurance companies	5	202,654	3.44%
Non banking finance companies	3	342,722	5.82%
Retirement funds	27	559,626	9.50%
Public listed companies	1	165	0.00%
Others	29	1,498,128	25.45%
	1,421	5,886,396	100%

Category	As at June 30, 2019		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	(Rupees in '000)		
Individuals	410	68,725	9.16%
Non banking finance companies	1	677,155	90.23%
Retirement funds	2	2,204	0.29%
Public listed companies	1	150	0.02%
Others	11	2,259	0.30%
	425	750,493	100%



26 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	-	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	-	-

26.1 Mr. Saad ur Rahman Khan, Mr. Syed Hasan Irtiza Kazmi, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan were appointed as directors on Board, with effect from October 04, 2019.

26.2 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.

27 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020

	At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----			
Financial assets			
Bank balances	3,742,608	-	3,742,608
Investment	-	2,202,102	2,202,102
Mark-up accrued	27,032	-	27,032
Deposit	100	-	100
Receivable against transfer of units	63,982	-	63,982
	3,833,722	2,202,102	6,035,824

As at June 30, 2020

	At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----			
Financial liabilities			
Payable to the Management Company	10,709	-	10,709
Payable to Central Depository Company of Pakistan Limited - Trustee	298	-	298
Payable against redemption of units	109,581	-	109,581
Accrued expenses and other liabilities	1,346	-	1,346
Net assets attributable to redeemable units	5,886,396	-	5,886,396
	6,008,330	-	6,008,330



As at June 30, 2019			
	At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----			
Financial assets			
Balances with banks	747,089	-	747,089
Mark-up accrued	8,878	-	8,878
Deposits	100	-	100
	756,067	-	756,067
-----Rupees in '000-----			
As at June 30, 2019			
	At fair value through profit or loss	At Amortised cost	Total
-----Rupees in '000-----			
Financial liabilities			
Payable to the Management Company	-	2,233	2,233
Payable to Central Depository Company of Pakistan Limited - Trustee	-	107	107
Accrued expenses and other liabilities	-	680	680
Net assets attributable to redeemable units	-	750,493	750,493
	-	753,513	753,513

28 FINANCIAL RISK MANAGEMENT

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

28.1 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.

28.1.1 Currency risk

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

28.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate 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 exposing the Fund 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. 37.31 million (2019: 7.45 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

(b) Sensitivity analysis for fixed rate instruments

The Fund holds commercial paper, bai muajjal and term deposit receipts 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 for the year and net income for the year would have been higher by Rs. 0.569 million (2019: Rs. 0 million). In case of 100 basis points decrease in KIBOR on June 30, 2020, with all other variables held constant, the net assets of the Fund for the year and net income for the year would have been lower by Rs. 0.569 million (2019: Rs.0 million).

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

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

Balances with banks	2.5 - 14.50	3,742,608	3,731,279	-	-	11,329
Investment		2,202,102	2,202,102	-	-	-
Mark up accrued		27,032	-	-	-	27,032
Deposit		100	-	-	-	100
		5,971,842	5,933,381	-	-	38,461

Financial liabilities

Payable to the Management Company		10,709	-	-	-	10,709
Payable to the Trustee		298	-	-	-	298
Accrued expenses and other liabilities		1,346	-	-	-	1,346
Net assets attributable to redeemable units		5,886,396	-	-	-	5,886,396
		5,898,749	-	-	-	5,898,749

On-balance sheet gap		73,093	5,933,381	-	-	(5,860,288)
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Off-balance sheet financial instruments		-	-	-	-	-
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Off-balance sheet gap		-	-	-	-	-
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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						
Balances with banks	2.75 - 13.5	747,089	744,964	-	-	2,125
Profit receivable		8,878	-	-	-	8,878
Deposits		100	-	-	-	100
		<u>756,067</u>	<u>744,964</u>	-	-	<u>11,103</u>
Financial liabilities						
Payable to the Management Company		2,233	-	-	-	2,233
Payable to the Trustee		107	-	-	-	107
Accrued expenses and other liabilities		680	-	-	-	680
Net assets attributable to redeemable units		750,493	-	-	-	750,493
		<u>753,513</u>	-	-	-	<u>753,513</u>
On-balance sheet gap		<u>2,554</u>	<u>744,964</u>	-	-	<u>(742,410)</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

28.1.3 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. Presently, the Fund is not exposed to equity price risk as the Fund does not hold any equity securities as at June 30, 2020.

28.2 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 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:



23.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, its profit accrued thereon and investments in sukuk certificates, commercial papers, term deposit receipts and letters of placement. The credit rating profile of banks, sukuk certificates, commercial papers, term deposit receipts and letters of placement are as follows:

Bank balances by rating category	June 30, 2020	June 30, 2019
AAA	98.11%	99.20%
AA+	0.02%	0.50%
AA-	1.42%	0.10%
AA	0.42%	0.10%
Suspended	0.14%	0.10%

The maximum exposure to credit risk before any credit enhancement is as follows:

	June 30, 2020		June 30, 2019	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
Balances with banks	3,731,279	3,731,279	747,089	747,089
Mark-up accrued	27,032	27,032	8,878	8,878
Deposits	193	193	198	198
	3,758,504	3,758,504	1,503,056	1,503,056

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.

28.3 Liquidity risk

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

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 % 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.



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

----- 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	10,709	10,709	-	-
Payable to the Trustee	298	298	-	-
Accrued expenses and other liabilities	1,346	1,346	-	-
Net assets attributable to redeemable units	5,886,396	5,886,396	-	-
	5,898,749	5,898,749	-	-

----- 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	2,233	2,233	-	-
Payable to the Trustee	107	107	-	-
Accrued expenses and other liabilities	680	680	-	-
Net assets attributable to redeemable units	750,493	750,493	-	-
	753,513	753,513	-	-

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

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

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



	Note	Carrying Value			Fair Value			
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020								
----- Rupees in '000 -----								
Financial assets measured at fair value								
Commercial papers	6	570,770	-	570,770	-	570,770	-	570,770
Term deposit receipts	6	1,133,000	-	1,133,000	-	1,133,000	-	1,133,000
Bai Muajjal	6	498,332	-	498,332	-	498,332	-	498,332
		2,202,102	-	2,202,102	-	2,202,102	-	2,202,102
Financial assets not measured at fair value								
Bank balances	5	-	3,742,608	3,742,608	-	-	-	-
Mark-up accrued	9	-	27,032	27,032	-	-	-	-
Deposit and other receivable	8	-	193	193	-	-	-	-
Receivable against conversion of units		-	63,982	63,982	-	-	-	-
		-	3,833,815	3,833,815	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	10	-	10,709	10,709	-	-	-	-
Remuneration payable to the trustee	11	-	298	298	-	-	-	-
Accrued expenses and other liabilities	12	-	1,321	1,321	-	-	-	-
Net assets attributable to redeemable units		-	5,886,396	5,886,396	-	-	-	-
		-	5,898,724	5,898,724	-	-	-	-

	Note	Carrying Value			Fair Value			
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2019								
----- Rupees in '000 -----								
Financial assets measured at fair value								
-								
Financial assets not measured at fair value								
Bank balances	5	-	747,089	747,089	-	-	-	-
Mark-up accrued	9	-	8,878	8,878	-	-	-	-
Deposits and other receivables	8	-	100	100	-	-	-	-
		-	756,067	756,067	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	10	-	2,233	2,233	-	-	-	-
Remuneration payable to the trustee	11	-	107	107	-	-	-	-
Net assets attributable to redeemable units		-	750,493	750,493	-	-	-	-
		-	752,833	752,833	-	-	-	-

29.1 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.

30 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 25, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

31 INTERIM DISTRIBUTIONS MADE LAST YEAR

Distribution	Rate per unit	Declaration date	Cash distribution		
			Capital value	Undistributed income	Total
----- For the year ended June 30, 2019 -----					
----- Rupees in '000 -----					
For the month of January	0.4028	January 29, 2019	(20,376)	(28,975)	(49,351)
For the month of February	0.0677	February 27, 2019	(202)	(8,079)	(8,281)
For the month of March	0.0732	March 29, 2019	(14)	(7,752)	(7,766)
For the month of April	0.0699	April 26, 2019	(247)	(7,283)	(7,530)
For the month of May	0.0865	May 29, 2019	(98)	(6,525)	(6,623)
For the month of June	0.0701	June 24, 2019	(95)	(5,222)	(5,317)
			<u>(21,032)</u>	<u>(63,836)</u>	<u>(84,868)</u>

32 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**.

33 GENERAL

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

**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
Net assets at the year / period ended (Rs '000)	5,886,396	750,493	1,518,654
Net income for the year / period ended (Rs '000)	381,506	93,790	24,663
Net Asset Value per unit at the year / period ended (Rs)	10.0355	10.0226	10.1518
Offer Price per unit at year end	10.0922	10.0792	10.2092
Redemption Price per unit at year end	10.0355	10.0226	10.1518
Ex - Highest offer price per unit (Rs.)	10.0922	10.0792	10.2092
Ex - Lowest offer price per unit (Rs.)	8.9728	9.3269	10.0000
Ex - Highest redemption price per unit (Rs.)	10.0355	10.0226	10.1518
Ex - Lowest redemption price per unit (Rs.)	8.9728	9.2716	10.0000
Fiscal Year Opening Ex Nav	8.9695	10.0000	10.0000
Total return of the fund	11.85%	8.15%	1.52%
Capital growth	0.11%	0.45%	0.00%
Income distribution as a % of ex nav	11.74%	7.70%	1.52%
Income distribution as a % of par value	11.77%	7.70%	1.52%
Distribution			
Interim distribution per unit	1.1767	0.7702	-
Final distribution per unit	-	-	0.1518
Distribution Dates			
Interim	-	29-Jan-19	-
Interim	-	27-Feb-19	-
Interim	-	29-Mar-19	-
Interim	-	26-Apr-19	-
Interim	-	30-May-19	-
Interim	24-Jun-20	24-Jun-19	-
Final	-	-	4-Jul-18
Average annual return of the fund (launch date February 28, 2019)			
(Since inception to June 30, 2020)	9.20%	-	-
(Since inception to June 30, 2019)	-	7.25%	-
(Since inception to June 30, 2018)	-	-	4.50%
Portfolio Composition (Please see Fund Manager Report)			
Weighted average portfolio duration	24 Days	1 Days	1 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.

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Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds

NBP ISLAMIC MAHANA AMDANI 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Al Baraka Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Sindh Bank Limited
Summit 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

The Board of Directors of NBP Fund Management Limited is pleased to present the Second Annual Report of **NBP Islamic Mahana Amdani Fund (NIMAF)** for the year ended June 30, 2020.

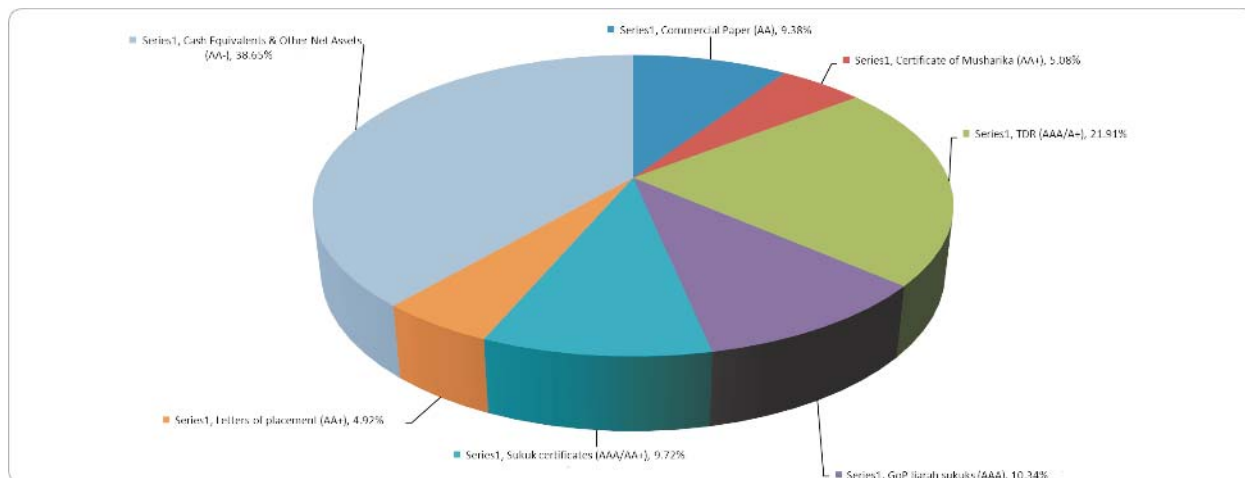
Fund's Performance

The size of NBP Islamic Mahana Amdani Fund has significantly increased from Rs. 8,556 million to Rs. 20,313 million during the period, i.e. a notable growth of 137%. During the said period, the unit price of the Fund has increased from Rs. 9.0143 (Ex-Div) on June 30, 2019 to Rs. 10.0403 on June 30, 2020 thus posting a return of 11.3% as compared to its Benchmark return of 6.3% for the same period. The return of the Fund is net of management fee and all other expenses.

NIMAF is categorized as a Shariah Compliant Income Fund. The Fund aims to provide monthly income to investors by investing in Shariah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY 2020 compared to Rs. 12 billion in FY 2019. 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 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 an aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time.

The Fund has earned a total income of Rs. 2,193.003 million during the year. After deducting total expenses of Rs. 259.778 million, the net income is Rs.1,933.225 million. The asset allocation of NIMAF as on June 30, 2020 is as follows:





Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 11.08% of the opening ex-NAV (11.11% 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 A.F. Ferguson & Co., Chartered Accountants, retire 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 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 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, 2019, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. 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 این بی پی اسلامک ماہانہ آمدنی فنڈ (NIMAF) کی دوسری سالانہ رپورٹ برائے نختہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

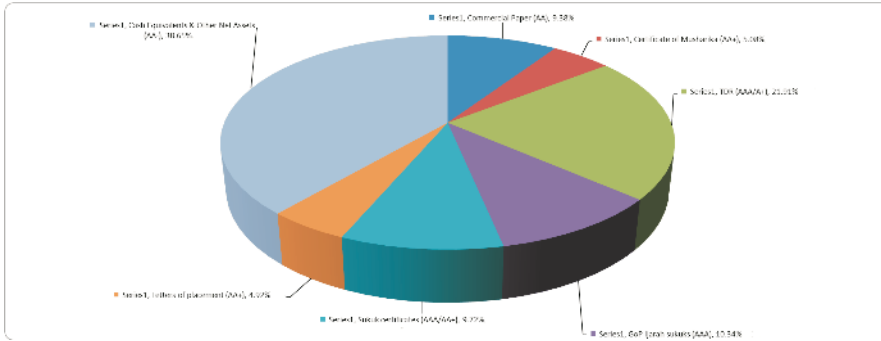
مدت کے دوران NBP اسلامک ماہانہ آمدنی فنڈ کا سائز 8,556 ملین روپے سے بڑھ کر 20,313 ملین روپے ہو گیا، یعنی قابل ذکر 137% کا اضافہ ہوا۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.0143 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 10.0403 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 6.3% کے مقابلے میں 11.3% منافع درج کیا۔ فنڈ کی یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIMAF شریعت کے مطابق انکم فنڈ کے طور پر درجہ بندی کیا جاتا ہے۔ فنڈ کا مقصد شریعتی مطابقت پذیر منی مارکیٹ اور قرض کی آمد میں سرمایہ کاری کر کے سرمایہ کاروں کو ماہانہ آمدنی فراہم کرنا ہے۔ کم از کم اہل درجہ بندی-A، جبکہ فنڈ اسلامی بینکوں، اسلامی شاخوں / روایتی بینکوں کی وند و آسان فراہمی کرنے کے ساتھ سرمایہ کاری کرنے کی اجازت دی جاتی ہے۔ فنڈ شریعت کے مطابق Money Market Instruments اور Debt Securities میں سرمایہ کاری کرنے کی اجازت دیتا ہے جو-A یا اس سے بہتر ہو۔ فنڈ ایکویٹیز میں سرمایہ کاری کرنے کا اختیار نہیں رکھتا۔ فنڈ کی اوسط مچھورتی گورنمنٹ سیکیورٹیز کے علاوہ 4 سال سے زائد نہیں ہے۔

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2019 میں 12 ملین روپے کے مقابلے میں تقریباً 27 ملین روپے کے مجموعی تجارتی قیمت کے ساتھ قابل ذکر 127% زیادہ رہی۔ نئے اجارہ سکوک کے ساتھ بجلی کے شعبے 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) پوٹی لیٹی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 سال 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 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۔

فنڈ نے موجودہ مدت کے دوران 2,193,003 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 259,778 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 1,933,225 ملین روپے ہے۔

30 جون 2020 کو این بی پی اسلامک ماہانہ آمدنی فنڈ کی ایٹ بلیویشن حسب ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 11.08% (بنیادی قدر کا 11.11%) عبوری فنڈ پوڈینڈ منظور کیا 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 شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2021 کو ختم ہونے والے سال میں دوبارہ تقرر کے لئے پیش کیا ہے۔

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

- 1 مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شمار یا تی 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 بیرونی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی روائ 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 ڈیناس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیز، 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 پونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 25 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	کمپنی
•1 جناب خالد منصور •2 جناب سعدا مان اللہ خان •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیرمین) •2 جناب سعدا رحمان خان •3 جناب سید حسن رضی 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 پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو

ڈائریکٹر

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 Mahana Amdani 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 Mahana Amdani Fund

NBP Islamic Mahana Amdani Fund (NIMAF) is an Open-End Shariah Compliant Income Fund.

Investment Objective of the Fund

To provide monthly income to investors by investing in Shariah Compliant money market and debt avenues.

Benchmark

6-month average deposit rates of three A rated Islamic Banks / Islamic windows of conventional banks as selected by MUFAP.

Fund Performance Review

This is the Second Annual report since the launch of the Fund on October 06, 2018. The Fund size increased significantly by 137% during the year and stands at Rs. 20,313 million as of June 30, 2020. Since its inception, the Fund has earned an annualized return of 10.7% versus the benchmark return of 5.4%, thus registering an outperformance of 5.3% p.a. This outperformance is net of management fee and other expenses.

