



NBP FUNDS

Managing Your Savings

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Rated by PACRA

NBP 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. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

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



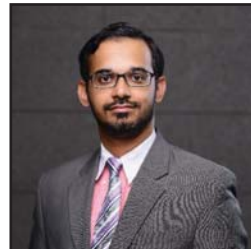
Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



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 Ninth Annual Report of **NBP Money Market Fund** (NMMF) for the year ended June 30, 2020.

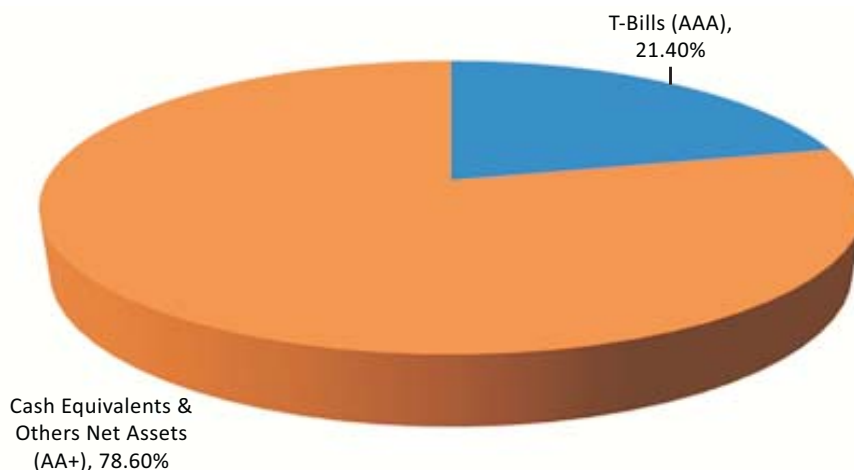
Fund's Performance

The size of NBP Money Market Fund has increased from Rs. 20,599 million to Rs. 28,236 million during the period, i.e. an increase of 37%. During the period, the unit price of the Fund has increased from Rs. 8.7606 (Ex-Div) on June 30, 2019 to Rs. 9.8825 on June 30, 2020 thus posting a return of 12.8% 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.

NMMF's stability rating awarded by PACRA is 'AA (f)', which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the Fund has stringent investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating requirement 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.

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. 3,826.03 million during the year. After deducting total expenses of Rs. 406.13 million, the net income is Rs. 3,419.90 million. The asset allocation of NMMF as on June 30, 2020 is as follows:





Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 11.97% of the opening ex-NAV (11.82% 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 26 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

Category	Names
Independent Directors	<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
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

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی منی مارکیٹ فنڈ (NMMF) کی نویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

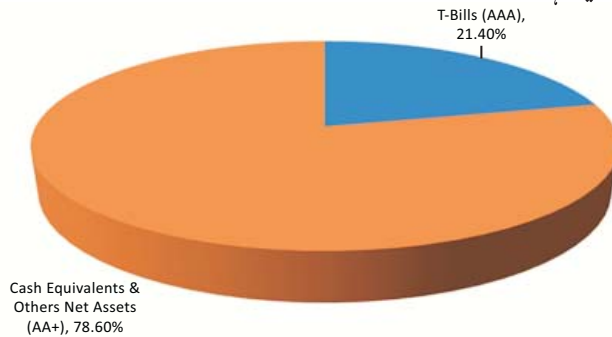
NBP منی مارکیٹ فنڈ کا ساٹھ ماہ کی مدت کے دوران 20,599 ملین روپے سے بڑھ کر 28,236 ملین روپے ہو گیا ہے یعنی 37% کا اضافہ ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 8.7606 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 9.8825 روپے ہو گئی، لہذا اسی مدت کے لئے اپنے بیچ مارک منافع 11.7% کے مقابلے میں 12.8% منافع درج کرایا۔ فنڈ کی یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد حاصل ہے۔

NMMF کو PACRA کی طرف سے AA(f) کی مستحکم ریٹنگ دی گئی ہے جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ ایک منی مارکیٹ اسکیم کی حیثیت سے فنڈ سرمایہ کاری کی انتہائی سخت ہدایات رکھتا ہے۔ فنڈ کی منظور شدہ انویسٹمنٹس میں ٹی بلز، بینک ڈپازٹس اور منی مارکیٹ انسٹرومنٹس شامل ہیں۔ ریٹنگ کا کم از کم تقاضا AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد میچورٹی والی کسی سیکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کی نئی تہی اوسط مدت 90 دن سے زائد نہیں ہو سکتی۔

اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر کی وجہ (i) زرمبادلہ کی شرح گراؤ، (ii) بوٹی لیٹی 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 کر کے 7 فیصد کر دی۔ پالیسی کی شرح میں کمی کے اثرات گورنمنٹ بانڈ منافع پر بھی اثر انداز ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ کی T-Bills کے منافع میں بالترتیب 566bps، 580bps اور 608bps کی کمی واقع ہوئی۔ SBP نے زیر جائزہ مدت کے دوران سٹائیکس (27) T-Bills نیلامیاں منعقد کیں اور کل 14,317 ملین روپے جمع کئے۔

فنڈ نے اس مدت کے دوران 3,826.03 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 406.13 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 3,419.90 ملین روپے رہی۔

30 جون 2020 کو NMMF کی ایسٹ بلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 11.97% (بنیادی قدر کا 11.82%) عبوری نقد ڈیویڈنڈ کی منظوری دی ہے۔

قیمتیں

درج 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 کپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر 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. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شمار پاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیرن 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 دہجہ ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
1. خالد منصور 2. سعدا مان اللہ خان 3. ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1. شیخ محمد عبدالواحد سیٹھی (چیئرمین) 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 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 لا نا 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 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 Money Market Fund

NBP Money Market Fund (NMMF) is an Open-End Money Market Scheme.

Investment Objective of the Fund

The objective of NBP Money Market Fund is to provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

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 Ninth Annual report since the launch of the Fund on February 23, 2012. The Fund size increased by 37% during FY20 and stands at Rs. 28,236 million as of June 30, 2020. The Fund's return since its inception is 8.4% p.a. versus the benchmark return of 7.0% p.a. This translates into outperformance of 1.4% p.a. The Fund posted a 12.8% return during FY20 versus the benchmark return of 11.7%, thus registering an outperformance of 1.1%. This outperformance is net of management fee and all other expenses. Thus the Fund has achieved its investment objectives.

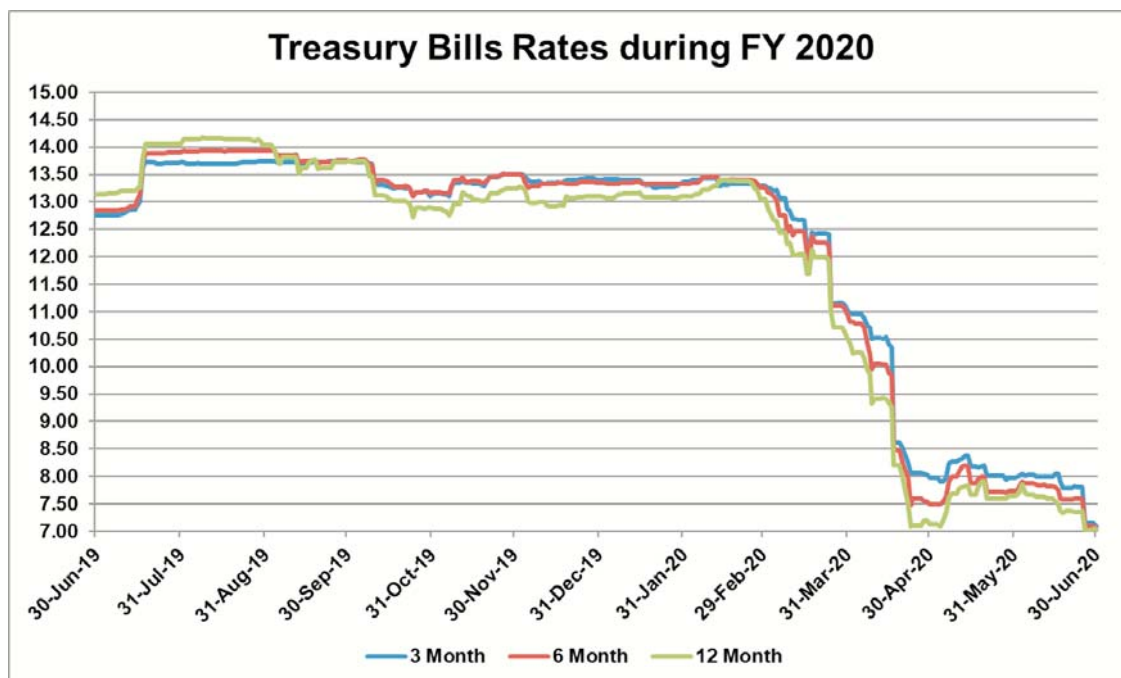
NMMF's stability rating awarded by PACRA is 'AA (f)', which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the Fund has stringent investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits, and Money Market instruments. The minimum rating requirement 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.