NIMAF aims to provide monthly income to investors by investing in Shariah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches/windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY 2020 compared to Rs. 12 billion in FY 2019. 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 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 an aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Commercial Paper	9.38%	3.35%
Sukuks	9.72%	3.92%
GOP Ijarah Sukuks	10.34%	-
Term Deposit Receipts	21.91%	14.84%
Letter of Placement	4.92%	-
Certificate of Musharika	5.08%	
Cash Equivalents & Other Assets	38.65%	77.89%
Total	100%	100%



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
July - 19	0.968%	10.1189	10.0221
June - 20	10.14%	11.0360	10.0221

Unit Holding Pattern of NBP Islamic Mahana Amdani Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	411
1-1000	1,777
1001-5000	1,388
5001-10000	937
10001-50000	4,088
50001-100000	2,259
100001-500000	3,041
500001-1000000	360
1000001-5000000	189
5000001-10000000	11
10000001-100000000	12
Total	14,473

During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Mahana Amdani 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. 42.99 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.0213 / 0.24%. 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

NBP Islamic Mahana Amdani 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 SHARI'AH SUPERVISORY BOARD

August 31, 2020/ Muharram 11, 1442

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Second year of the operations of NBP Islamic Mahana Amdani Fund (NIMAF). 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 NIMAF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIMAF 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 causes us to believe that all the operations of NIMAF 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 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 Mahana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Mahana Amdani 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 notes 4 and 5 to the annexed financial statements)	
	<p>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. 8,080.669 million and Rs. 12,462.361 million respectively.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> 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. re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies. obtained approval of the Board of Directors of the Management Company in relation to opening of bank accounts. 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
Karachi
Date: September 29, 2020



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	2020	2019
Note	-----Rupees in '000-----	
Assets		
Bank balances	4 8,080,669	6,633,350
Investments	5 12,462,361	1,891,327
Profit receivable	6 157,230	62,027
Deposits, prepayments and other receivables	7 2,979	2,836
Receivable against sale of units	47,125	-
Preliminary expenses and floatation costs	8 656	857
Total assets	20,751,020	8,590,397
Liabilities		
Payable to NBP Fund Management Limited - the Management Company	9 60,796	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	10 1,568	608
Payable to the Securities and Exchange Commission of Pakistan	11 3,788	1,259
Payable against redemption of units	121,571	1,556
Accrued expenses and other liabilities	12 250,023	12,202
Total liabilities	437,746	34,625
NET ASSETS	20,313,274	8,555,772
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	20,313,274	8,555,772
CONTINGENCIES AND COMMITMENTS	13	
	-----Number of units-----	
NUMBER OF UNITS IN ISSUE	14 2,023,181,378	853,643,044
	-----Rupees-----	
NET ASSET VALUE PER UNIT	10.0403	10.0227

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

	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
Note	----- Rupees in '000 -----	
Income		
Profit on savings accounts	1,701,765	165,466
Income on term deposit receipts	245,340	11,878
Income on sukuk certificates	64,207	10,070
Income on commercial papers	223,947	11,751
Income on letters of placement	4,518	-
Income on certificates of musharakah	48,184	-
Loss on sale of investments - net	(58,444)	-
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.7 (36,515)	-
Total income	2,193,002	199,165
Expenses		
Remuneration of NBP Fund Management Limited - the Management Company	9.1 40,012	13,473
Sindh Sales Tax on remuneration of the Management Company	9.2 5,202	1,752
Allocated expenses	9.3 18,940	1,679
Selling and marketing expenses	9.4 130,703	-
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1 14,205	1,819
Sindh Sales Tax on remuneration of the Trustee	10.2 1,847	236
Annual fees to the Securities and Exchange Commission of Pakistan	11.1 3,788	1,259
Amortisation of preliminary expenses and floatation costs	8 201	147
Settlement and bank charges	1,651	527
Auditors' remuneration	15 660	496
Annual rating fee	169	100
Shariah advisory fee	2,776	307
Listing fee	28	20
Printing charges	101	31
Legal and professional charges	40	70
Total operating expenses	220,323	21,916
Net income from operating activities	1,972,679	177,249
Provision against Sindh Workers' Welfare Fund	12.1 (39,454)	(3,545)
Net profit for the year / period before taxation	1,933,225	173,704
Taxation	17 -	-
Net profit for the year / period after taxation	1,933,225	173,704
Earnings per unit	18	
Allocation of net income for the year / period		
Net income for the year / period after taxation	1,933,225	173,704
Income already paid on units redeemed	(1,023,678)	(23,116)
	909,547	150,588
Accounting income available for distribution		
- Relating to capital gains	-	-
- Excluding capital gains	909,547	150,588
	909,547	150,588

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 30 JUNE 2020

	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
	----- Rupees in '000 -----	
Net profit for the year / period after taxation	1,933,225	173,704
Other comprehensive income for the period	-	-
Total comprehensive income for the year / period	<u>1,933,225</u>	<u>173,704</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 30 JUNE 2020

	For the year ended June 30, 2020			For the period from October 07, 2018 to June 30, 2019		
	Capital value	Undistributed profit	Total	Capital value	Undistributed profit	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year / period	8,538,068	17,704	8,555,772	-	-	-
Issuance of 6,213,551,382 units (2019: 1,319,194,788 units)						
- Capital value (at ex-net asset value per unit)	62,272,833	-	62,272,833	13,191,956	-	13,191,956
- Element of income	3,188,935	-	3,188,935	38,313	-	38,313
Total proceeds on issuance of units	65,461,768	-	65,461,768	13,230,269	-	13,230,269
Redemption of 5,044,013,048 units (2019: 465,551,744 units)						
- Capital value (at ex-net asset value per unit)	(50,551,603)	-	(50,551,603)	(4,655,611)	-	(4,655,611)
- Element of loss	(2,151,798)	(1,023,678)	(3,175,476)	(5,902)	(23,116)	(29,018)
Total payments on redemption of units	(52,703,401)	(1,023,678)	(53,727,079)	(4,661,513)	(23,116)	(4,684,629)
Total comprehensive income for the year / period	-	1,933,225	1,933,225	-	173,704	173,704
Distribution for the year ended June 30, 2020						
@ Re. 0.0968 per unit on July 30, 2019	(13,911)	(58,470)	(72,381)	-	-	-
@ Re. 1.0139 per unit on June 26, 2020	(1,024,163)	(813,349)	(1,837,512)	-	-	-
	(1,038,074)	(871,819)	(1,909,893)	-	-	-
Cash distribution for the period from October 07, 2018 to June 30, 2019						
- @ Re. 0.0464 per unit (date of declaration: October 29, 2018)	-	-	-	(110)	(547)	(657)
- @ Re. 0.0627 per unit (date of declaration: on November 28, 2018)	-	-	-	(121)	(891)	(1,012)
- @ Re. 0.0727 per unit (date of declaration: on December 28, 2018)	-	-	-	(576)	(1,367)	(1,943)
- @ Re. 0.0789 per unit (date of declaration: on January 28, 2019)	-	-	-	(2,843)	(3,259)	(6,102)
- @ Re. 0.0756 per unit (date of declaration: on February 26, 2019)	-	-	-	(3,705)	(8,856)	(12,561)
- @ Re. 0.0792 per unit (date of declaration: on March 28, 2019)	-	-	-	(5,479)	(17,548)	(23,027)
- @ Re. 0.0822 per unit (date of declaration: on April 27, 2019)	-	-	-	(5,010)	(26,910)	(31,920)
- @ Re. 0.0864 per unit (date of declaration: on May 28, 2019)	-	-	-	(5,414)	(33,858)	(39,272)
- @ Re. 0.0830 per unit (date of declaration: on June 24, 2019)	-	-	-	(7,430)	(39,648)	(47,078)
- @ Re. 0.0006 per unit (declared on July 19, 2019)	-	(519)	(519)	-	-	-
	-	(519)	(519)	(30,688)	(132,884)	(163,572)
Net assets at the end of the year / period	20,258,361	54,913	20,313,274	8,538,068	17,704	8,555,772
Undistributed income brought forward						
- Realised income		17,704			-	
- Unrealised income		-			-	
		17,704			-	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		909,547			150,588	
		909,547			150,588	
Total distribution during the year / period		(872,338)			(132,884)	
Undistributed income carried forward		54,913			17,704	
Undistributed income carried forward						
- Realised income		91,428			17,704	
- Unrealised loss		(36,515)			-	
		54,913			17,704	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the period			10.0227			10.0000
Net assets value per unit at the end of the year / period			10.0403			10.0227

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 30 JUNE 2020

	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
	Note ----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year / period before taxation	1,933,225	173,704
Adjustments for:		
Profit on savings accounts	(1,701,765)	(165,466)
Income on term deposit receipts	(245,340)	(11,878)
Income on sukuk certificates	(64,207)	(10,070)
Income on commercial papers	(223,947)	(11,751)
Income on letters of placement	(4,518)	-
Income on certificates of musharakah	(48,184)	-
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	36,515	-
Amortisation of preliminary expenses and floatation costs	201	147
	8 (2,251,245)	(199,018)
Increase in assets		
Investments	(6,395,776)	(621,327)
Preliminary and floatation costs	-	(1,004)
Deposits, prepayments and other receivables	(143)	(2,836)
	(6,395,919)	(625,167)
Increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company	41,796	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	960	608
Payable to the Securities and Exchange Commission of Pakistan	2,529	1,259
Accrued expenses and other liabilities	237,821	13,758
	283,106	34,625
Profit received	2,192,758	137,138
Net cash (used in) operating activities	(4,238,075)	(478,718)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units - net of refund of element	64,376,569	13,199,581
Net payments against redemption of units	(53,607,064)	(4,684,629)
Distribution paid	(872,338)	(132,884)
Net cash generated from financing activities	9,897,167	8,382,068
Net decrease in cash and cash equivalents	5,659,092	7,903,350
Cash and cash equivalents at the beginning of the year / period	7,903,350	-
Cash and cash equivalents at the end of the year / period	20 13,562,442	7,903,350

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 30 JUNE 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Mahana Amdani Fund (the Fund) is an open end mutual fund constituted under a trust deed entered into on October 09, 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 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 Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Shariah compliant income 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 were being offered for public subscription on a continuous basis from October 07, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant money market and debt securities.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 to the Management Company as at June 24, 2020. The Fund has been rated A(f) with stable outlook as at April 17, 2020.

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 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 VIII A 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 VIII A 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 VIII A 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 annual 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 published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Standard, amendments and interpretations	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 01, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 01, 2020

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

2.3.1 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 financial statements in conformity with the published 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 SWWF (note 12.1) and provision for taxation (notes 3.13 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 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 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.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

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 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

3.3.5 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.

3.3.6 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 expires. 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 year in which these arise.
- Profit on bank balances , term deposit receipts, certificates of musharakah and letters of placement is recognised on an accrual basis.
- Income from investments in sukuks and commercial papers is recognised on an accrual basis using effective interest rate method.

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 Taxation

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

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.

3.14 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 18.

3.15 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.

3.16 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.

4 BANK BALANCES

	Note	2020	2019
----- Rupees in '000 -----			
Balances with banks in:			
Savings accounts	4.1	8,030,575	6,616,900
Current accounts		50,094	16,450
		8,080,669	6,633,350

- 4.1 These include a balance of Rs 7.567 million (2019: Rs 831 million) maintained with BankIslami Pakistan Limited (a related party) and balances of 7.722 million (2019: Rs 1.063 million) with National Bank of Pakistan Limited (a related party) that carry profit at the rate of 7.25% (2019: 13.50%) per annum and 4.50% (2019: 8%) per annum respectively. Other savings accounts of the Fund carry profit rates ranging from 4.50% to 8.75% per annum (2019: 13% to 13.85%).



5 INVESTMENTS

	Note	2020	2019
----- Rupees in '000 -----			
At fair value through profit or loss			
GoP Ijarah sukuku	5.1	2,099,535	-
Sukuk certificates	5.2	1,975,000	335,000
Letters of placement	5.3	1,000,344	-
Commercial paper	5.4	1,905,709	286,327
Term deposit receipts	5.5	4,450,000	1,270,000
Certificates of musharakah	5.6	1,031,773	-
		<u>12,462,361</u>	<u>1,891,327</u>

5.1 GoP Ijarah sukuku

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
											Number of certificates	(Rupees in '000)
											----- % -----	----- % -----
GoP Ijarah Sukuk Certificates - XX	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	-	46,715	33,340	13,375	1,337,500	1,297,375	(40,125)	6.39%	10.41%
GoP Ijarah Sukuk Certificates - XXI	Semi-annually	May 25, 2025	Weighted average 6 months T-Bills	-	11,625	3,625	8,000	798,550	802,160	3,610	3.95%	6.44%
Total as at June 30, 2020								<u>2,136,050</u>	<u>2,099,535</u>	<u>(36,515)</u>	<u>10.34%</u>	<u>16.85%</u>
Total as at June 30, 2019								-	-	-	-	-

5.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

5.2 Sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
											Number of certificates	(Rupees in '000)
											----- % -----	----- % -----
POWER GENERATION AND DISTRIBUTION												
Hub Power Company Limited (AA+, PACRA, traded) (related party) (Face value of 100,000 per certificate)	Semi-annually	October 2, 2019	6 months KIBOR plus base rate of 1.50%	3,350	-	3,350	-	-	-	-	-	-
Hub Power Company Limited (AA+, PACRA, traded) (related party) (Face value of 100,000 per certificate)	Semi-annually	November 19, 2020	6 months KIBOR plus base rate of 1.50%	-	6,750	-	6,750	675,000	675,000	-	3.32%	5.42%
Pakistan Energy Sukuk-II (Face value of 5,000 per certificate)	Semi-annually / At maturity	May 21, 2030	6 months KIBOR plus base rate of 0.10%	-	260,000	-	260,000	1,300,000	1,300,000	-	6.40%	10.43%
Total as at June 30, 2020								<u>1,975,000</u>	<u>1,975,000</u>	<u>-</u>	<u>9.72%</u>	<u>15.85%</u>
Total as at June 30, 2019								<u>335,000</u>	<u>335,000</u>	<u>-</u>	<u>3.92%</u>	<u>17.71%</u>

5.2.1 Sukuk certificates of Power Holding Limited (Pakistan Energy Sukuk II) are carried at their cost as they are not valued by MUFAP / at PKISRV.



5.3 Letters of placement

Name of Investee Company	Amount placed (Rupees in '000)			Rupees in '000		Market value as a percentage of total investments	Market value as a percentage of net assets	
	As at July 01, 2019	Placed during the year	Matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020			Market value as at June 30, 2020
Pak Brunei Investment Company Limited	-	1,000,344	-	1,000,344	1,000,344	1,000,344	8.03%	4.92%
Total as at June 30, 2020					1,000,344	1,000,344	8.03%	4.92%
Total as at June 30, 2019					-	-	-	-

----- Percentage -----

5.3.1 This carries profit at the rate of 7.85% per annum and is due to mature by December 9, 2020.

5.4 Commercial paper

Name of Investee Company	Face value (Rupees in '000)			Rupees in '000		Market value as a percentage of total investments	Market value as a percentage of net assets	
	As at July 1, 2019	Purchased during the year	Disposed of / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020			Market value as at June 30, 2020
Hascol Petroleum Limited CP-A (A-1, VIS)	61,000	-	61,000	-	-	-	-	
K-Electric Limited CP-1 (A-1+, VIS)	230,000	-	230,000	-	-	-	-	
K-Electric Limited CP-A (A-1+, VIS)	-	1,125,000	1,125,000	-	-	-	-	
K-Electric Limited CP-3 (A-1+, VIS)	-	1,175,000	1,175,000	-	-	-	-	
K-Electric Limited CP-5 (A-1+, VIS)	-	432,000	-	432,000	424,895	424,895	3.41%	2.09%
K-Electric Limited CP-6 (A-1+, VIS)	-	644,000	-	644,000	630,519	630,519	5.06%	3.10%
K-Electric Limited CP-7 (A-1+, VIS)	-	350,000	-	350,000	341,311	341,311	2.74%	1.68%
K-Electric Limited CP-8 (A-1+, VIS)	-	525,000	-	525,000	508,984	508,984	4.08%	2.51%
Total as at June 30, 2020					1,905,709	1,905,709	15.29%	9.38%
Total as at June 30, 2019					286,327	286,327	15.14%	3.35%

----- % -----



5.4.1 These carry yield ranging from 12.18% to 14.64% per annum and are due to mature latest by October 6, 2020.

5.5 Term deposit receipts

Name of the security	Issue date	Profit rate	As at July 1, 2020	Purchased during the period	Matured during the period	As at June 30, 2020	Carrying value 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
----- Rupees in '000 ----- % -----										
BankIslami Pakistan Limited - a related party	June 3, 2019	13.00%	100,000	-	100,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	June 28, 2019	13.60%	1,170,000	-	1,170,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	July 29, 2019	13.60%	-	1,350,000	1,350,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	August 29, 2019	13.60%	-	1,650,000	1,650,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	September 27, 2019	13.65%	-	1,890,000	1,890,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 3, 2019	13.65%	-	227,000	227,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 17, 2019	13.65%	-	100,000	100,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 22, 2019	13.65%	-	90,000	90,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 23, 2019	13.65%	-	60,000	60,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 24, 2019	13.65%	-	30,000	30,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 25, 2019	13.65%	-	50,000	50,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 28, 2019	13.50%	-	2,176,033	2,176,033	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 29, 2019	13.50%	-	48,000	48,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 31, 2019	13.50%	-	22,000	22,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	November 1, 2019	13.25%	-	220,000	220,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	November 26, 2019	13.00%	-	165,000	165,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	November 28, 2019	13.00%	-	2,230,000	2,230,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	December 30, 2019	13.35%	-	1,000,000	1,000,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	December 31, 2019	13.35%	-	250,000	250,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	January 20, 2020	13.35%	-	1,731,000	1,731,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	January 30, 2020	13.35%	-	1,346,500	1,346,500	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 7, 2020	12.75%	-	90,000	90,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 14, 2020	12.75%	-	300,000	300,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 17, 2020	12.75%	-	75,000	75,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 20, 2020	12.75%	-	1,780,000	1,780,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 24, 2020	12.75%	-	45,000	45,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 28, 2020	12.75%	-	80,000	80,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	June 30, 2020	7.00%	-	1,000,000	-	1,000,000	1,000,000	1,000,000	8.02%	4.92%
UBL Ameen Islamic Banking	May 5, 2020	7.75%	-	3,585,000	3,585,000	-	-	-	-	-
UBL Ameen Islamic Banking	June 5, 2020	7.50%	-	2,500,000	-	2,500,000	2,500,000	2,500,000	20.06%	12.31%
UBL Ameen Islamic Banking	June 15, 2020	7.50%	-	950,000	-	950,000	950,000	950,000	7.62%	4.68%
Total as at June 30, 2020							4,450,000	4,450,000	35.70%	21.91%
Total as at June 30, 2019							1,270,000	1,270,000	66.15%	14.84%



5.5.1 These carry profit at the rate of 7.5% per annum and are due to mature latest by July 15, 2020.

5.6 Certificates of Musharakah

Name of the investee company	Maturity date	Profit rate	As at July 1, 2019	Placed during the year	Matured during the year	As at June 30, 2020	Percentage in relation to	
							Net assets of the Fund	Total market value of investment
		%		(Rupees in '000)			%	
First Habib Modaraba	April 23, 2020	11.1% - 13.35%	-	500,000	500,000	-	-	-
First Habib Modaraba	April 28, 2020	11.1% - 13.35%	-	500,000	500,000	-	-	-
First Habib Modaraba	July 23, 2020	8%-11.10%	-	515,781	-	515,781	2.54%	4.14%
First Habib Modaraba	July 28, 2020	8%-11.10%	-	515,992	-	515,992	2.54%	4.14%
Total as at June 30, 2020			-	2,031,773	1,000,000	1,031,773	5.08%	8.28%

Total as at June 30, 2019

- - -

5.7 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, 5.2, 5.3, 5.4, 5.5 & 5.6	12,462,361	1,891,327
Carrying value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	12,498,876	(1,891,327)
		<u>(36,515)</u>	<u>-</u>

6 PROFIT RECEIVABLE

Profit receivable on:

Bank balances	80,022	59,354
Sukuk certificates	11,711	384
GoP Ijarah sukuks	28,226	-
Letters of placement	4,518	-
Certificates of musharakah	16,411	-
Term deposit receipts	16,342	2,289
	<u>157,230</u>	<u>62,027</u>

7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	7.1	2,787	2,664
Prepaid mutual fund rating fee		89	69
Security deposit with Central Depository Company of Pakistan Limited *		103	103
		<u>2,979</u>	<u>2,836</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 profit on bank deposit and debt securities paid to the Fund was 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. The tax withheld on profit on bank deposits amounts to Rs. 2.787 million (2019: 2.664 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 the SHC in favour of FBR. A petition was filed in the 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 judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits has been shown as other receivable as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded to the Fund.

	Note	2020 -----Rupees in '000-----	2019
8 PRELIMINARY EXPENSES AND FLOATATION COSTS			
At the beginning of the year / period		857	1,004
Less: amortisation during the year / period	8.1	(201)	(147)
At the end of the year / period		<u>656</u>	<u>857</u>

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

	Note	2020 -----Rupees in '000-----	2019
9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY			
Payable against formation cost		1,004	1,004
Remuneration payable to the Management Company	9.1	3,829	5,069
Sindh sales tax payable on remuneration of the Management Company	9.2	498	659
Allocated expense payable	9.3	6,485	1,639
Selling and marketing expense payable	9.4	45,392	-
Sales load payable to management company		2,322	8,438
Transfer load payable		776	891
Other payable to the Management Company		80	80
Sindh sales tax payable on sales load		410	1,220
		<u>60,796</u>	<u>19,000</u>

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 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
7% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets	1.5% of net income of the Fund subject to floor and capping of 0.2% and 1.5% per annum of average annual net assets	7% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets

The remuneration is payable to the Management Company monthly in arrears.



9.2 During the year / period, an amount of Rs. 5.202 million (2019: Rs 1.752 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2019: 13%).

9.3 In accordance with Regulation 60 of the NBFC Regulations, the 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% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

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

9.4 The SECP has allowed the Asset Management Companies 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 the maximum cap of 0.4% per annum of the 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% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has currently determined a capping of 0.7% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board of Directors of the Management Company.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2020	2019
			-----Rupees in '000-----	
	Trustee fee payable	10.1	1,388	538
	Sindh sales tax payable on trustee fee	10.2	180	70
			<u>1,568</u>	<u>608</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	
- upto Rs 1,000 million	0.17% per annum of net assets	0.075% per annum of net assets
- on an amount from Rs 1,000 million to Rs 5,000 million	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1000 million	
- over 5,000 million	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5,000 million	

10.2 During the year / period, an amount of Rs 1.847 million (2019: Rs 0.236 million) was charged on account of Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2020	2019
			-----Rupees in '000-----	
	Annual fee payable	11.1	<u>3,788</u>	<u>1,259</u>



- 11.1** In accordance with the NBFC Regulations 2008, 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 income funds was 0.075%. 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	Note	2020	2019
			-----Rupees in '000-----	
	Auditors' remuneration		461	366
	Legal fee		110	70
	Settlement and bank charges		196	20
	Printing charges		38	20
	Provision for Sindh Workers' Welfare Fund	12.1	42,999	3,545
	Shariah advisory fee		2,795	307
	Withholding tax payable		203,424	7,874
			<u>250,023</u>	<u>12,202</u>

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh in May 2015 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.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from October 7, 2018 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.021 per unit (2019: Re 0.004).

13 CONTINGENCIES AND COMMITMENTS

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

14	NUMBER OF UNITS IN ISSUE	2020	2019
		-----Number of units-----	
	Total units in issue at the beginning of the year / period	853,643,044	-
	Units issued during the year / period	6,213,551,382	1,319,194,788
	Less: units redeemed during the year / period	(5,044,013,048)	(465,551,744)
	Total units in issue at the end of the year / period	<u>2,023,181,378</u>	<u>853,643,044</u>



	2020	2019
	-----Number of units-----	
15 AUDITORS' REMUNERATION		
Annual audit fee	398	270
Half yearly review	125	131
Other certification	81	84
Out of pocket expense	56	11
	660	496

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.37% (2019: 1.49%) which includes 0.27% (2019: 0.39%) representing government levies on the Fund such as provision against SWWF, sales taxes, 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 'Shariah compliant income 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. 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 the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the year.

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.

18 EARNINGS PER UNIT

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 and the Trust Deed.

19.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the 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 / period are as follows:



	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
	-----Rupees in '000-----	
NBP Fund Management Limited - the Management Company		
Remuneration of NBP Fund Management Limited - the Management Company	40,012	13,473
Sindh Sales Tax on remuneration of the Management Company	5,202	1,752
Allocated expenses	18,940	1,679
Selling and marketing expenses	130,703	-
Amortisation of preliminary expenses and floatation costs	201	147
Sales and transfer load during the year / period	136,712	41,784
Issuance of Nil (2019: 15,326,819) units	-	153,268
Units Redeemed Nil (2019: 15,326,819)	-	153,831
Key management personnel of the Management Company		
Dividend re-investment of 225,825 (2019: Nil) units	2,264	-
Issuance of 52,423,987 (2019: 10,930,659) units	549,348	109,435
Redemption of 49,553,747 (2019: 8,785,496) units	526,653	88,212
Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary		
Dividend re-investment of 1,181 (2019: Nil) units	12	-
Issuance of 288,529 (2019: 423,330) units	3,051	4,236
Redemption of 246,047 (2019: 420,173) units	2,644	4,220
Imran Zaffar - Director		
Dividend re-investment of 13,110 (2019: Nil) units	131	-
Issuance of Nil (2019: 2,066,964) units	-	20,669
Redemption of 2,078,071 (2019: Nil) units	21,608	-
Fauji Fertilizer Company Limited - common directorship *		
Issuance of 12,937,769 (2019: Nil) units	130,000	-
Redemption of 12,937,769 (2019: Nil) units	130,085	-
Portfolio managed by the Management Company		
Dividend re-investment of 388,041 (2019: Nil) units	3,891	-
Units issued / transferred in 67,575,699 (2019: 2,512,826) units	699,011	25,189
Units redeemed / transferred out 31,123,596 (2019: 1,507,087) units	339,123	15,187
Dr Amjad Waheed - Chief Executive Officer *		
Issuance of 1,414,249 (2019: Nil) units	14,929	-
Redemption of 1,414,249 (2019: Nil) units	14,982	-
Khalid Mehmood - Chief Financial Officer		
Dividend Re-invest Units Issued 2,354 (2019: Nil)	24	-
Units Issued / Transferred In 147,735 (2019: 281,720)	1,513	2,817
Units Redeemed / Transferred Out 430,482 (2019: Nil)	4,502	-
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Trustee	14,205	1,819
Sindh sales tax on remuneration of the Trustee	1,847	236
Settlement Charges	6	-
Bulk Management Pakistan Private Limited - unit holder with more than 10% holding **		
Units issued Nil (2019: 89,415,527)	-	894,701



	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
	-----Rupees in '000-----	
BankIslami Pakistan Limited - common directorship		
Profit on savings account	604,570	50,951
Income from term deposit receipts	205,593	11,878
Placement of Term Deposit Receipts	18,005,533	-
Purchase of GoP Ijarah sukuks	3,637,500	-
National Bank of Pakistan Limited - parent company		
Profit on savings account	419	10
NBP Financial Sector Income Fund		
Purchase of commercial paper (K-Electric Limited)	96,989	-
NBP Riba Free Savings Fund		
Purchase of commercial paper (K-Electric Limited)	388,056	-
NBP Islamic Daily Dividend Fund		
Purchase of commercial paper (K-Electric Limited)	99,147	-
The Hub Power Company Limited - common directorship		
Purchase of sukuk certificates	675,000	-
Profit on sukuk certificates	19,542	-
NBP Islamic Sarmaya Izafa Fund		
Sale of GoP Ijarah sukuks	193,476	-
Pakistan Stock Exchange Limited - common directorship *		
Listing Fee paid	25	-
	2020	2019
	-----Rupees in '000-----	
19.7 Amounts / balances outstanding as at year / period end:		
NBP Fund Management Limited - the Management Company		
Payable against formation cost	1,004	1,004
Remuneration payable to the Management Company	3,829	5,069
Sales load payable to management company	2,322	8,438
Transfer load payable	776	891
Other payable to the Management Company	80	80
Sindh sales tax payable on remuneration of the Management Company	498	659
Sindh sales tax payable on sales load	410	1,220
Allocated expense payable	6,485	1,639
Selling and marketing expense payable	45,392	-
Key management personnel of the Management Company		
Units issued 7,636,562 (2019: 2,145,163)	76,673	21,500
Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary		
Units issued 71,721 (2019: 3,157)	720	32
Imran Zaffar - Director		
Units issued 2,003 (2019: 2,066,964)	20	20,717



	2020	2019
	-----Rupees in '000-----	
Portfolio managed by the Management Company		
Units issued 36,840,143 (2019: 1,005,739)	369,885	10,080
Khalid Mehmood - Chief Financial Officer		
Units issued 1,327 (2019: 281,720)	13	2,824
Bulk Management Pakistan Private Limited - unit holder with more than 10% holding **		
Units issued Nil (2019: 89,415,527)	-	896,185
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable	1,388	538
Sindh sales tax on remuneration of the Trustee	180	70
Security deposit	103	103
BankIslami Pakistan Limited - common directorship		
Balance with bank including term deposit receipts	1,007,567	2,100,857
Profit receivable including term deposit receipts	903	17,199
Summit Bank Limited - common directorship **		
Balance with bank	-	3,096
The Hub Power Company Limited - common directorship		
Sukuk certificates	675,000	335,000
Profit receivable on sukuk certificates	7,626	384
National Bank of Pakistan Limited - parent company		
Balance with bank	7,722	1,063
Profit receivable	13	8

* Prior 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, 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.

19.8 Other balances due to / from related parties / connected persons are included in the respective notes to these financial statements.

20	Note	2020	2019
		-----Rupees in '000-----	
CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	8,080,669	6,633,350
Term deposit receipts	5.5	4,450,000	1,270,000
Certificates of musharakah	5.6	1,031,773	-
		13,562,442	7,903,350



21 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Bank balances	-	8,080,669	8,080,669
Investments	12,462,361	-	12,462,361
Profit receivable	-	157,230	157,230
Deposits	-	103	103
Receivable against sale of units	-	47,125	47,125
	<u>12,462,361</u>	<u>8,285,127</u>	<u>20,747,488</u>

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	8,080,669	8,080,669
12,462,361	-	12,462,361
-	157,230	157,230
-	103	103
-	47,125	47,125
<u>12,462,361</u>	<u>8,285,127</u>	<u>20,747,488</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	60,796	60,796
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	1,568	1,568
Payable against redemption of units	-	121,571	121,571
Accrued expenses and other liabilities	-	3,600	3,600
	<u>-</u>	<u>187,535</u>	<u>187,535</u>

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	60,796	60,796
-	1,568	1,568
-	121,571	121,571
-	3,600	3,600
<u>-</u>	<u>187,535</u>	<u>187,535</u>

Financial assets

Bank balances	-	6,633,350	6,633,350
Investments	1,891,327	-	1,891,327
Profit receivable	-	62,027	62,027
Deposits	-	103	103
	<u>1,891,327</u>	<u>6,695,480</u>	<u>8,586,807</u>

June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	6,633,350	6,633,350
1,891,327	-	1,891,327
-	62,027	62,027
-	103	103
<u>1,891,327</u>	<u>6,695,480</u>	<u>8,586,807</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	19,000	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	608	608
Payable against redemption of units	-	1,556	1,556
Accrued expenses and other liabilities	-	783	783
	<u>-</u>	<u>21,947</u>	<u>21,947</u>

June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	19,000	19,000
-	608	608
-	1,556	1,556
-	783	783
<u>-</u>	<u>21,947</u>	<u>21,947</u>



22 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 the 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.

22.1 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: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the future cash flows of financial instruments 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 balances held with banks, investment in sukuk certificates, GoP Ijarah sukuks, letters of placement, term deposit receipts, certificates of musharakah and commercial papers. 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 KIBOR based sukuk certificates, certificates of musharakah and 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 / period and net assets of the Fund would have been higher / lower by Rs. 110.373 million (2019: Rs. 69.519 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds commercial paper, GoP Ijarah sukuk certificates, letters of placement and term deposit receipts 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 income for the year and net assets of the Fund would have been higher / lower by Rs. 94.556 million (2019: Rs. 15.563 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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					
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		

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

Financial assets

Bank balances	4.50%-8.75%	8,030,575	-	-	50,094	8,080,669
Investments	6.63%-14.64%	6,878,498	3,484,328	2,099,535	-	12,462,361
Profit receivable		-	-	-	157,230	157,230
Deposits		-	-	-	103	103
Receivable against sale of units		-	-	-	47,125	47,125
		14,909,073	3,484,328	2,099,535	254,552	20,747,488

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	60,796	60,796
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	1,568	1,568
Payable against redemption of units		-	-	-	121,571	121,571
Accrued expenses and other liabilities		-	-	-	3,600	3,600
		-	-	-	187,535	187,535

On-balance sheet gap

14,909,073 3,484,328 2,099,535 67,017

Total profit rate sensitivity gap

14,909,073 3,484,328 2,099,535

Cumulative profit rate sensitivity gap

14,909,073 18,393,401 20,492,936

June 30, 2019					
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		

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

Financial assets

Bank balances	8% - 13.85%	6,616,900	-	-	16,450	6,633,350
Investments	11.75%-13.96%	1,556,327	335,000	-	-	1,891,327
Profit receivable		-	-	-	62,027	62,027
Deposits		-	-	-	103	103
		8,173,227	335,000	-	78,580	8,586,807

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	19,000	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	608	608
Payable against redemption of units		-	-	-	1,556	1,556
Accrued expenses and other liabilities		-	-	-	783	783
		-	-	-	21,947	21,947

On-balance sheet gap

8,173,227 335,000 - 56,633

Total profit rate sensitivity gap

8,173,227 335,000 -

Cumulative profit rate sensitivity gap

8,173,227 8,508,227 8,508,227



(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 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.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2020.

22.2 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 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 or over the counter market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, 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:



June 30, 2020						
Within one 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

Financial assets

Bank balances	8,080,669	-	-	-	-	-	8,080,669
Investments	5,481,773	1,396,725	2,184,328	2,099,535	1,300,000	-	12,462,361
Profit receivable	157,230	-	-	-	-	-	157,230
Deposits and other receivables	-	-	-	-	-	103	103
Receivable against sale of units	47,125	-	-	-	-	-	47,125
	13,766,797	1,396,725	2,184,328	2,099,535	1,300,000	103	20,747,488

Financial liabilities

Payable to NBP Fund Management Limited the Management Company	60,796	-	-	-	-	-	60,796
Payable to Central Depository Company of Pakistan Limited - the Trustee	1,568	-	-	-	-	-	1,568
Payable against redemption of units	121,571	-	-	-	-	-	121,571
Accrued expenses and other liabilities	3,139	461	-	-	-	-	3,600
	187,074	461	-	-	-	-	187,535

Net financial assets

	13,579,723	1,396,264	2,184,328	2,099,535	1,300,000	103	20,559,953
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June 30, 2019						
Within one 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

Financial assets

Bank balances	6,633,350	-	-	-	-	-	6,633,350
Investments	1,270,000	286,327	335,000	-	-	-	1,891,327
Profit receivable	62,027	-	-	-	-	-	62,027
Deposits and other receivables	-	-	-	-	-	103	103
	7,965,377	286,327	335,000	-	-	103	8,586,807

Financial liabilities

Payable to NBP Fund Management Limited the Management Company	19,000	-	-	-	-	-	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	608	-	-	-	-	-	608
Payable against redemption of units	1,556	-	-	-	-	-	1,556
Accrued expenses and other liabilities	417	366	-	-	-	-	783
	21,581	366	-	-	-	-	21,947

Net financial assets

	7,943,796	285,961	335,000	-	-	103	8,564,860
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22.3 Credit risk

22.3.1 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 -----				
Financial assets				
Bank balances	8,080,669	8,080,669	6,633,350	6,633,350
Investments	12,462,361	10,362,826	1,891,327	1,891,327
Profit receivable	157,230	129,004	62,027	62,027
Deposits	103	103	103	103
Receivable against sale of units	47,125	47,125	-	-
	<u>20,747,488</u>	<u>18,619,727</u>	<u>8,586,807</u>	<u>8,586,807</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. Investment in government securities and its accrued profit, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

22.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, term deposit receipts, commercial papers, sukuk certificates, letters of placement, certificates of musharakah and accrued profit thereon. The credit rating profile of balances with banks and investments are as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
Bank balances		
AAA	1.38%	13.42%
AA+	0.18%	0.33%
AA	0.02%	1.95%
AA-	0.04%	-
A+	0.04%	9.85%
A-	37.56%	51.20%
A	0.04%	-
BBB-	0.07%	0.19%
Sukuk certificates		
AA+	3.56%	4.02%
Commercial papers		
A-1+	9.19%	2.63%
A-1	-	0.71%
Letters of placement		
A-1+	4.84%	-
Term deposit receipts		
AAA	16.71%	-
A+	4.82%	14.93%
Certificates of musharakah		
AA+	5.21%	-
	<u>83.66%</u>	<u>99.23%</u>



23 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:

At fair value through profit or loss

----- June 30, 2020 -----		
Level 1	Level 2	Level 3
----- Rupees in '000 -----		
GOP Ijarah sukuks	2,099,535	-
Sukuk certificates	1,975,000	-
Commercial paper *	1,905,709	-
Letters of placement **	1,000,344	-
Term deposit receipts **	4,450,000	-
Certificates of musharakah **	1,031,773	-
-	12,462,361	-

At fair value through profit or loss

----- June 30, 2019 -----		
Level 1	Level 2	Level 3
----- Rupees in '000 -----		
Sukuk certificates **	335,000	-
Commercial paper	286,327	-
Term deposit receipts **	1,270,000	-
-	1,891,327	-

* The valuation of commercial papers has been done based on amortisation of commercial paper to its face value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

** The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter party which has high credit rating.



24 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 22, 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.