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	21.40%	-
Short Term Sukuks	-	2.18%
Commercial Paper	-	1.69%
Cash, Bank Placements & Other Assets	78.60%	96.13%
Total	100%	100%

T-Bills yields during the year are shown in the 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	0.9680%	9.9655	9.8687
Aug-19	1.0140%	9.9701	9.8687
Sep-19	1.0180%	9.9705	9.8687
Oct-19	1.0710%	9.9758	9.8687
Nov-19	0.9370%	9.9624	9.8687
Dec-19	1.0090%	9.9696	9.8687
Jan-20	1.1710%	9.9858	9.8687
Feb-20	1.0280%	9.9715	9.8687
Mar-20	1.1830%	9.987	9.8687
Apr-20	1.3270%	10.0014	9.8687
May-20	0.5510%	9.9238	9.8687
Jun-20	0.5390%	9.9226	9.8687



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

Size of Unit Holding (Units)	# of Unit Holders
1-1000	1,924
1001-5000	231
5001-10000	86
10001-50000	214
50001-100000	102
100001-500000	269
500001-1000000	63
1000001-5000000	113
5000001-10000000	28
10000001-100000000	48
100000001-1000000000	4
Total	3,082

During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP 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. 141.83 Millions. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.0496/0.57%. For details, investors are advised to read note 18 of the Financial Statement of the Scheme for the year ended June 30, 2020.



INDEPENDENT AUDITORS' REPORT

**To the unit holders of NBP Money Market Fund
Report on the audit of the financial statements**

Opinion

We have audited the financial statements of NBP 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.	<p>Valuation and existence of investment</p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements.</p> <p>The Fund's primary activity is, inter alia, to invest in government securities (treasury bills) 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>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> obtained understanding of relevant control placed by the Management Company applicable to the balance; Independently verified existence of investments from the Investor Portfolio Services (IPS); 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

ASSETS	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
Bank balances	5	22,428,934	19,789,023
Investments	6	6,043,726	797,633
Mark-up accrued	7	17,435	215,717
Deposit and prepayment	8	337	315
Receivable against transfer of units	9	118,817	-
Total assets		28,609,249	20,802,688
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	10	66,177	35,699
Payable to Central Depository Company of Pakistan Limited - Trustee	11	1,724	1,637
Payable to the Securities and Exchange Commission of Pakistan	12	5,730	18,052
Payable against redemption of units	13	82,968	45
Accrued expenses and other liabilities	14	216,488	148,293
Total liabilities		373,087	203,726
NET ASSETS		28,236,162	20,598,962
UNIT HOLDERS' FUND (as per statement attached)		28,236,162	20,598,962
Contingencies and commitments			
----- Number of units -----			
Number of units in issue	16	2,857,199,837	2,087,303,211
----- Rupees -----			
Net asset value per unit		9.8825	9.8687

The annexed notes from 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 YEAR ENDED JUNE 30, 2020

INCOME	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
Return / mark-up on:			
- bank balances		2,316,399	1,451,663
- government securities		1,173,494	759,722
- letter of placements		38,949	113,445
- commercial papers		163,560	30,871
- sukuk		16,006	13,527
Net gain / (loss) on sale of investments		106,234	(27,512)
Net unrealized gain on re-measurement of investments classified as "financial assets at fair value through profit or loss"		11,389	-
Total income		3,826,031	2,341,716
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	10.1	79,256	184,316
Sindh Sales Tax on remuneration of the Management Company	10.2	10,303	23,961
Reimbursement of operational expenses to the Management Company	10.3	28,650	24,070
Selling and marketing expenses	10.4	187,692	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	18,622	16,692
Sindh Sales Tax on remuneration of the Trustee	11.2	2,421	2,170
Annual fee to the Securities and Exchange Commission of Pakistan	12	5,730	18,052
Settlement charges		927	214
Bank charges		1,176	1,055
Auditors' remuneration	17	753	729
Legal and professional charges		126	78
Fund rating fee		452	420
Annual listing fee		28	28
Printing charges		197	6
Total expenses		336,333	271,791
Net income from operating activities		3,489,698	2,069,925
Provision for Sindh Workers' Welfare Fund	18	(69,794)	(41,399)
Net income for the year before taxation		3,419,904	2,028,526
Taxation	19	-	-
Net income for the year after taxation		3,419,904	2,028,526
Earnings per unit	20		
Allocation of net income for the year:			
Net income for the year after taxation		3,419,904	2,028,526
Income already paid on units redeemed		(509,864)	(487,900)
		2,910,040	1,540,626
Accounting income available for distribution:			
Relating to capital gain		34,766	-
Excluding capital gain		2,875,274	1,540,626
		2,910,040	1,540,626