25 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
Associated companies and directors	1	20	-	1	20,717	0.24%
Individuals	14,342	16,076,590	79.14%	4,446	6,402,475	74.83%
Insurance companies	7	720,395	3.55%	-	-	-
NBFCs	-	-	0.00%	1	15,264	0.18%
Bank and DFIs	1	510,616	2.51%	-	-	-
Public Limited companies	1	1,480	0.01%	2	72,972	0.85%
Retirement funds	44	1,043,405	5.14%	9	80,998	0.95%
Others	77	1,960,768	9.65%	35	1,963,346	22.95%
	14,473	20,313,274	100.00%	4,494	8,555,772	100.00%

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. Muhammad Ali Bhabha	Head of Fixed Income	CFA / MBA / FRM / MS	25
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9



27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designa	Qualification	Other funds managed by the Fund Manager
Mr. Muhammad Ali Bhabha	Head of Fixed Income	CFA / FRM / MBA / MS	NAARFSF, NFSIF, NGSLF, NGSSF, NGSF I, NIOF, NIDDF, NIMMF, NBP-ISF, NMAF, NMMF, NRFSF and NBP-SF

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 not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [note 27.1]	3	2	1	74th
Syed Hasan Irtiza Kazmi [note 27.2]	3	3	-	-
Mr. Nasir Husain [note 27.3]	1	-	1	72nd
Mr. Abdul Hadi Palekar [note 27.4]	1	-	1	72nd
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [note 27.5]	1	1	-	-
Mr. Khalid Mansoor [note 27.6]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [note 27.7]	1	1	-	-
Mr. Saad Amanullah Khan [note 27.8]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

28.1 Mr. Saad ur Rahman Khan opted as Director on the Board with effect from October 04, 2019.

28.2 Syed Hasan Irtiza Kazmi opted 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 opted 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 opted as Director on the Board with effect from October 04, 2019.

29 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.



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**.

31 GENERAL

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

31.2 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 regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) 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;
- e) 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.

31.3 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
	(Rs. In '000')	(Rs. In '000')
Net assets at the year / period ended (Rs. '000')	20,313,274	8,555,772
Net Income at the year / period ended (Rs. '000')	1,933,225	173,704
Net Asset Value per unit at the year / period ended (Rs.)	10.0403	10.0227
Offer price per unit	10.1538	10.1359
Redemption price per unit	10.0403	10.0227
Ex - Highest offer price per unit (Rs.)	10.1538	10.1359
Ex - Lowest offer price per unit (Rs.)	9.0172	9.3570
Ex - Highest redemption price per unit (Rs.)	10.0403	10.0227
Ex - Lowest redemption price per unit (Rs.)	9.0172	9.3570
Fiscal Year Opening Ex Nav	9.0143	10.0000
Total return of the fund	11.35%	7.11%
Capital growth	0.27%	0.44%
Income distribution as a % of ex nav	11.08%	6.67%
Income distribution as a % of par value	11.11%	6.67%
Distribution		
Interim distribution per unit	1.1107	0.6677
Final distribution per unit		
Distribution dates		
Interim		29-Oct-18
Interim		28-Nov-18
Interim		28-Dec-18
Interim		28-Jan-19
Interim		26-Feb-19
Interim		28-Mar-19
Interim		27-Apr-19
Interim		28-May-19
Interim	30-Jul-19	24-Jun-19
Interim	26-Jun-20	19-Jul-19
Average annual return of the fund (launch date October 06, 2018)		
(Since inception to June 30, 2020)	10.71%	
(Since inception to June 30, 2019)		9.73%
Weighted average portfolio duration	46 Days	3 Days

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

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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 Murataz 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 Shahr-e-Faisal, Karachi.

Bankers to the Fund

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

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(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
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 Twelfth Annual Report of **NBP Government Securities Liquid Fund (NGSLF)** for the year ended June 30, 2020.

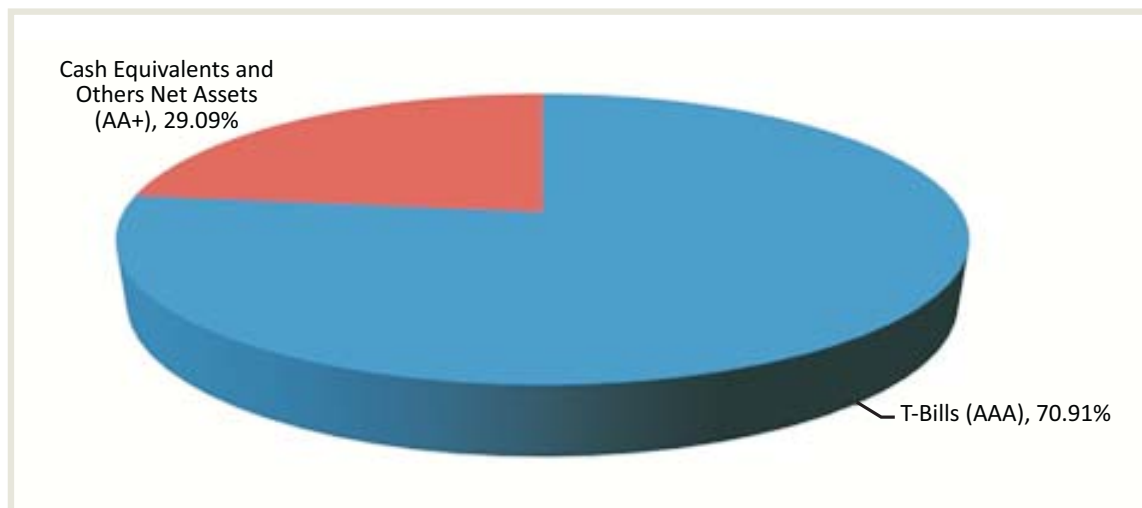
Fund's Performance

The size of NBP Government Securities Liquid Fund has increased from Rs. 1,931 million to Rs. 2,225 million during the period, i.e. a growth of 15%. During the said period, the unit price of the Fund has increased from Rs. 9.0679 (Ex-Div) on June 30, 2019 to Rs. 10.2022 on June 30, 2020 thus posting a return of 12.5% as compared to its Benchmark return of 11.7% for the same period. The return of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. NGSLF is the largest Fund in Pakistan in this rating category. The rating reflects exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity and interest rate risks are exceptionally low due a minimum 70% investment in Government securities (T-Bill) with average maturity of the overall portfolio at 45 days. The Fund is allowed to invest in AA & above rated Banks/DFIs with maximum maturity of six months.

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.

The Fund has earned a total income of Rs. 319.928 million during the year. After deducting total expenses of Rs. 39.222 million, the net income is Rs. 280.706 million. The asset allocation of NGSLF as on June 30, 2020 is as follows:





Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 11.687% of the opening ex-NAV (11.905% 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, 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 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.
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	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. 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 NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کی بارہویں سالانہ رپورٹ برائے تختہ سال 30 جون 2020ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

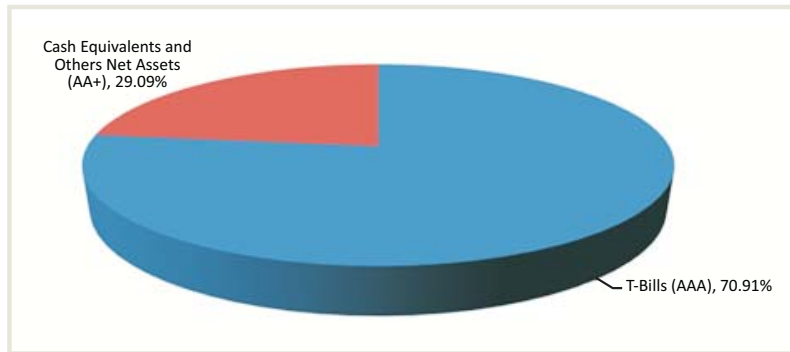
اس مدت کے دوران NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کا سائز 1,931 ملین روپے سے بڑھ کر 2,225 ملین روپے ہو گیا یعنی 15% کی نمو ہوئی۔ زبرد جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.0679 روپے (Ex-Div) سے بڑھ کر 10.2022 کو 10.2022 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 11.7% کے مقابلے میں 12.5% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد حاصل ہے۔

NGSLF کو PACRA کی طرف سے دی گئی سٹیٹیمینٹ ریٹنگ "AAA(f)" ہے۔ اس ریٹنگ کی نگہری میں NGLSF پاکستان میں سب سے بڑا فنڈ ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور لیکویڈیٹی پروفائل کی عکاسی کرتی ہے۔ T-Bills اس فنڈ کی بڑی ایسیٹ کلاس ہے۔ مجموعی پورٹ فولیو کی 45 دن کی اوسط میچورٹی کے ساتھ گورنمنٹ سیکورٹیز (T-Bills) میں کم از کم 70% سرمایہ کاری کے ساتھ فنڈ کے کریڈٹ، لیکویڈیٹی اور ٹرانسپیرینٹ ریٹ کے خطرات کی زد میں آنے کے امکانات نہ ہونے کے برابر ہیں۔ فنڈ کو زیادہ سے زیادہ چھ ماہ کی میچورٹی کے ساتھ AA یا زائد ریٹنگ والے بینکوں/DFIs میں انویسٹ کرنے کی اجازت ہے۔

اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر کی وجہ (i) زرمبادلہ کی شرح گراؤ، (ii) پونپٹی لمبی 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 میں 625bps سے کم کی 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 زبرد جائزہ مدت کے دوران سٹائپس (27) T-Bills ٹیلامیاں منعقد کیں اور کل 14,317 ملین روپے جمع کئے۔

فنڈ نے سال کے دوران 319.928 ملین روپے کی مجموعی آمدنی کمائی۔ 39.222 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 280.706 ملین روپے ہے۔

NGSLF کی ایسٹ ایلوکیشن برہم مطابق 30 جون 2020ء حسب ذیل ہے۔



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2020ء سال کے اختتام پر اوپننگ ex-NAV کا 11.687% (بنیادی قیمت کا 11.905%) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔

یکسیشن

چونکہ مذکورہ بالا نقد ڈیویڈنڈ 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 اکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔



آڈیٹرز

موجودہ آڈیٹرز، میسرز Deloitte یوسف عادل 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 نتیجہ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شریاتی 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، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران نتیجہ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 23 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پینل مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، ای ای او، ای ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 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 فرسٹ 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
جناب خالد منصور جناب سعد امان اللہ خان جناب ہمایوں بشیر	•1 •2 •3 غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
شیخ محمد عبدالواحد سیٹھی (چیرمین) جناب سعد الرحمان خان جناب سید حسن ارتضیٰ کاظمی جناب علی سیگل جناب عمران ظفر	•1 •2 •3 •4 •5 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 فنانس 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 Government Securities Liquid 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 Government Securities Liquid Fund

NBP Government Securities Liquid Fund (NGSLF) Fund is an Open-End Money Market Scheme.

Investment Objective of the Fund

The objective of NBP Government Securities Liquid Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

Benchmark

70% 3-Month PKRV & 30% average 3-Month deposit rates of three AA rated banks as selected by MUFAP.

Fund Performance Review

This is the Twelfth Annual report since the launch of the Fund on May 15, 2009. The Fund size increased by 15% during FY20 and stands at Rs. 2,225 million as of June 30, 2020. The Fund's return since inception is 8.9% p.a. versus the benchmark return of 8.8% p.a. The Fund's return for FY20 is 12.5% against the benchmark return of 11.7%. The return of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. NGSLF is the largest Fund in Pakistan in this rating category. The rating reflects the exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity, and interest rate risks are exceptionally low due to a minimum 70% investment in Government securities (T-Bill) with an average maturity of the overall portfolio at 45 days. The Fund is allowed to invest in AA & above rated Banks/DFIs with a maximum maturity of six months.

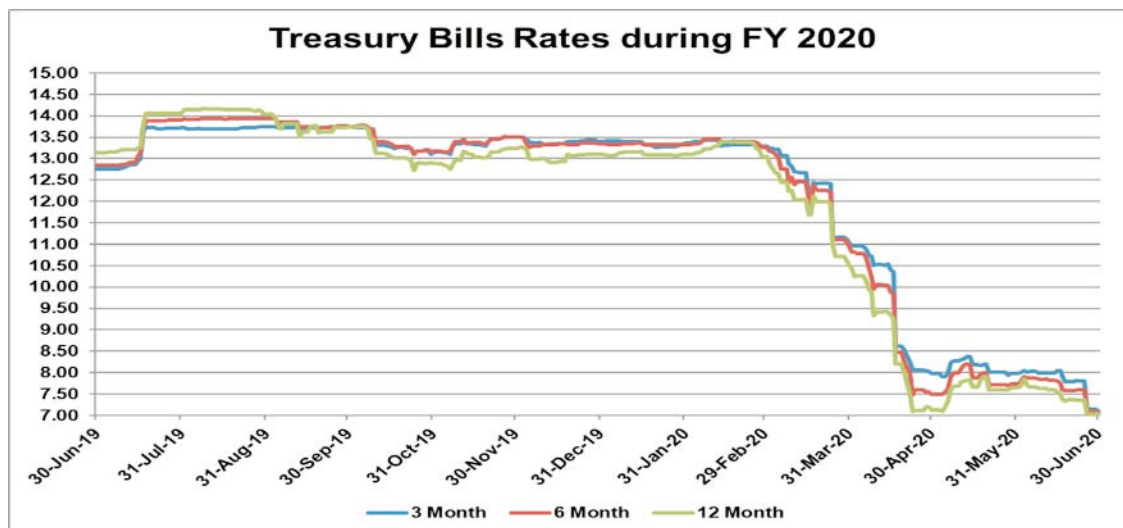
Building on the ongoing economic stabilization policies and to counter the upside risks to inflation from the exchange rate depreciation, increase in utility prices, and other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking 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
T-Bills	70.91%	76.87%
Cash equivalents & other net assets	29.09%	23.13%
Total	100%	100%



T-Bills 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
Jul-19	0.956%	10.2817	10.1861
Aug-19	1.033%	10.2894	10.1861
Sep-19	1.017%	10.2878	10.1861
Oct-19	1.109%	10.2970	10.1861
Nov-19	0.971%	10.2832	10.1861
Dec-19	1.002%	10.2863	10.1861
Jan-20	1.132%	10.2993	10.1861
Feb-20	1.062%	10.2923	10.1861
Mar-20	1.184%	10.3045	10.1861
Apr-20	1.316%	10.3177	10.1861
May-20	0.585%	10.2446	10.1861
Jun-20	0.538%	10.2399	10.1861



Unit Holding Pattern of NBP Government Securities Liquid Fund as on June 30, 2020:

Size of Unit Holding (Units)	# of Unit Holders
1-1000	919
1001-5000	200
5001-10000	56
10001-50000	135
50001-100000	81
100001-500000	124
500001-1000000	15
1000001-5000000	15
5000001-10000000	1
10000001-100000000	4
100000001-1000000000	-
Total	1,550

During the period under question:

There has been no other significant change in the state of affairs of the Fund. NBP Government Securities Liquid 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. 23.426. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.1074 / 1.18%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Government Securities Liquid Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NBP Government Securities Liquid 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 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 Matter

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investments</p> <p>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.</p> <p>The Fund's primary activity is, inter alia, to invest in Government Securities which is the main driver of Fund's performance.</p> <p>Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> obtained understanding of relevant controls placed by the Management Company applicable to the balance; independently verified existence of investments from Investor Portfolio Services (IPS) account statement; 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	651,697	1,985,384
Investments	6	1,578,034	1,484,649
Mark-up accrued		4,185	8,108
Advance and prepayment	7	10,243	10,219
Receivable against transfer of units	8	64,000	-
Total assets		2,308,159	3,488,360
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	9	5,141	2,848
Payable to Central Depository Company of Pakistan Limited - Trustee	10	130	204
Payable to the Securities and Exchange Commission of Pakistan	11	474	2,619
Payable against purchase of investments		-	1,484,649
Payable against redemption of units		3,918	2
Accrued expenses and other liabilities	12	73,094	66,706
Total liabilities		82,757	1,557,028
NET ASSETS		2,225,402	1,931,332
UNIT HOLDERS' FUND (as per statement attached)		2,225,402	1,931,332
Contingencies and commitments	13		
		----- Number of units -----	
Number of units in issue	14	218,130,423	189,603,859
		----- Rupees -----	
Net asset value per unit		10.2022	10.1861

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

INCOME	Note	2020 ----- Rupees in '000 -----	2019
Income from government securities		218,296	231,890
Profit on bank deposits		90,995	61,848
Income from money market placements		1,612	25,681
Net gain / (loss) on sale of investments		7,625	(4,882)
Net unrealised gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	6.2	1,400	-
Total income		319,928	314,537
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	9.1	10,310	24,769
Sindh Sales Tax on remuneration of the Management Company	9.2	1,340	3,220
Reimbursement of operational expenses to the Management Company	9.3	2,371	3,493
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	1,541	3,369
Sindh Sales Tax on remuneration of the Trustee	10.2	200	438
Selling and marketing expenses	9.4	15,582	-
Annual fee to the Securities and Exchange Commission of Pakistan	11	474	2,619
Auditors' remuneration	15	648	745
Securities transaction costs		25	9
Bank charges		295	314
Annual listing fee		28	27
Mutual fund rating fee		506	482
Legal and professional charges		55	52
Other charges		118	5
Total expenses		33,493	39,542
Net income from operating activities		286,435	274,995
Provision for Sindh Workers' Welfare Fund	12.1	(5,729)	(5,500)
Net income for the year before taxation		280,706	269,495
Taxation	16	-	-
Net income for the year after taxation		280,706	269,495
Earnings per unit	17		
Allocation of net income for the year			
Net income for the year after taxation		280,706	269,495
Income already paid on units redeemed		(7,603)	(89,019)
		273,103	180,476
Accounting income available for distribution:			
Relating to capital gain		6,375	-
Excluding capital gain		266,728	180,476
		273,103	180,476

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

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

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Net income for the year after taxation	280,706	269,495
Other comprehensive income	-	-
Total comprehensive income for the year	280,706	269,495

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	280,706	269,495
Adjustments		
Profit on bank deposits	(90,995)	(61,848)
Income from money market placements	(1,612)	(25,681)
Net gain on sale of investments	(7,625)	(4,882)
Net unrealised gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	(1,400)	-
Provision for Sindh Workers' Welfare Fund	5,729	5,500
	184,803	182,584
(Increase) / decrease in assets		
Investments - net	(84,360)	2,605,919
Prepayments	(24)	(241)
	(84,384)	2,605,678
Increase / (decrease) in liabilities		
Payable to the Management Company	2,293	(2,427)
Payable to Central Depository Company of Pakistan Limited - Trustee	(74)	(260)
Payable to the Securities and Exchange Commission of Pakistan	(2,145)	(1,125)
Payable against purchase of Investments	(1,484,649)	(2,603,486)
Accrued expenses and other liabilities	659	243
	(1,483,916)	(2,607,055)
	(1,383,497)	181,207
Return of bank balances received	94,918	59,709
Return on government securities received	1,612	25,681
	96,530	85,390
Net cash (used in) / generated from operating activities	(1,286,967)	266,597
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units net of capital value of distribution	5,008,519	3,615,120
Amount paid on redemption of units	(4,785,501)	(7,384,807)
Distributions	(269,738)	(358,659)
Net cash used in from financing activities	(46,720)	(4,128,346)
Net decrease in cash and cash equivalents during the year	(1,333,687)	(3,861,749)
Cash and cash equivalents at beginning of the year	1,985,384	5,847,133
Cash and cash equivalents at end of the year	651,697	1,985,384

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

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

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NBP Government Securities Liquid 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 approved by the Securities and Exchange Commission of Pakistan (SECP) on 10 April 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund is an open-ended mutual fund categorised as "money market 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 objective of the Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term government securities.

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

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as 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 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 have been 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 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, amendments and interpretations 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 01, 2019
Amendments to IAS 28 - Investments in Associates and Joint Ventures: Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied."	January 01, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Certain annual improvements have also been made to a number of IFRSs.	

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



Effective from accounting period beginning on or after:

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

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 FVOCI 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.

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

Financial asset at FVTPL

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

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

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

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

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.

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 (PKRV rates) which are based on the remaining tenor of the securities.

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

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

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

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

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 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, government securities, letter of placement and certificate of investments 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.

5	BANK BALANCES	Note	2020	2019
			----- Rupees in '000 -----	
	Current accounts	5.1	2,767	4,675
	Savings accounts	5.2	648,930	1,980,709
			<u>651,697</u>	<u>1,985,384</u>

5.1 This includes bank balance of Rs. 0.026 million (June 30, 2019: Rs. 0.026 million) maintained with National Bank of Pakistan.

5.2 These accounts carry rates of return ranging from 3% to 9% (30 June 2019: 3.00% to 13.85%) per annum.

6	INVESTMENTS	Note	2020	2019
			----- Rupees in '000 -----	
	At fair value through profit or loss			
	Government securities - Market Treasury Bills	6.1	<u>1,578,034</u>	<u>1,484,649</u>



6.1 Investment in Government securities - Market Treasury bills

Issue Date	Tenor	Face value				Market value as at June 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2019	Purchases during the year	Sales / matured during the year	As at June 30, 2020			
Rupees in '000' ----- % -----								
May 9, 2019	3 Months	1,500,000	-	1,500,000	-	-	-	-
July 18, 2019	3 Months	-	4,516,000	4,516,000	-	-	-	-
August 1, 2019	3 Months	-	1,230,000	1,230,000	-	-	-	-
August 16, 2019	3 Months	-	1,210,000	1,210,000	-	-	-	-
August 29, 2019	3 Months	-	500,000	500,000	-	-	-	-
September 12, 2019	6 Months	-	800,000	800,000	-	-	-	-
September 12, 2019	3 Months	-	258,615	258,615	-	-	-	-
September 26, 2019	3 Months	-	266,115	266,115	-	-	-	-
October 10, 2019	3 Months	-	1,510,000	1,510,000	-	-	-	-
October 10, 2019	6 Months	-	500,000	500,000	-	-	-	-
October 10, 2019	12 Months	-	23,000	11,500	11,500	11,283	0.51	0.72
October 24, 2019	6 Months	-	250,000	250,000	-	-	-	-
October 24, 2019	3 Months	-	1,775,000	1,775,000	-	-	-	-
November 7, 2019	3 Months	-	1,550,000	1,550,000	-	-	-	-
November 7, 2019	12 Months	-	157,700	157,700	-	-	-	-
November 21, 2019	3 Months	-	1,502,000	1,502,000	-	-	-	-
December 5, 2019	3 Months	-	740,000	740,000	-	-	-	-
December 19, 2019	3 Months	-	1,050,000	1,050,000	-	-	-	-
January 2, 2020	3 Months	-	755,000	755,000	-	-	-	-
January 30, 2020	3 Months	-	550,000	550,000	-	-	-	-
February 13, 2020	3 Months	-	275,500	275,500	-	-	-	-
February 27, 2020	3 Months	-	950,000	950,000	-	-	-	-
March 12, 2020	3 Months	-	875,000	875,000	-	-	-	-
March 12, 2020	6 Months	-	500,000	250,000	250,000	246,594	11.08	15.63
March 26, 2020	3 months	-	100,000	100,000	-	-	-	-
March 26, 2020	6 Months	-	750,000	750,000	-	-	-	-
April 9, 2020	3 Months	-	1,150,000	1,150,000	-	-	-	-
April 9, 2020	6 Months	-	750,000	375,000	375,000	367,935	16.53	23.32
April 23, 2020	3 Months	-	1,455,000	500,000	955,000	952,222	42.79	60.33
May 7, 2020	3 Months	-	750,000	750,000	-	-	-	-
May 7, 2020	6 Months	-	100,000	100,000	-	-	-	-
						1,578,034	70.91	100.0
Carrying value before mark to market as at June 30, 2020						1,576,634		



	Note	2020 Rupees in '000	2019 Rupees in '000
6.2			
Net unrealised gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1	1,578,034	1,484,649
Less: carrying value of investments before mark to market		(1,576,634)	(1,484,649)
		1,400	-

7 ADVANCE AND PREPAYMENT

Advance tax		9,978	9,978
Prepaid annual rating fee		265	241
		10,243	10,219

8 RECEIVABLE AGAINST TRANSFER OF UNITS

This includes amounts receivable to the fund from other collective investment schemes being managed by the Management Company of the Fund. This amounts are receivable in respect of units transferred by various unit holders based on their request for transfer of units from other collective investment schemes to the Fund.

	Note	2020 Rupees in '000	2019 Rupees in '000
9			
PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	9.1	739	1,558
Sindh Sales Tax on remuneration of the Management Company	9.2	96	202
Operational expenses	9.3	614	1,088
Selling and marketing expense	9.4	3,692	-
		5,141	2,848

9.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to an accrued remuneration. During the year, Management Company has charged remuneration as follows:

8% per annum on the daily net income of the Fund subject to minimum 0.5% as average of NAV and maximum 1% of average NAV, till July 11, 2019;

3% per annum on the daily income of the Fund subject to minimum 0.4% as average of NAV and maximum 1% of average NAV, applicable from July 12, 2019 till June 30, 2020.

For the purpose of above calculation, daily net income is equals to gross income minus all expenses of the Fund excluding management remuneration and related sales tax thereon.

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

9.3 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.

9.4 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 has charged 0.7% of daily net asset value of the Fund, thereafter, this has been further revised by the Board from May 11, 2020 to 0.5% of daily net asset value of the Fund.

	Note	2020 -----Rupees in '000-----	2019
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	10.1	115	181
Sindh Sales Tax on remuneration of the Trustee	10.2	15	23
		<u>130</u>	<u>204</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

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

Net asset value	Tariff per annum
Upto Rs 1,000 million	0.15% per annum of net asset value
On an amount exceeding Rs. 1,000 million to 10,000 million	Rs 1.5 million plus 0.075% per annum of net asset value exceeding Rs 1,000 million
On an amount exceeding Rs. 10,000 million	Rs 8.25 million plus 0.06% per annum of net asset value exceeding Rs 10,000 million.

Effective from July 1, 2019, tariff structure has been revised from above table to actual custodial expenses / charges plus 0.065% per annum of average net assets.

10.2 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.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "money market 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.

	Note	2020 ----- Rupees in '000 -----	2019
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	12.1	23,426	17,697
Federal Excise Duty on management remuneration	12.2	45,779	45,779
Auditors' remuneration		569	547
Brokerage		184	169
Bank charges		43	18
Withholding tax		1,807	1,885
Capital gain tax		164	76
Legal and Professional charges		60	16
Others		1,062	519
		<u>73,094</u>	<u>66,706</u>



- 12.1** 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.115.239 million and started recognising provision for SWWF.

As at June 30, 2020, the provision in relation to SWWF amounted to Rs. 23.426 million (2019: Rs. 17.697 million). Had the provision not been made, the Net Asset Value per unit as at June 30, 2020 would have been higher by Re.0.1074 (June 30, 2019: Re. 0.0933) per unit.

- 12.2** 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 through order dated July 16, 2016, 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. 45.779 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. 0.2099 per unit (2019: Re. 0.2414 per unit).

13 CONTINGENCIES AND COMMITMENTS

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



	Note	2020	2019
-----Number of units-----			
14	NUMBER OF UNITS IN ISSUE		
	Total units in issue at the beginning of the year	189,603,859	541,249,141
	Add: units issued during the year	14.1 496,719,324	362,190,990
	Less: units redeemed during the year	(468,192,760)	(713,836,272)
	Total units in issue at the end of the year	<u>218,130,423</u>	<u>189,603,859</u>

14.1 These units includes 345,024 allocated units which are issued subsequently to unit holders.

	2020	2019
-----Rupees in '000-----		
15	AUDITORS' REMUNERATION	
	Annual audit fee	420 400
	Half yearly review	168 160
	Out of pocket expenses and sales tax	60 185
		<u>648</u> <u>745</u>

16 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 (excluding distribution made by issuance of bonus units). 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 the clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. "

17 EARNINGS PER UNIT

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

18 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets for the year) is 1.65% per annum including 0.32% representing government levies on collective investment scheme such as sales tax, worker's welfare fund and Securities and Exchange Commission of Pakistan fee for the year.

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

19.1 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 sponsors, 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.

19.2 The transactions with connected persons and related parties are carried at agreed rates



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

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

	2020	2019
	----- Rupees in '000 -----	
19.5 Transactions during the year		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	10,310	24,769
Sindh Sales Tax on remuneration of the Management Company	1,340	3,220
Reimbursement of operational expenses to the Management Company	2,371	3,493
Selling and marketing	15,582	-
National Bank of Pakistan (Parent of the Management Company)		
Market Treasury Bills purchased	784,340	-
Bank profit earned in savings account	644	384
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,541	3,369
Sindh sales tax on remuneration of the Trustee	200	438
Askari Bank Limited (Common Directorship with the Management Company)*		
Bank profit earned in savings account	-	110
Muhammad Murtaza Ali (Company Secretary of the Management Company)		
Re-investment of dividend: 150 units (2019: 1036 units)	2	11
Units issued / transferred in: 6 units (2019: 188,109 units)	-	1,871
Units redeemed / transferred out: 2,587 units (2019: 315,519 units)	27	3,257
NAFA Provident Fund Trust - Provident Fund		
Units issued / transferred in: Nil units (2019: 3,288 units)	-	4
Units redeemed / transferred out: Nil units (2019: 68,103 units)	-	707
Employees of the Management Company		
Re-investment of dividend: 28,355 units (2019: 9,769 units)	289	99
Units issued / transferred in: 501,828 units (2019: 816,236 units)	5,117	8,308
Units redeemed / transferred out: 320,313 units (2019: 605,469 units)	3,279	6,219
NBP Employees Pension Fund - (Subsidiary of Parent Company) (Unit holder of 10% or more of units of the Fund)		
Re-investment of dividend: 2,509,929 units issued (2019: 2,204,210 units)	25,575	22,409
NBP Money Market Fund (CIS managed by the Management Company)		
Market Treasury Bills sold	1,824,509	-



	2020	2019
	----- Rupees in '000 -----	
NBP Stock Fund (CIS managed by the Management Company)		
Market Treasury Bills purchased	342,727	-
Pakistan Stock Exchange (Common Directorship with the Management Company)**		
Listing fee paid	25	-
Mutual Fund Association of Pakistan - MUFAP (Member)		
Re-investment of dividend: Nil units (2019: 9,155 units)	-	93
Units issued / transferred in: Nil units (2019: 59 units)	-	-
Units redeemed / transferred out: Nil units (2019: 103,782 units)	-	1,062
Fauji Fertilizers Company Limited (Common Directorship with the Management Company)**		
Re-investment of dividend: 2,327,655 units (2019: Nil units)	23,717	-
Units issued / transferred in: 306,300,694 units (2019: Nil units)	3,130,000	-
Units redeemed / transferred out: 308,628,349 units (2019: Nil units)	3,157,005	-
Taurus Securities Limited (Subsidiary of Parent of the Management Company)		
Re-investment of dividend: 431,091 units (2019: Nil units)	4,393	-
Units issued / transferred in: 9,817,520 units (2019: Nil units)	100,000	-
Units redeemed / transferred out: 10,248,611 units (2019: Nil units)	104,922	-
Portfolios managed by the Management Company		
Market Treasury Bills purchased	11,131	25,012
Market Treasury Bills sold	133,998	22,628
NBP Endowment Fund Students Loan Scheme - (Subsidiary of Parent Company)		
Re-investment of dividend: Nil units (2019: 371,732 units)	-	3,780
Units issued / transferred in: Nil units (2019: 209 units)	-	-
Units redeemed / transferred out: Nil units (2019: 5,199,570 units)	-	53,200
Faruque Private Limited - (Common Directorship with the Management Company) *		
Re-investment of dividend: Nil units (2019: 175 units)	-	2
Fauji Akbar Portia Marine Terminals Limited ** (Unit holder of 10% or more of units of the Fund)		
Re-investment of dividend: 3,050,839 units (2019: Nil units)	29,265	-
Units issued / transferred in: 39,071,576 units (2019: Nil)	399,800	-
Units issued / transferred in: 4,970,227 units (2019: Nil)	51,000	-



	2020	2019
	----- Rupees in '000 -----	
K & N S Foods Private limited		
(Unit holder of 10% or more of units of the Fund)		
Re-investment of dividend: 6,015,908 units (2019: 6,128,175 units)	61,281	62,310
NBP Employees pension Fund		
(Unit holder of 10% or more of units of the Fund)		
Re-investment of dividend: 2510,664 units (2019: Nil units)	25,575	-
Asian Securities Limited *		
(Unit holder of 10% or more of units of the Fund)		
Cash dividend	-	32,364
Units redeemed / transferred out: Nil units (2019:15,055,723 units)	-	153,417
19.6	Amounts outstanding as at year end are as follows:	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	739	1,558
Sindh Sales Tax on remuneration of the Management Company	96	202
Operational expenses	614	1,088
Selling and marketing expense	3,692	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	115	181
Sindh Sales Tax on remuneration of the Trustee	15	23
National Bank of Pakistan		
(Parent of the Management Company)		
Bank balance	4,027	5,137
Bank profit receivable	230	67
Muhammad Murtaza Ali (Chief Operating Officer & Company Secretary)		
Investment held in the Fund: Nil units (2019: 2,431 units)	-	25
Summit Bank Limited (Common Directorship with the Management Company)*		
Bank balance	-	4,649
Askari Bank Limited (Common Directorship with the Management Company)*		
Bank balance	-	138
Bank profit receivable	-	2



	2020	2019
	----- Rupees in '000 -----	
Employees of the Management Company		
Investment held in the Fund: 510,269 units (2019:231,355 units)	5,206	2,357
NBP Employees Pension Fund - (Subsidiary of Parent Company) (Unit holder of 10% or more of units of the Fund)		
Investment held in the Fund: 23,831,507 units (2019: 21,320,842 units)	243,134	217,176
NBP Endowment Fund Students Loan Scheme - (Subsidiary of Parent Company)		
Investment held in the Fund: Nil units (2019: 20,187 units)	-	206
Faruque Private Limited - (Common Directorship with the Management Company) *		
Investment held in the Fund: Nil units (2019: 1,923 units)	-	20
K & N S Foods Private limited (Unit holder of 10% or more of units of the Fund)		
Investment held in the funds: 63,893,677 units (2019: 57,877,769 units)	651,856	589,549
Fauji Akbar Portia Marine Terminals Limited ** (Unit holder of 10% or more of units of the Fund)		
Re-investment of dividend: 35,152,188 units (2019: Nil units)	379,034	-
Asian Securities Limited* (Unit holder of 10% or more of units of the Fund)		
Investment held in the Fund: Nil units (2019:19,508,682 units)	-	198,717

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

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



20 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, MBA, FRM and MS	25
5	Mr. Hassan Raza	ACCA, BSC and CFA	9

20.1 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 Income Opportunity 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

21 TRANSACTIONS WITH BROKERS / DEALERS

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

S.No.	Particulars	Percentage
1	Bright Capital (Private) Limited	34.99
2	Vector capital (Private) Limited	31.23
3	Invest One Markets Limited	9.29
4	Vector Capital Private Limited	8.15
5	Continental Exchange (Private) Limited	7.61
6	Continental Exchange Private Limited	6.13
7	ICON Securities (Private) Limited	2.6

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



S.No.	Particulars	Percentage
1	Bright Capital (Private) Limited	26.06
2	Invest Capital Markets Limited	21.34
3	Next Capital Limited	18.01
4	First Capital Securities Corporation Limited	11.15
5	BMA Capital Management Limited	9.85
6	EFG Hermes Pakistan Limited	6.87
7	Vector Capital (Private) Limited	2.40
8	Continental Exchange (Private) Limited	2.23
9	Arif Habib Securities Limited	2.09

22 PATTERN OF UNIT HOLDING

Category	As at June 30, 2020		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)			
Individuals	1,470	534,723	24.00
Associated Companies and Directors	3	243,135	11.00
NBFC	2	0	0.00
Retirement Funds	13	110,319	5.00
Public Limited Companies	7	2,299	0.00
Others	55	1,334,926	60.00
	1,550	2,225,402	100.00%

Category	As at June 30, 2019		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)			
Individuals	1,456	508,389	26.32
Associated Companies and Directors	3	217,382	11.26
Insurance Companies	1	2,280	0.12
Retirement Funds	13	48,525	2.51
Public Limited Companies	5	3,766	0.19
Others	54	1,150,989	59.60
	1,532	1,931,331	100%



23. 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	-	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	-	-

23.1. Mr. Saad ur Rahman Khan, Mr. Syed Hasan Irtiza Kazmi, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan were appointed as directors on Board, with effect from October 04, 2019

23.2. 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.

24. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020

At amortized cost	At fair value through profit or loss	Total
-------------------	--------------------------------------	-------

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

Financial assets

Bank balances	651,697	-	651,697
Investment	-	1,578,034	1,578,034
Mark-up accrued	4,185	-	4,185
Receivable against transfer of units	64,000	-	64,000
	719,882	1,578,034	2,297,916

As at June 30, 2020

At amortized cost	At fair value through profit or loss	Total
-------------------	--------------------------------------	-------

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

Financial liabilities

Payable to the Management Company	5,141	-	5,141
Payable to the Trustee	130	-	130
Payable against redemption of units	3,918	-	3,918
Accrued expenses and other liabilities	1,918	-	1,918
Net assets attributable to redeemable units	2,225,402	-	2,225,402
	2,236,509	-	2,236,509



As at June 30, 2019			
	Loans and receivables	At fair value through profit or loss - held for trading	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	1,985,384	-	1,985,384
Investments	-	1,484,649	1,484,649
Mark-up accrued	8,108	-	8,108
	<u>1,993,492</u>	<u>1,484,649</u>	<u>3,478,141</u>

As at June 30, 2019			
	At amortized cost	At fair value through profit or loss - held for trading	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to the Management Company	2,848	-	2,848
Payable to the Trustee	204	-	204
Payable against purchase of investments	1,484,649	-	1,484,649
Payable against redemption of units	2	-	2
Accrued expenses and other liabilities	1,269	-	1,269
Net assets attributable to redeemable units	1,931,332	-	1,931,332
	<u>3,420,304</u>	<u>-</u>	<u>3,420,304</u>

25. FINANCIAL RISK MANAGEMENT

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

25.1. Market risk

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

The Management Company manages 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.

25.1.1. Currency risk

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

25.1.2. Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on balances held with banks in savings account.

- Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 22.27 million (June 30 2019: Rs.19.81 million)

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.



- Sensitivity analysis for fixed rate instruments

Presently, 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.

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

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	
On-balance sheet financial instruments		Rupees in '000			
	%				
Financial assets					
Bank balances	3.00 - 9.00	651,697	648,930	-	2,767
Investment	7.79-8.00	1,578,034	1,578,034	-	-
Mark-up accrued		4,185	-	-	4,185
Receivable against transfer of units		64,000	-	-	64,000
		2,297,916	2,226,964	-	70,952
Financial liabilities					
Payable to the Management Company		5,141	-	-	5,141
Payable to the Trustee		130	-	-	130
Payable against redemption of units		3,918	-	-	3,918
Accrued expenses and other liabilities		1,918	-	-	1,918
Net assets attributable to redeemable units		2,225,402	-	-	2,225,402
		2,236,509	-	-	2,236,509
On-balance sheet gap		61,407	2,226,964	-	(2,165,557)
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	3.00 - 13.85	1,985,384	1,980,709	-	4,675
Investments	12.58	1,484,649	1,484,649	-	-
Mark-up accrued		8,108	-	-	8,108
		3,478,141	3,465,358	-	12,783
Financial liabilities					
Payable to the Management Company		2,848	-	-	2,848
Payable to the Trustee		204	-	-	204
Payable against purchase of investments		1,484,649	-	-	1,484,649
Payable against redemption of units		2	-	-	2
Accrued expenses and other liabilities		1,269	-	-	1,269
Net assets attributable to redeemable units		1,931,332	-	-	1,931,332
		3,420,304	-	-	3,420,304
On-balance sheet gap		57,837	3,465,358	-	(3,407,521)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-



25.1.3 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. Presently, the Fund is not exposed to any price risk.

25.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in government securities. The Fund is also exposed to counter party credit risks on loans and receivables, balances with banks, profit receivable, 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. In addition, the Fund's policy is to enter into financial instrument contracts following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

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

Bank balances by rating category	June 30, 2020	June 30, 2019
AAA	97.37%	98.69%
AA+	1.53%	0.99%
AA	0.0178%	0.00%
AA-	0.66%	0.09%
A+	0.00%	0.00%
Suspended	0.42%	0.23%

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
----- Rupees in '000 -----				
Bank balances	651,697	651,697	1,985,384	1,985,384
Investment	1,578,034	1,578,034	1,484,649	1,484,649
Receivable against transfer of units	64,000	64,000	-	-
Mark-up accrued	4,185	4,185	8,108	8,108

Concentration of credit risk

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

The Fund's major asset balances (97.37%) are held with two banks. The management believes that these are credit-worthy counterparties which also include the Federal Government."

25.3 Liquidity risk

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

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



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

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

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the 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	5,141	5,141	-	-
Payable to the Trustee	130	130	-	-
Payable against redemption of units	3,918	3,918	-	-
Accrued expenses and other liabilities	1,918	1,918	-	-
Net assets attributable to redeemable units	2,225,402	2,225,402	-	-
	2,236,509	2,236,509	-	-

----- 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	2,848	2,848	-	-
Payable to the Trustee	204	204	-	-
Payable against purchase of investments	1,484,649	1,484,649	-	-
Payable against redemption of units	2	2	-	-
Accrued expenses and other liabilities	1,269	1,269	-	-
Net assets attributable to redeemable units	1,931,332	1,931,332	-	-
	3,420,304	3,420,304	-	-



26 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 25, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

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 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)

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



	Carrying amount			Fair value		
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Total
June 30, 2020						
----- Rupees in '000 -----						
Financial assets measured at fair value						
Government Securities - Treasury Bills	1,578,034	-	1,578,034	-	1,578,034	1,578,034
	<u>1,578,034</u>	<u>-</u>	<u>1,578,034</u>	<u>-</u>	<u>1,578,034</u>	<u>1,578,034</u>
Financial assets not measured at fair value						
Bank balances	-	651,697	651,697	-	-	-
Mark-up accrued	-	4,185	4,185	-	-	-
Receivable against transfer of units	-	64,000	64,000	-	-	-
	<u>-</u>	<u>655,882</u>	<u>655,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Limited - Management Company	-	5,141	5,141	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	130	130	-	-	-
Payable against redemption of units	-	3,918	3,918	-	-	-
Accrued expenses and other liabilities	-	1,918	1,918	-	-	-
	<u>-</u>	<u>11,107</u>	<u>11,107</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Carrying amount			Fair value		
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Total
June 30, 2019						
----- Rupees in '000 -----						
Financial assets measured at fair value						
Government Securities - Treasury Bills	1,484,649	-	1,484,649	-	1,484,649	1,484,649
	<u>1,484,649</u>	<u>-</u>	<u>1,484,649</u>	<u>-</u>	<u>1,484,649</u>	<u>1,484,649</u>
Financial assets not measured at fair value						
Bank balances	-	1,985,384	1,985,384	-	-	-
Mark-up accrued	-	8,108	8,108	-	-	-
	<u>-</u>	<u>1,993,492</u>	<u>1,993,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Limited - Management Company	-	2,848	2,848	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	204	204	-	-	-
Payable against purchase of Investments	-	1,484,649	1,484,649	-	-	-
Payable against redemption of units	-	2	2	-	-	-
Accrued expenses and other liabilities	-	1,269	1,269	-	-	-
	<u>-</u>	<u>1,488,972</u>	<u>1,488,972</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 frequently. Therefore, their carrying amounts are reasonable approximation of fair value.



28. INTERIM DISTRIBUTIONS MADE DURING THE YEAR

	Rate per unit	Declaration date	Cash distribution		
			Capital value	Undistributed income	Total
----- For the year ended June 30, 2020 -----					
----- Rupees in '000 -----					
For the month of July 2019	Re. 0.0956	July 30, 2019	(3,322)	(17,677)	(20,999)
For the month of August 2019	Re. 0.1033	August 29, 2019	(946)	(22,556)	(23,502)
For the month of September 2019	Re. 0.1017	September 28, 2019	(1,878)	(25,312)	(27,190)
For the month of October 2019	Re. 0.1109	October 29, 2019	(84)	(23,845)	(23,929)
For the month of November 2019	Re. 0.0971	November 28, 2019	(129)	(20,502)	(20,631)
For the month of December 2019	Re. 0.1002	December 27, 2019	(165)	(20,630)	(20,795)
For the month of January 2020	Re. 0.1132	January 28, 2020	(523)	(23,669)	(24,192)
For the month of February 2020	Re. 0.1062	February 27, 2020	(3,553)	(25,107)	(28,660)
For the month of March 2020	Re. 0.1184	March 27, 2020	(349)	(32,013)	(32,362)
For the month of April 2020	Re. 0.1316	April 29, 2020	(221)	(34,938)	(35,159)
For the month of May 2020	Re. 0.0585	May 29, 2020	(59)	(12,241)	(12,300)
For the month of June 2020	Re. 0.0538	June 26, 2020	(109)	(11,248)	(11,357)
			(11,338)	(269,738)	(281,076)

----- For the year ended June 30, 2019 -----					
----- Rupees in '000 -----					
For the month of December 2018	Re. 0.3401	December 21, 2018	(8,842)	(75,736)	(84,578)
For the month of January 2019	Re. 0.1022	January 29, 2019	(679)	(26,068)	(26,747)
For the month of February 2019	Re. 0.0751	February 27, 2019	(98)	(16,661)	(16,759)
For the month of March 2019	Re. 0.0737	March 29, 2019	(293)	(15,535)	(15,828)
For the month of April 2019	Re. 0.0755	April 26, 2019	(205)	(13,766)	(13,971)
For the month of May 2019	Re. 0.0777	May 30, 2019	(146)	(14,256)	(14,402)
For the month of June 2019	Re. 0.0764	June 24, 2019	(195)	(14,056)	(14,251)
			(10,458)	(176,078)	(186,536)

29 GENERAL

29.1 Figures have been rounded off to nearest thousand rupee.

30 DATE OF AUTHORISATION OF 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 at the year / period ended (Rs '000)	2,225,402	1,931,332	5,790,612	4,598,229	3,171,948	7,013,455
Net income for the year / period ended (Rs '000)	280,706	269,495	257,128	207,559	135,646	386,114
Net Asset Value per unit at the year / period ended (Rs)	10.2022	10.1861	10.9686	10.1614	10.1464	10.1423
Offer Price per unit at year end	10.2022	10.1861	10.9686	10.1614	10.1464	10.1423
Redemption Price per unit at year end	10.2022	10.1861	10.9686	10.1614	10.1464	10.1423
Ex - Highest offer price per unit (Rs.)	10.2022	10.1861	10.6986	10.1626	10.1464	10.1424
Ex - Lowest offer price per unit (Rs.)	9.0715	9.3915	10.1634	9.4401	9.5945	9.3685
Ex - Highest redemption price per unit (Rs.)	10.2022	10.1861	10.6986	10.1626	10.1464	10.1424
Ex - Lowest redemption price per unit (Rs.)	9.0715	9.3881	10.1634	9.4419	9.5945	9.3685
Fiscal Year Opening Ex Nav	9.0679	9.3804	10.1614	9.4401	9.5936	9.3648
Total return of the fund	12.47%	8.59%	5.29%	7.64%	5.76%	8.30%
Capital growth	0.79%	0.51%	0.01%	-0.40%	0.04%	0.33%
Income distribution as a % of ex nav	11.69%	8.08%	5.28%	8.04%	5.72%	7.97%
Income distribution as a % of par value	11.91%	8.21%	5.37%	7.59%	5.80%	7.46%
Distribution						
Interim distribution per unit	1.1905	0.8207	-	0.7592	-	0.7460
Final distribution per unit	-	-	0.5367	-	0.5801	-
Distribution Dates						
Interim	30-Jul-19	-	-	-	-	-
Interim	29-Aug-19	-	-	-	-	-
Interim	28-Sep-19	-	-	-	-	-
Interim	29-Oct-19	-	-	-	-	-
Interim	28-Nov-19	-	-	-	-	-
Interim	27-Dec-19	21-Dec-19	-	-	-	-
Interim	28-Jan-20	29-Jan-19	-	-	-	-
Interim	27-Feb-20	27-Feb-19	-	-	-	-
Interim	27-Mar-20	29-Mar-19	-	-	-	-
Interim	29-Apr-20	26-Apr-19	-	-	-	-
Interim	29-May-20	30-May-19	-	-	-	-
Interim	26-Jun-20	24-Jun-19	-	21-Jun-17	-	29-Jun-15
Final	-	-	4-Jul-18	-	30-Jun-16	-
Average annual return of the fund (launch date May 16, 2009)						
(Since inception to June 30, 2020)	8.89%	-	-	-	-	-
(Since inception to June 30, 2019)	-	8.54%	-	-	-	-
(Since inception to June 30, 2018)	-	-	8.54%	-	-	-
(Since inception to June 30, 2017)	-	-	-	8.95%	-	-
(Since inception to June 30, 2016)	-	-	-	-	9.13%	-
(Since inception to June 30, 2015)	-	-	-	-	-	9.70%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	32 Days	25 Days	13 Days	3 Days	4 Days	19 Days

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

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 /nbpffunds

NBP ISLAMIC DAILY DIVIDEND 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Askari Bank Limited
Bank Alhabib Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited
Dubai Islamic Bank Limited
Allied Bank Limited
National Bank Of Pakistan
JS 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

The Board of Directors of NBP Fund Management Limited is pleased to present the First Annual Report of NBP Islamic Daily Dividend Fund (NIDDF) for the year ended June 30, 2020.

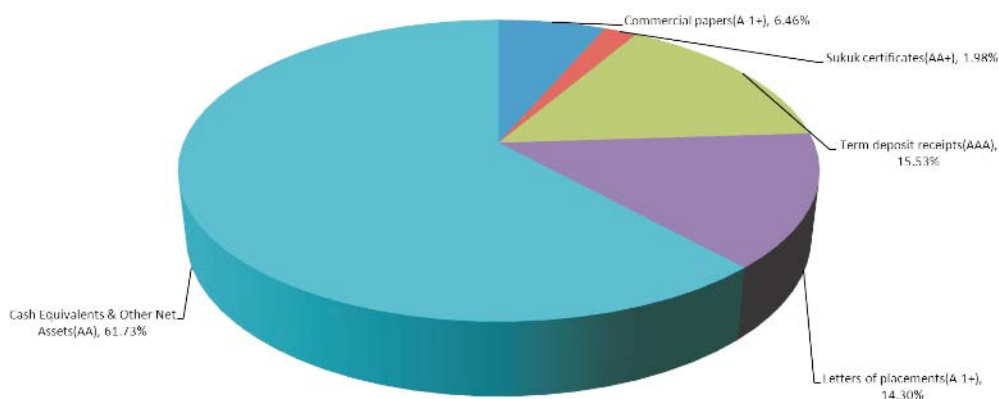
Fund's Performance

The size of NBP Islamic Daily Dividend Fund is Rs. 8,243 million as at June 30, 2020. The Fund has earned an annualized return of 11.3% p.a. since its inception (November 01, 2019) as compared to its benchmark return of 5.3% p.a. The performance of the Fund is net of management fee and all other expenses.

NIDDF is categorized as a Shariah Compliant Money Market Fund. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks / Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

During the period under review, the market witnessed a surge in issuance of short-term corporate sukuk and commercial papers to meet the increasing funding need for working capital and also to bridge the fixed capital investments. 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.

The Fund has earned a total income of Rs. 249.522 million during the year. After deducting total expenses of Rs. 21.355 million, the net income is Rs. 228.167 million. The asset allocation of NBP Islamic Daily Dividend 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 7.23% of the opening ex-NAV (7.23% 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 A.F. Ferguson & Co., Chartered Accountants, retire 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 30 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 26 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. 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 بصد مسرت 30 جون 2020ء کو ختم ہونے والے سال کے لئے NBP اسلامک ڈیلی ڈیویڈنڈ فنڈ (NIDDF) پہلی سالانہ رپورٹ پیش کرتے ہیں۔

فنڈ کی کارکردگی

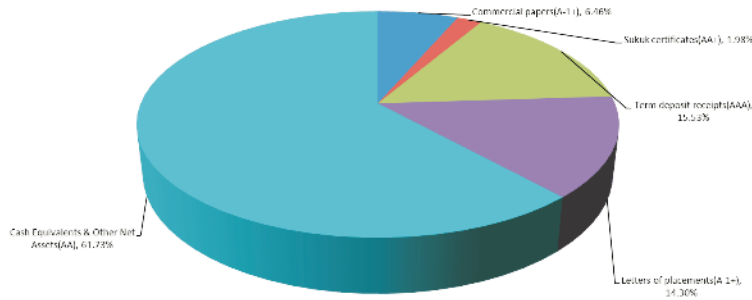
30 جون 2020 کو NBP اسلامک ڈیلی ڈیویڈنڈ فنڈ کا سائز 8,243 ملین روپے ہے۔ فنڈ نے اپنے آغاز (یکم نومبر 2019) سے اپنے بیچ مارک منافع 5.3% کے مقابلے 11.3% کا سالانہ منافع درج کیا۔ فنڈ کی یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIDDF کی شریعہ کمپلیٹ منی مارکیٹ فنڈ کے طور پر درجہ بندی کی گئی ہے۔ فنڈ کا مقصد اسلامی بینکوں / کمرشل بینکوں کی اسلامی ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے تو اترا سے بہتر منافع فراہم کرنا ہے، کم از کم اہل ریٹنگ AA ہے، جب کہ فنڈ چھ ماہ سے زائد منیچورٹی کی کسی بیکورٹی میں سرمایہ کاری کی اجازت نہیں دیتا ہے۔ فنڈ کی منیچورٹی کی اوسط مدت 90 دنوں سے تجاوز نہیں کر سکتی، لہذا اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرتا ہے۔

اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر جسکی وجہ (i) زر مبادلہ کی شرح گراؤ، (ii) یوٹی لٹی 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 IMPC 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 کر دی۔

سال کے دوران فنڈ کو 249,522 ملین روپے کی مجموعی آمدنی ہوئی۔ 21,355 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 228,167 ملین روپے ہے۔

30 جون 2020 کو NIDDF کی ایسٹ ایلوکیٹیشن درج ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2020ء کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 7.23% (7.23% par value) عبوری نقد ڈیویڈنڈ منظور کیا۔

ٹیکسیشن

چونکہ مذکورہ بالا فنڈ 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 شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔



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۔

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، کمپنی فلوا اور پونٹ 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۔ شہریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، 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 30 میں کی گئی ہے۔
- 11 پونٹ ہولڈنگ کا تفصیلی پیئر ان مالیاتی گوشواروں کے نوٹ 26 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 20 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 اکثریٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
<ol style="list-style-type: none"> •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
<ol style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (چیرمین) •2 جناب سعد الرحمان خان •3 جناب سید حسن ارتضیٰ کاظمی •4 جناب علی سیدگل •5 جناب عمران ظفر 	نان ایگزیکٹو ڈائریکٹرز



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان 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 منجمنٹ 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 Daily Dividend 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 period from October 29, 2019 to 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 Daily Dividend Fund

NBP Islamic Daily Dividend Fund (NIDDF) is an Open-End Shariah Compliant Money Market Fund.

Investment Objective of the Fund

To provide competitive return along with daily dividend by investing in Shariah Compliant money market instruments.