The annexed notes from 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 YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Net income for the year after taxation	3,419,904	2,028,526
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,419,904</u>	<u>2,028,526</u>

The annexed notes from 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 YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2020 ----- Rupees in '000 -----	2019 -----
Net income for the year before taxation		3,419,904	2,028,526
Adjustments:			
Return / mark-up on;			
- bank balances		(2,316,399)	(1,451,663)
- government securities		(1,173,494)	(759,722)
- letter of placements		(38,949)	(113,445)
- commercial papers		(163,560)	(30,871)
- sukuk		(16,006)	(13,527)
Net (gain) / loss on sale of investments		(106,234)	27,512
Net unrealised gain on re-measurement of investments at fair value through profit or loss		(11,389)	-
Provision for Sindh Workers' Welfare Fund		69,794	41,399
		(3,756,237)	(2,300,317)
		(336,333)	(271,791)
(Increase) in assets			
Investments - net		(5,128,470)	(825,145)
Deposit and prepayment		(22)	(215)
		(5,128,492)	(825,360)
Increase / (decrease) in liabilities			
Payable to the Management Company		30,478	9,186
Payable to the Trustee		87	(79)
Payable to the Securities and Exchange Commission of Pakistan		(12,322)	910
Accrued expenses and other liabilities		(1,599)	(16,670)
		16,644	(6,653)
Mark-up on bank balances received		2,514,165	1,247,179
Mark-up on letter of placements received		38,949	113,445
Mark-up on government securities received		1,173,494	759,722
Mark-up on commercial papers received		163,560	30,871
Mark-up on sukuk received		16,521	13,011
		3,906,689	2,164,228
Net cash flows (used in) / generated from operating activities		(1,541,492)	1,060,424
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		94,598,174	62,451,310
Amounts paid on redemption of units		(87,544,017)	(64,967,015)
Distributions paid		(2,872,754)	(2,106,468)
Net cash flows generated from / (used in) financing activities		4,181,403	(4,622,173)
Net increase / (decrease) in cash and cash equivalents during the year		2,639,911	(3,561,749)
Cash and cash equivalents at the beginning of the year		19,789,023	23,350,772
Cash and cash equivalents at the end of the year		22,428,934	19,789,023

The annexed notes from 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

- 1.1 NBP Money Market 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 May 4, 2011 and was approved by Securities and Exchange Commission of Pakistan (SECP) on April 14, 2011 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 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 investment objective of the Fund is to generate stable income stream for its unit holders while ensuring capital preservation by investing in AA and above rated banks and money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company on June 24, 2020 and a stability rating of 'AA(f)' to the Fund.

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

1.2 Impact of COVID-19

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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



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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

- a) Classification and valuation of financial assets (Note 4.2.2.1 and 6)
- b) Impairment of financial assets (Note 4.2.3)
- c) Provisions (Note 4.6)

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

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact 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
IFRIC 23 - Uncertainty over Income Tax Treatments: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Certain annual improvements have also been made to a number of IFRSs, which are also not relevant to the Fund.	