Benchmark

Three months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

Fund Performance Review

This is the First Annual report since the launch of the Fund on November 01, 2019. The size of the NBP Islamic Daily Dividend Fund is Rs. 8,243 million as of June 30, 2020. Since its inception, the Fund has earned an annualized return of 11.3% versus the benchmark return of 5.3%, thus registering an outperformance of 6.0% p.a. This outperformance is net of management fee and other expenses.

NIDDF is an Islamic Money Market Scheme with no direct or indirect exposure to the stock market. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

During the period under review, the market witnessed a surge in issuance of short-term corporate sukuks and commercial papers to meet the increasing funding need for working capital and also to bridge the fixed capital investments. 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.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-20
Placements with Banks & DFIs	6.46%
Commercial Paper	1.98%
TFC/Sukuk	29.83%
Cash, Bank Placements & Other Assets	61.73%
Total	100%

Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
From November 2, 2019 to June 30, 2020	7.234%	10.7234	10



Unit Holding Pattern of NBP Government Securities Savings Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
1-1000	12
1001-5000	16
5001-10000	9
10001-50000	32
50001-100000	21
100001-500000	33
500001-1000000	9
1000001-5000000	21
5000001-10000000	5
10000001-100000000	9
100000001-1000000000	3
Total	170

During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Daily Dividend 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. 4.656 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.006. 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

NBP Islamic Daily Dividend 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 period from November 01, 2019 to 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, the period from July November 1, 2019 to June 30, 2020 was the First year of the operations of NBP Islamic Daily Dividend Fund (NIDDF). 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 NIDDF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIDDF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.

On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NIDDF for the year ended June 30, 2020 are not in compliance with the 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 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 Daily Dividend Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Daily Dividend 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 period from November 1, 2019 to June 30, 2020, 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 period from November 1, 2019 to June 30, 2020 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)	Our audit procedures included the following:
	<p>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. 2,300.436 million and Rs. 229.418 million respectively.</p> <p>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.</p>	<ul style="list-style-type: none"> 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. re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies. obtained approval of the Board of Directors of the Management Company in relation to opening of bank accounts. obtained bank reconciliation statements and tested reconciling items on a sample basis.



Other Matter

The financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated September 27, 2019.

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	June 30, 2020 Rupees in '000
ASSETS		
Bank balances	4	5,063,693
Investments	5	3,154,524
Profit receivable	6	53,477
Prepayments, deposits and other receivables	7	826
Preliminary expenses and floatation costs	8	1,024
Total assets		8,273,544
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	9	11,127
Payable to Central Depository Company of Pakistan Limited - Trustee	10	514
Payable to the Securities and Exchange Commission of Pakistan	11	491
Payable against redemption of units		10,164
Accrued expenses and other liabilities	12	8,101
Total liabilities		30,397
NET ASSETS		8,243,147
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		8,243,147
CONTINGENCIES AND COMMITMENTS	13	
		Number of units
NUMBER OF UNITS IN ISSUE	14	824,318,625
		Rupees
NET ASSET VALUE PER UNIT		10.0000

The annexed notes 1 to 32 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 PERIOD FROM NOVEMBER 1, 2019 TO JUNE 30, 2020

	Note	For the period from November 01, 2019 to June 30, 2020
		Rupees in '000
INCOME		
Income on sukuk certificates		5,205
Income on term deposit receipts		12,319
Income on commercial papers		32,124
Income on letter of placements		4,266
Profit on bank deposits		195,849
Loss on sale of investments - net		(241)
Total income		249,522
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company	9.1	2,679
Sindh Sales Tax on remuneration of the Management Company	9.2	348
Allocated expenses	9.3	2,453
Selling and marketing expenses	9.4	7,589
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	1,594
Sindh Sales Tax on remuneration of the Trustee	10.2	207
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	491
Amortisation of preliminary expenses and floatation costs	8	162
Auditors' remuneration	15	483
Legal and professional charges		39
Listing fee		28
Shariah advisory fee		317
Settlement and bank charges		195
Printing expenses		15
Rating fee		99
Total operating expenses		16,699
Net income from operating activities		232,823
Provision against Sindh Workers' Welfare Fund	12.1	(4,656)
Net income for the period before taxation		228,167
Taxation	16	-
Net income for the period after taxation		228,167
Earnings per unit	17	
Allocation of net income for the period		
- Net income for the period after taxation		228,167
- Income already paid on units redeemed		-
		228,167
Accounting income available for distribution:		
- Relating to capital gains		-
- Excluding capital gains		228,167
		228,167

The annexed notes 1 to 32 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 PERIOD FROM NOVEMBER 1, 2019 TO JUNE 30, 2020

For the period
from November
01, 2019 to June
30, 2020

Rupees in '000

Net income for the period after taxation

228,167

Other comprehensive income for the period

-

Total comprehensive income for the period

228,167

The annexed notes 1 to 32 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 PERIOD FROM NOVEMBER 1, 2019 TO JUNE 30, 2020

For the period from November 01, 2019 to June 30, 2020		
Capital value	Undistributed income	Total

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

Issuance of 1,325,096,635 units

- Capital value (at net asset value per unit at the commencement of fund)
- Element of income

Total proceeds on issuance of units

13,250,966	-	13,250,966
-	-	-
13,250,966	-	13,250,966

Redemption of 500,778,010 units

- Capital value (at net asset value per unit at the commencement of fund)
- Element of loss

Total payments on redemption of units

(5,007,819)	-	(5,007,819)
-	-	-
(5,007,819)	-	(5,007,819)

Total comprehensive income for the period

Total distribution during the period

Net income for the period less distribution

19

-	228,167	-
-	(228,167)	-
-	-	-

Net assets at end of the period

8,243,147	-	8,243,147
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Accounting income available for distribution:

- Relating to capital gains
- Excluding capital gains

-
228,167
228,167

Distribution for the period

(228,167)

Undistributed income carried forward

-

Undistributed income carried forward:

- Realised income
- Unrealised income

-
-
-

(Rupees)

Net assets value per unit at end of the period

10.0000

The annexed notes 1 to 32 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 PERIOD FROM NOVEMBER 1, 2019 TO JUNE 30, 2020

	Note	For the period from November 01, 2019 to June 30, 2020
		Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		228,167
Adjustments for:		
Income on sukuk certificates		(5,205)
Income on term deposit receipts		(12,319)
Income on commercial papers		(32,124)
Income on letter of placements		(4,266)
Profit on bank deposits		(195,849)
Amortisation of preliminary expenses and floatation costs		162
		(249,601)
Increase in assets		
Prepayments, deposits and other receivables		(826)
Investments - net		(1,874,524)
Preliminary expenses and floatation costs		(1,186)
		(1,876,536)
Increase in liabilities		
Payable to NBP Fund Management Limited - Management company		11,127
Payable to Central Depository Company of Pakistan Limited - Trustee		514
Payable to the Securities and Exchange Commission of Pakistan		491
Accrued expenses and other liabilities		8,101
		20,233
Profit received		196,286
Net cash used in operating activities		(1,681,451)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units		13,250,966
Net payments against redemption of units		(4,997,655)
Distributions paid		(228,167)
Net cash flows generated from financing activities		8,025,144
Net increase in cash and cash equivalents		6,343,693
Cash and cash equivalents at the commencement of the Fund		-
Cash and cash equivalents at the end of the period	21	<u><u>6,343,693</u></u>

The annexed notes 1 to 32 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

NBP Islamic Daily Dividend Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on September 23, 2019 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 Securities and Exchange Commission of Pakistan (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 'Shariah compliant money market fund' 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. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from November 2, 2019 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide competitive return along with daily dividend by investing in Shariah compliant money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM1 as at June 24, 2020 to the Management Company and rated AA(f) with stable outlook as at April 17, 2020 to the Fund.

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

As per the offering document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared for the period from November 1, 2019 to June 30, 2020.

This is the first accounting period of the Fund and hence there are no comparative figures.

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.



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

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 amendments on the financial statements of the Fund.

2.2.1 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.

2.3 Critical accounting estimates and judgments

The preparation of 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation of financial assets (note 3.2 and 5), provision against Sindh Workers' Welfare Fund (note 12.1) and provision for taxation (notes 3.14 and 16).

2.4 Accounting convention

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

2.5 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 Pakistani Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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



3.2 Financial assets

3.2.1 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.

3.2.2 Classification and subsequent measurement

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.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

3.2.3 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.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

3.2.5 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.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and 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.

3.3 Financial liabilities

3.3.1 Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.



3.3.2 Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3.4 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.

3.5 Provisions

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

3.6 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 period end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the 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 the 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.

3.8 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 period also includes portion of income already paid on units redeemed during the period.

Distributions declared subsequent to the period 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.

3.9 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 Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net asset 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 is refunded on units in the same proportion as dividend bears to accounting income available for distribution.



3.10 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, term deposit receipts and letters of placement is recognised on an accrual basis.
- Income from investments in sukuks and commercial papers is recognised on an accrual basis using effective interest rate method.

3.11 Expenses

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

3.12 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.

3.13 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

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 to the unit holders in cash.

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 per unit

Earnings per unit is calculated by dividing the net income of the period before taxation of the Fund by the weighted average number of units outstanding during the period. The determination of earnings per unit is not practicable as disclosed in note 17.

4 BANK BALANCES	Note	June 30, 2020
		Rupees in '000
Balances with banks in:		
Savings accounts	4.1	5,057,324
Current accounts		6,369
		<u>5,063,693</u>
4.1	These include a balance of Rs 0.118 million maintained with National Bank of Pakistan, (a related party), that carries profit at the rate of 4.5% per annum. Other savings accounts carry profit at the rate of 6.65% to 7.5% per annum.	



5 INVESTMENTS	Note	June 30, 2020 Rupees in '000
At fair value through profit or loss		
Commercial papers	5.1	532,787
Sukuk certificates	5.2	163,000
Term deposit receipts	5.3	1,280,000
Letters of placement	5.4	1,178,737
		3,154,524

5.1 Commercial papers

Name of Investee Company	Face value (Rupees in '000)				Rupees in '000		Market value as a percentage of total investments	Market value as a percentage of net assets
	As at November 1, 2019	Purchased during the period	Disposed of / matured during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020		
K-Electric Limited CP-A (A-1+, VIS)	-	40,000	40,000	-	-	-	-	-
K-Electric Limited CP-3 (A-1+, VIS)	-	178,000	178,000	-	-	-	-	-
K-Electric Limited CP-5 (A-1+, VIS)	-	312,000	-	312,000	306,862	306,862	9.73%	3.72%
K-Electric Limited CP-6 (A-1+, VIS)	-	206,000	-	206,000	201,688	201,688	6.39%	2.45%
K-Electric Limited CP-8 (A-1+, VIS)	-	25,000	-	25,000	24,237	24,237	0.77%	0.29%
Total as at June 30, 2020					532,787	532,787	16.89%	6.46%

5.1.1 These carry yield ranging from 12.18% to 14.64% per annum and are due to mature latest by October 6, 2020.

5.2 Sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at November 1, 2019	Purchases during the period	Sales / redemptions during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
											Net assets of the Fund	Total market value of the investment
Hub Power Company Limited (Face value of 100,000 per certificate)	Semi-annually	November 19, 2020	6 months KIBOR plus base rate of 1.50%	-	1,630	-	1,630	163,000	163,000	-	1.98%	5.17%
Hub Power Company Limited (Face value of 100,000 per certificate)	Semi-annually	May 21, 2020	6 months KIBOR plus base rate of 1.50%	-	450	450	-	-	-	-	-	-
Total as at June 30, 2020								163,000	163,000	-	1.98%	5.17%



5.3 Term deposit receipts

Name of the security	Issue date	Profit rate	As at November 1, 2019	Purchased during the period	Matured during the period	As at June 30, 2020	Carrying value 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
							Rupees in '000		Percentage	
Askari Bank Limited	February 7, 2020	12.55%	-	527,000	527,000	-	-	-	-	-
UBL Ameen Islamic Banking	June 5, 2020	7.35%	-	500,000	-	500,000	500,000	500,000	15.85%	6.07%
UBL Ameen Islamic Banking	June 5, 2020	7.35%	-	500,000	-	500,000	500,000	500,000	15.85%	6.07%
UBL Ameen Islamic Banking	June 5, 2020	7.35%	-	280,000	-	280,000	280,000	280,000	8.88%	3.40%
Total as at June 30, 2020							1,280,000	1,280,000	40.58%	15.53%

5.3.1 These carry profit at the rate of 7.35% per annum and are due to mature latest by July 4, 2020.

5.4 Letters of placement

Name of the investee companies	Amount placed (Rupees in '000)				As at June 30, 2020		Market value as a percentage of			
	As at November 1, 2019	Purchased during the period	Matured during the period	As at June 30, 2020	Carrying value	Market value	Net assets	Total investments		
							(Rupees in '000)		(%)	
Pak Brunei Investment Company Limited	-	228,236	-	228,236	228,236	228,236	2.77%	7.24%		
Pak Brunei Investment Company Limited	-	103,425	-	103,425	103,425	103,425	1.25%	3.28%		
Pak Brunei Investment Company Limited	-	97,570	-	97,570	97,570	97,570	1.18%	3.09%		
Pak Brunei Investment Company Limited	-	370,364	-	370,364	370,364	370,364	4.49%	11.74%		
Pak Brunei Investment Company Limited	-	275,316	-	275,316	275,316	275,316	3.34%	8.73%		
Pak Brunei Investment Company Limited	-	103,826	-	103,826	103,826	103,826	1.26%	3.29%		
Total as at June 30, 2020							1,178,737	1,178,737	14.29%	37.37%

5.4.1 These carry profit at the rate of 7.85% per annum and are due to mature latest by December 21, 2020.

	Note	June 30, 2020 Rupees in '000
6 PROFIT RECEIVABLE		
Profit receivable on:		
Bank balances		40,667
Letters of placement		4,266
Term deposit receipts		6,702
Sukuk certificates		1,842
		<u>53,477</u>
7 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES		
Advance tax	7.1	656
Prepaid mutual fund rating fee		70
Security deposit Central Depository Company of Pakistan Limited *		100
		<u>826</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 profit on bank deposits to the Fund was 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. The tax withheld on profit on bank deposits amounts to Rs 0.542 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 the SHC in favour of FBR. A petition was filed in the 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 judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits has been shown as other receivable as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	June 30, 2020 Rupees in '000
Preliminary expenses and floatation costs incurred		1,186
Less: amortisation during the period	8.1	(162)
At the end of the period		<u>1,024</u>

- 8.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (a related party). These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	June 30, 2020 Rupees in '000
Management fee payable	9.1	701
Sindh Sales Tax payable on remuneration of the Management Company	9.2	91
Allocated expenses payable	9.3	1,644
Selling and marketing expenses payable	9.4	5,973
Sales load payable		1,218
Sindh Sales Tax payable on sales load		159
Other payable		<u>1,341</u>
		<u>11,127</u>

- 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% on net income, subject to floor and capping of 0.1% and 1% per annum of the average net assets of the Fund during the period ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

- 9.2** During the period, an amount of Rs. 0.348 million was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011. During the period Sindh sales tax has been charged at the rate of 13%.



- 9.3** In accordance with Regulation 60 of the NBFC Regulations 2008, the 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).

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.

- 9.4** During the period, the Management Company has charged selling and marketing expenses at the rate of 0.4% per annum from November 1, 2019 till November 15, 2019, of the average annual net assets. Thereafter, the management discontinued to charge the same. On February 25, 2020 the Management Company started to charge selling and marketing expense at the rate of 0.4% of average annual net assets till June 17, 2020 and from June 18, 2020 till June 30, 2020 at the rate of 0.2% of average annual net assets. This has been duly approved by the Board of Directors of the Management Company.

	Note	June 30, 2020
		Rupees in '000
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY		
Trustee fee payable	10.1	455
Sindh Sales Tax payable on the trustee fee	10.2	59
		<u>514</u>

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.065% per annum of net assets.

- 10.2** During the period, an amount of Rs. 0.207 million was charged on account of sales tax at the rate of 13% on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

	Note	June 30, 2020
		Rupees in '000
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
Annual fee payable	11.1	<u>491</u>

- 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). The Fund has charged the SECP fee at the rate of 0.02% per annum of the average annual net assets during the current period.

	Note	June 30, 2020
		Rupees in '000
12 ACCRUED EXPENSES AND OTHER LIABILITIES		
Provision for Sindh Workers' Welfare Fund	12.1	4,656
Auditors' remuneration		388
Shariah advisory fee		317
Legal fee		39
Withholding tax payable		2,569
Payable against printing charges		9
Bank and settlement charges payable		123
		<u>8,101</u>



- 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.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from November 1, 2019 to June 30, 2020, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Re 0.006 per unit.

13 CONTINGENCIES AND COMMITMENTS

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

14 NUMBER OF UNITS IN ISSUE

June 30, 2020
Number of units

Total units in issue at the beginning of the period	-
Units issued during the period	1,325,096,635
Less: units redeemed during the period	500,778,010
Total units in issue at the end of the period	<u>824,318,625</u>

June 30, 2020
Rupees in '000

15 AUDITORS' REMUNERATION

Annual audit fee	294
Other certification	81
Half yearly review	80
Out of pocket expenses	28
	<u>483</u>

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 period ended June 30, 2020 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the period.

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.



17 EARNINGS PER UNIT

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.

18 TOTAL EXPENSE RATIO

The Total Expense ratio (TER) of the Fund as at June 30, 2020 is 0.87% which includes 0.23% representing government levies on the Fund such as provision against Sindh Workers' Welfare Fund, sales taxes, 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 money market scheme.

19 TOTAL DISTRIBUTION

The Fund makes distribution on daily basis as per clause 12.1 of the Trust Deed and clause 1.4 of the Offering Document and re-invests the distributed dividend as per clause 1.4 of the Offering Document. During the period ended June 30, 2020, the Management Company on behalf of the Fund, has distributed total profit earned during the period amounting to Rs 228.167 million as dividend after deducting applicable taxes.