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

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

Effective from accounting period beginning on or after:

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



Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 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 FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

Financial asset at FVTPL

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

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

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

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

Business Model Assessment

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



4.2.2.2 Financial liabilities

The fund classifies its financial liabilities in the following categories

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

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

Classification and measurement of financial liabilities

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

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

4.2.3 Impairment of financial assets

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

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

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

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

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



Basis of valuation of government securities:

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

4.2.5 Regular way contracts

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

4.2.6 Derecognition

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

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

4.2.7 Offsetting of financial instruments

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

4.3 Impairment of non financial assets

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

4.4 Issuance and redemption of units

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

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

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

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



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

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

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

4.6 Provisions

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

4.7 Revenue recognition

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

4.8 Expenses

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

4.9 Taxation

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

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

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



4.10 Distributions to the unit holders

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

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

4.11 Earnings per unit

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

	Note	2020 ----- Rupees in '000 -----	2019 -----
5			
BANK BALANCES			
Current accounts	5.1	13,491	18,569
Savings accounts	5.2 & 5.3	22,415,443	19,770,454
		<u>22,428,934</u>	<u>19,789,023</u>

5.1 These include bank balances of Rs. 0.166 million (June 30, 2019: Rs. 0.165 million), maintained with National Bank of Pakistan.

5.2 These savings accounts carry mark-up at rates ranging from 10.25% to 14.35% per annum (June 30, 2019: 3.75% to 14%) per annum.

5.3 These include a bank balances of Rs. 2.097 million (June 30, 2019: Rs. 6.14 million), which is maintained with National Bank of Pakistan, related party and carries mark-up at the rate of 11.25% (June 30, 2019: 10.25%) per annum.

	Note	2020 ----- Rupees in '000 -----	2019 -----
6			
INVESTMENTS			
Financial assets at fair value through profit or loss			
Government securities - Market Treasury Bills	6.1	6,043,726	-
Sukuk	6.2	-	450,000
Commercial papers	6.3	-	347,633
		<u>6,043,726</u>	<u>797,633</u>



6.1 Investment in government securities

Issue date	Tenor	Face value			As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2019	Purchases during the period	Sales / matured during the period				
----- Rupees in '000 ----- % -----								
July 18, 2019	3 months	-	5,950,000	5,950,000	-	-	-	-
August 16, 2019	12 months	-	1,500,000	1,500,000	-	-	-	-
August 29, 2019	12 months	-	4,537,320	4,537,320	-	-	-	-
September 12, 2019	6 months	-	300,000	300,000	-	-	-	-
September 12, 2019	12 months	-	5,209,000	5,209,000	-	-	-	-
September 26, 2019	12 months	-	196,000	98,000	98,000	96,408	0.3	1.6
October 10, 2019	3 months	-	500,000	500,000	-	-	-	-
October 10, 2019	6 months	-	500,000	500,000	-	-	-	-
October 10, 2019	12 months	-	3,666,000	2,083,000	1,583,000	1,553,175	5.5	25.7
October 24, 2019	3 months	-	500,000	500,000	-	-	-	-
October 24, 2019	6 months	-	500,000	500,000	-	-	-	-
November 7, 2019	3 months	-	500,000	500,000	-	-	-	-
November 7, 2019	6 months	-	13,450,720	13,450,720	-	-	-	-
November 21, 2019	6 months	-	900,000	900,000	-	-	-	-
December 5, 2019	3 months	-	2,135,500	2,135,500	-	-	-	-
December 19, 2019	3 months	-	2,027,700	2,027,700	-	-	-	-
January 2, 2020	3 months	-	7,045,000	7,045,000	-	-	-	-
January 30, 2020	3 months	-	7,485,000	7,485,000	-	-	-	-
January 30, 2020	6 months	-	2,250,000	2,250,000	-	-	-	-
February 13, 2020	3 months	-	1,200,000	1,200,000	-	-	-	-
February 27, 2020	3 months	-	8,674,000	8,674,000	-	-	-	-
February 27, 2020	6 months	-	250,000	250,000	-	-	-	-
March 12, 2020	3 months	-	2,172,000	2,172,000	-	-	-	-
March 12, 2020	6 months	-	250,000	250,000	-	-	-	-
March 26, 2020	3 months	-	5,600,000	5,600,000	-	-	-	-
March 26, 2020	6 months	-	6,310,000	4,905,000	1,405,000	1,382,179	4.9	22.9
April 9, 2020	3 months	-	6,150,000	6,150,000	-	-	-	-
April 9, 2020	6 months	-	3,450,000	1,875,000	1,575,000	1,545,325	5.5	25.6
April 23, 2020	3 months	-	1,650,000	1,650,000	-	-	-	-
April 23, 2020	6 months	-	2,750,000	1,375,000	1,375,000	1,345,590	4.8	22.3
May 7, 2020	3 months	-	1,981,090	1,981,090	-	-	-	-
May 7, 2020	6 months	-	1,625,000	1,625,000	-	-	-	-
June 18, 2020	6 months	-	250,000	125,000	125,000	121,049	0.4	2.0
Total as at June 30, 2020						6,043,726		
Carrying value before mark to market as at June 30, 2020						6,032,337		