Payout Date	Payout Per Unit Rupees	Payout Date	Payout Per Unit Rupees	Payout Date	Payout Per Unit Rupees
November 2, 2019	0.0067	November 24, 2019	0.0034	December 16, 2019	0.0035
November 3, 2019	0.0032	November 25, 2019	0.0034	December 17, 2019	0.0034
November 4, 2019	0.0032	November 26, 2019	0.0034	December 18, 2019	0.0034
November 5, 2019	0.0032	November 27, 2019	0.0034	December 19, 2019	0.0037
November 6, 2019	0.0032	November 28, 2019	0.0034	December 20, 2019	0.0037
November 7, 2019	0.0031	November 29, 2019	0.0034	December 21, 2019	0.0036
November 8, 2019	0.0032	November 30, 2019	0.0034	December 22, 2019	0.0037
November 9, 2019	0.0032	December 1, 2019	0.0035	December 23, 2019	0.0037
November 10, 2019	0.0032	December 2, 2019	0.0034	December 24, 2019	0.0037
November 11, 2019	0.0032	December 3, 2019	0.0034	December 25, 2019	0.0037
November 12, 2019	0.0033	December 4, 2019	0.0034	December 26, 2019	0.0037
November 13, 2019	0.0032	December 5, 2019	0.0034	December 27, 2019	0.0038
November 14, 2019	0.0032	December 6, 2019	0.0034	December 28, 2019	0.0037
November 15, 2019	0.0033	December 7, 2019	0.0034	December 29, 2019	0.0038
November 16, 2019	0.0033	December 8, 2019	0.0035	December 30, 2019	0.0037
November 17, 2019	0.0033	December 9, 2019	0.0034	December 31, 2019	0.0038
November 18, 2019	0.0034	December 10, 2019	0.0034	January 1, 2020	0.0037
November 19, 2019	0.0033	December 11, 2019	0.0034	January 2, 2020	0.0049
November 20, 2019	0.0033	December 12, 2019	0.0034	January 3, 2020	0.0048
November 21, 2019	0.0034	December 13, 2019	0.0034	January 4, 2020	0.0048
November 22, 2019	0.0034	December 14, 2019	0.0034	January 5, 2020	0.0047
November 23, 2019	0.0034	December 15, 2019	0.0034	January 6, 2020	0.0038

NBP Islamic Daily Dividend Fund



NBP FUNDS
Managing Your Savings

Payout Date	Payout Per Unit Rupees	Payout Date	Payout Per Unit Rupees	Payout Date	Payout Per Unit Rupees
January 7, 2020	0.0037	February 11, 2020	0.0033	March 17, 2020	0.0032
January 8, 2020	0.0037	February 12, 2020	0.0034	March 18, 2020	0.0033
January 9, 2020	0.0037	February 13, 2020	0.0033	March 19, 2020	0.0033
January 10, 2020	0.0038	February 14, 2020	0.0034	March 20, 2020	0.0032
January 11, 2020	0.0038	February 15, 2020	0.0034	March 21, 2020	0.0033
January 12, 2020	0.0037	February 16, 2020	0.0034	March 22, 2020	0.0032
January 13, 2020	0.0036	February 17, 2020	0.0033	March 23, 2020	0.0033
January 14, 2020	0.0034	February 18, 2020	0.0034	March 24, 2020	0.0032
January 15, 2020	0.0037	February 19, 2020	0.0034	March 25, 2020	0.0032
January 16, 2020	0.0038	February 20, 2020	0.0034	March 26, 2020	0.0031
January 17, 2020	0.0038	February 21, 2020	0.0034	March 27, 2020	0.0033
January 18, 2020	0.0031	February 22, 2020	0.0033	March 28, 2020	0.0032
January 19, 2020	0.0031	February 23, 2020	0.0034	March 29, 2020	0.0032
January 20, 2020	0.0034	February 24, 2020	0.0034	March 30, 2020	0.0033
January 21, 2020	0.0035	February 25, 2020	0.0033	March 31, 2020	0.0032
January 22, 2020	0.0035	February 26, 2020	0.0033	April 1, 2020	0.0027
January 23, 2020	0.0034	February 27, 2020	0.0033	April 2, 2020	0.0028
January 24, 2020	0.0035	February 28, 2020	0.0032	April 3, 2020	0.0027
January 25, 2020	0.0035	February 29, 2020	0.0033	April 4, 2020	0.0027
January 26, 2020	0.0034	March 1, 2020	0.0034	April 5, 2020	0.0027
January 27, 2020	0.0033	March 2, 2020	0.0033	April 6, 2020	0.0027
January 28, 2020	0.0033	March 3, 2020	0.0033	April 7, 2020	0.0026
January 29, 2020	0.0035	March 4, 2020	0.0033	April 8, 2020	0.0027
January 30, 2020	0.0034	March 5, 2020	0.0032	April 9, 2020	0.0026
January 31, 2020	0.0035	March 6, 2020	0.0033	April 10, 2020	0.0027
February 1, 2020	0.0034	March 7, 2020	0.0033	April 11, 2020	0.0027
February 2, 2020	0.0034	March 8, 2020	0.0032	April 12, 2020	0.0027
February 3, 2020	0.0034	March 9, 2020	0.0033	April 13, 2020	0.0027
February 4, 2020	0.0034	March 10, 2020	0.0033	April 14, 2020	0.0027
February 5, 2020	0.0034	March 11, 2020	0.0033	April 15, 2020	0.0027
February 6, 2020	0.0034	March 12, 2020	0.0032	April 16, 2020	0.0027
February 7, 2020	0.0034	March 13, 2020	0.0033	April 17, 2020	0.0027
February 8, 2020	0.0033	March 14, 2020	0.0033	April 18, 2020	0.0027
February 9, 2020	0.0033	March 15, 2020	0.0032	April 19, 2020	0.0027
February 10, 2020	0.0034	March 16, 2020	0.0033	April 20, 2020	0.0027



Payout Date	Payout Per Unit Rupees	Payout Date	Payout Per Unit Rupees	Payout Date	Payout Per Unit Rupees
April 21, 2020	0.0027	May 15, 2020	0.0021	June 8, 2020	0.0019
April 22, 2020	0.0027	May 16, 2020	0.0021	June 9, 2020	0.0019
April 23, 2020	0.0020	May 17, 2020	0.0021	June 10, 2020	0.0017
April 24, 2020	0.0021	May 18, 2020	0.0022	June 11, 2020	0.0017
April 25, 2020	0.0020	May 19, 2020	0.0021	June 12, 2020	0.0019
April 26, 2020	0.0021	May 20, 2020	0.0020	June 13, 2020	0.0019
April 27, 2020	0.0020	May 21, 2020	0.0020	June 14, 2020	0.0019
April 28, 2020	0.0027	May 22, 2020	0.0019	June 15, 2020	0.0019
April 29, 2020	0.0027	May 23, 2020	0.0020	June 16, 2020	0.0020
April 30, 2020	0.0027	May 24, 2020	0.0020	June 17, 2020	0.0019
May 1, 2020	0.0026	May 25, 2020	0.0020	June 18, 2020	0.0020
May 2, 2020	0.0027	May 26, 2020	0.0020	June 19, 2020	0.0020
May 3, 2020	0.0026	May 27, 2020	0.0020	June 20, 2020	0.0019
May 4, 2020	0.0022	May 28, 2020	0.0019	June 21, 2020	0.0020
May 5, 2020	0.0022	May 29, 2020	0.0019	June 22, 2020	0.0019
May 6, 2020	0.0023	May 30, 2020	0.0019	June 23, 2020	0.0020
May 7, 2020	0.0022	May 31, 2020	0.0019	June 24, 2020	0.0020
May 8, 2020	0.0022	June 1, 2020	0.0018	June 25, 2020	0.0020
May 9, 2020	0.0022	June 2, 2020	0.0019	June 26, 2020	0.0019
May 10, 2020	0.0023	June 3, 2020	0.0019	June 27, 2020	0.0019
May 11, 2020	0.0022	June 4, 2020	0.0019	June 28, 2020	0.0019
May 12, 2020	0.0022	June 5, 2020	0.0019	June 29, 2020	0.0020
May 13, 2020	0.0022	June 6, 2020	0.0019	June 30, 2020	0.0020
May 14, 2020	0.0022	June 7, 2020	0.0019		

20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

20.1 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.

20.2 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.



- 20.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 20.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 20.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 20.6** The details of transactions with related parties / connected persons during the period are as follows:

For the period
from November
01, 2019 to June
30, 2020

Rupees in '000

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	2,679
Sindh Sales Tax on remuneration of the Management Company	348
Allocated expenses	2,453
Sales and transfer load during the year/period	1,218
Sindh sale tax on sale load	159
Selling and marketing expense	7,589
Preliminary expenses and floatation costs borne by the Management Company	1,186

Central Depository Company of Pakistan Limited - the Trustee

Remuneration of the Trustee	1,594
Sindh Sales Tax on remuneration of the Trustee	207

Key management personnel of the Management Company

Dividend re-invest units issued - 4,582	46
Units issued - 578,909	5,789
Units redeemed - 499,040	4,990

Yunus Textile Mills Limited - unit holder with more than 10% holding

Dividend re-invest units issued - 1,379,926	13,799
Units issued - 200,000,000	2,000,000

Pakistan Defence Officers Housing Authority - unit holder with more than 10% holding

Dividend re-invest units issued - 1,299,290	12,993
Units issued - 162,500,000	1,625,000

Artistic Milliners Private Limited - unit holder with more than 10% holding

Dividend re-invest units issued - 1,889,520	18,895
Units issued - 125,000,000	1,250,000
Units redeemed - 26,855,437	268,554

National Bank of Pakistan - parent company

Profit on bank balances	14
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For the period
from November
01, 2019 to June
30, 2020

Rupees in '000

Baltoro Partners (Private) Limited - sponsor

Dividend re-invest units issued - 25,856	259
Units issued - 701,000	7,010
Units redeemed - 650,000	6,500

**Bosch Pharmaceuticals (Private) Limited Employees Provident Fund -
entity managed by the Management Company**

Dividend re-invest units issued - 120,054	1,201
Units issued - 10,500,000	105,000

Hub Power Company Limited - common directorship

Purchase of sukuk certificates	208,000
Profit on sukuk certificates	5,205

NBP Riba Free Savings Fund

Purchase of commercial paper (K-Electric Limited)	157,638
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NBP Active Allocation Riba Free Savings Fund

Purchase of commercial paper (K-Electric Limited)	29,395
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NBP Money Market Fund

Purchase of commercial paper (K-Electric Limited)	24,457
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NBP Islamic Mahana Amdani Fund

Sale of commercial paper (K-Electric Limited)	99,147
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Pakistan Stock Exchange Limited - common directorship

Listing fee paid	25
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June 30, 2020

20.7 Amounts / balances outstanding as at period end are as follows

Rupees in '000

NBP Fund Management Limited - Management Company

Remuneration payable to the Management Company	701
Sindh Sales Tax on remuneration of the Management Company	91
Allocated expenses payable	1,644
Selling and marketing expenses payable	5,973
Sales load payable to Management Company	1,218
Sindh Sales Tax payable on sales load	159
Other payable to Management Company	1,341

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable to the Trustee	455
Sindh Sales Tax payable on Trustee remuneration	59

Key management personnel of the Management Company

Units outstanding - 84,451	845
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June 30, 2020

Note Rupees in '000

Baltoro Partners (Private) Limited - sponsor

Units outstanding - 76,856 769

Bosch Pharmaceuticals (Private) Limited Employees Provident Fund - entity managed by the Management Company

Units outstanding - 10,620,054 106,201

Yunus Textile Mills Limited - unit holders with more than 10% holding

units outstanding - 201,379,926 2,013,799

Pakistan Defence Officers Housing Authority - unit holders with more than 10% holding

units outstanding - 163,799,290 1,637,993

Artistic Milliners Private Limited - unit holders with more than 10% holding

units outstanding - 100,034,083 1,000,341

National Bank of Pakistan - parent company

Bank balance 118

Hub Power Company Limited - common directorship

Sukuk certificates 163,000

Profit receivable on sukuk certificates 1,842

21 CASH AND CASH EQUIVALENTS

Bank balances	4	5,063,693
Term deposit receipts	5.3	1,280,000
		6,343,693

22 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	June 30, 2020		
	At fair value through profit or loss	At amortised cost	Total
Bank balances	-	5,063,693	5,063,693
Investments	3,154,524	-	3,154,524
Profit receivable	-	53,477	53,477
Deposits	-	100	100
	3,154,524	5,117,270	8,271,794

Financial liabilities

	June 30, 2020		
	At fair value through profit or loss	At amortised cost	Total
Payable to NBP Fund Management Limited - the Management Company	-	11,127	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	514	514
Payable against redemption of units	-	10,164	10,164
Accrued expenses and other liabilities	-	876	876
	-	22,681	22,681



23 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.

23.1 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) Profit rate risk

Yield / interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on bank deposits, sukuk certificates, term deposit receipts, letters of placement and commercial papers. 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 balances with banks and KIBOR based sukuk certificates 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. 52.203 million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund holds fixed rate term deposit receipts, commercial papers and letters of placement that may expose the Fund to profit rate risk. However, the same is insignificant due to the short term value of the term deposit receipts. However, commercial papers and letters of placement value might fluctuate due to change in market rate. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan with all other variables held constant, the net income for the period and net assets of the Fund would have been higher / lower by Rs. 17.115 million.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:



June 30, 2020					
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		

Rupees in '000

Financial assets

Bank balances	4.50%-7.50%	5,057,324	-	-	6,369	5,063,693
Investments	7.35%-14.64%	1,788,550	1,365,974	-	-	3,154,524
Profit receivable		-	-	-	53,477	53,477
Deposits and other receivables		-	-	-	100	100
		6,845,874	1,365,974	-	59,946	8,271,794

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	11,127	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	514	514
Payable against redemption of units		-	-	-	10,164	10,164
Accrued expenses and other liabilities		-	-	-	876	876
		-	-	-	22,681	22,681

On-balance sheet gap

	6,845,874	1,365,974	-	37,265
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Total profit rate sensitivity gap

	6,845,874	1,365,974	-
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Cumulative profit rate sensitivity gap

	6,845,874	8,211,848	8,211,848
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(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 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.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2020.

23.2 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 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 period.



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 period.

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, liabilities that are payable on demand have been included in the maturity grouping of one month:

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

Financial assets

Bank balances	5,063,693	-	-	-	-	5,063,693
Investments	1,280,000	508,550	1,365,974	-	-	3,154,524
Profit receivable	47,369	-	6,108	-	-	53,477
Deposits and other receivables	-	-	-	-	100	100
	6,391,062	508,550	1,372,082	-	100	8,271,794

Financial liabilities

Payable to NBP Fund Management Limited the Management Company	11,127	-	-	-	-	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee	514	-	-	-	-	514
Payable against redemption of units	10,164	-	-	-	-	10,164
Accrued expenses and other liabilities	488	388	-	-	-	876
	22,293	388	-	-	-	22,681

Net financial assets

	6,368,769	508,162	1,372,082	-	-	100	8,249,113
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23.3 Credit risk

23.3.1 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:

June 30, 2020	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk

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

Bank balances	5,063,693	5,063,693
Investments	3,154,524	3,154,524
Profit receivable	53,477	53,477
Deposits and other receivables	100	100
	<u>8,271,794</u>	<u>8,271,794</u>

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



23.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, its profit accrued thereon and investments in sukuk certificates, commercial papers, term deposit receipts and letters of placement. The credit rating profile of banks, sukuk certificates, commercial papers, term deposit receipts and letters of placement are as follows:

Rating	June 30, 2020 % of financial assets exposed to credit risk
Bank balances	
AAA	8.20%
AA+	-
AA	53.42%
AA-	0.08%
Commercial papers	
A-1+	6.44%
Sukuk certificates	
AA+	1.99%
Term deposit receipts	
AAA	15.56%
Letters of placement	
AA+	14.31%
	100.00%

24 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. Consequently, differences can arise between carrying values and the fair value estimates.

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.

24.1 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 30 June 2020, the Fund held the following financial instruments measured at fair values:

June 30, 2020			
Level 1	Level 2	Level 3	Total

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

ASSETS

Financial assets at fair value through profit or loss

Investment in:

Term deposit receipts**	-	1,280,000	-	1,280,000
Letters of Placement**	-	1,178,737	-	1,178,737
Commercial papers*	-	532,787	-	532,787
Sukuk certificates**	-	163,000	-	163,000
	-	<u>3,154,524</u>	-	<u>3,154,524</u>

* The valuation of commercial papers have been done based on amortisation to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments are less than six months and are placed with counterparties which have high credit rating.

** The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

25 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They 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 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 23, 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.

26 UNIT HOLDING PATTERN OF THE FUND

Category	June 30, 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	119	233,315	2.83%
Banks and DFIs	1	515,174	6.25%
Retirement Funds	11	204,653	2.48%
Public Limited Companies	2	1,163,739	14.12%
Others	37	6,126,266	74.32%
	<u>170</u>	<u>8,243,147</u>	<u>100.00%</u>



27 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

June 30, 2020	
Name of broker	Percentage of commission paid
Paramount Capital (Private) Limited	100.00%

27.1 The Fund has traded with only the above mentioned 1 broker / dealer during the period ended June 30, 2020.

28 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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 / MS	25
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9

29 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Ali Bhabha	Head of Fixed Income	CFA / MBA / FRM / MS	NAARFSF, NFSIF, NGSLF, NGSSF, NGSP I, NIOF, NIMAF, NIMMF, NISF, NMAF, NMMF, NRSFSF and NSF

30 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	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [note 30.1]	3	2	1	74th
Syed Hasan Irtiza Kazmi [note 30.2]	3	3	-	-
Mr. Nasir Husain [note 30.3]	1	-	1	72nd
Mr. Abdul Hadi Palekar [note 30.4]	1	-	1	72nd
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [note 30.5]	1	1	-	-
Mr. Khalid Mansoor [note 30.6]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [note 30.7]	1	1	-	-
Mr. Saad Amanullah Khan [note 30.8]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

30.1 Mr. Saad ur Rahman Khan opted as Director on the Board with effect from October 04, 2019.

30.2 Syed Hasan Irtiza Kazmi opted as Director on the Board with effect from October 04, 2019.

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

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



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

30.6 Mr. Khalid Mansoor opted as Director on the Board with effect from October 04, 2019.

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

30.8 Mr. Saad Amanullah Khan opted as Director on the Board with effect from October 04, 2019.

31 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.

32 GENERAL

32.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

32.2 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) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) 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;
- e) 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.

32.3 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 Period ended June 30, 2020
Net assets (Rs. '000')	8,243,147
Net Income / (loss) (Rs. '000')	228,167
Net Asset Value per units (Rs.)	10.0000
Offer price per unit	10.0565
Redemption price per unit	10.0000
Ex - Highest offer price per unit (Rs.)	10.0565
Ex - Lowest offer price per unit (Rs.)	9.3548
Ex - Highest redemption price per unit (Rs.)	10.0000
Ex - Lowest redemption price per unit (Rs.)	9.3023
Fiscal Year Opening Ex Nav	9.3023
Total return of the fund Since Inception	7.50%
Capital growth	0.27%
Income distribution as a % of e x nav	7.23%
Income distribution as a % of par value	7.23%
Interim distribution per unit	0.7234
Final distribution per unit	-
Distribution dates	
Interim	Daily
Final	
Average annual return (launch date 01-11-19) (Since inception to June 30, 2020)	11.31%
Portfolio Composition (Please see Fund Manager Report)	
Weighted average portfolio duration	31 Days

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

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