6.2 Sukuk

Name of the investee company	Number of bonds				Market value as at June 30, 2020	Investment as % of	
	As at July 01, 2019	Purchases during the period	Sales / matured during the period	As at June 30, 2020		Market value of net assets	Market value of total investments

(Rupees in '000) ----- (%) -----

Sukuk has a face value of Rs.100,000 each.

HUB Power Company Limited - Sukuk *	4,500	-	4,500	-	-	-	-
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Carrying value of investments as at June 30, 2020

* Due to common directorship of the Management company, Hub Power Company Limited is a related party.

6.3 Commercial papers

Name of the investee company	Face value				Carrying value as at June 30, 2020	Carrying value as at June 30, 2019
	As at July 01, 2019	Purchases during the period	Sales / matured during the period	As at June 30, 2020		

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

The HUB Power Company Limited *	350,000	-	350,000	-	-	347,633
The HUB Power Company Limited *	-	500,000	500,000	-	-	-
K - Electric	-	960,000	960,000	-	-	-
K - Electric	-	800,000	800,000	-	-	-
	350,000	2,260,000	2,610,000	-	-	347,633

Carrying value of investments as at June 30, 2020

* Due to common directorship of the Management company, Hub Power Company Limited is a related party.

	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
7 MARK-UP ACCRUED			
Mark-up accrued on bank balances and term deposits		17,435	215,201
Mark-up accrued on sukuk		-	516
		17,435	215,717
8 DEPOSIT AND PREPAYMENT			
Security deposit with CDC		100	100
Prepayments		237	215
		337	315
9 RECEIVABLE AGAINST TRANSFER OF UNITS			

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



10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
	Remuneration of the Management Company	10.1	3,575	21,069
	Sindh Sales Tax on remuneration of the Management Company	10.2	465	2,739
	Operational expenses	10.3	8,703	10,310
	Selling and marketing expenses	10.4	52,530	-
	Sales load		559	1,155
	Sindh Sales Tax and Federal Excise Duty on sales load		345	426
			66,177	35,699

10.1 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 December 12, 2019; and
- 1% per annum on the daily income of the Fund subject to minimum 0.15% as average of NAV and maximum 1% of average NAV, applicable from December 13, 2019 onwards.

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 and federal excise duty thereon.

10.2 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.

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

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

In pursuance of above circular, the Board has approved the limits to be charged in respect of these expenses. Accordingly effective from July 12, 2019, the Fund 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.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
	Remuneration of the Trustee	11.1	1,526	1,449
	Sindh Sales Tax on remuneration of the Trustee	11.2	198	188
			1,724	1,637



- 11.1** 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 July 12, 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
On an amount exceeding Rs. 10,000 million	Rs 8.25 million plus 0.06% per annum of net asset value

Effective from July 12, 2019, tariff structure has been revised from above table to actual custodial expenses / charges plus 0.065% per annum of average net assets.

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

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13 PAYABLE AGAINST REDEMPTION OF UNITS

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

14 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		----- Rupees in '000 -----	-----
Auditors' remuneration		788	598
Provision for Workers' Welfare Fund And Sindh Workers' Welfare Fund	18	141,827	72,033
Federal Excise Duty on remuneration of the Management Company	14.1	44,146	44,146
Withholding tax		17,093	26,221
Capital gain tax		4,780	3,075
Legal and professional charges		127	33
Bank charges		265	56
Printing charges		79	71
Brokerage payable		194	-
Others		7,189	2,060
		216,488	148,293

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



While disposing the above petition 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, being prudent, is carrying provision for FED aggregating to Rs. 44.146 million as at June 30, 2020.

Had the provision not being made, the net asset value per unit as at June 30, 2020 would have been higher by Re. 0.0155 per unit (June 30, 2019: Re. 0.0211 per unit)."

15 CONTINGENCIES AND COMMITMENTS

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

16 NUMBER OF UNITS IN ISSUE

	2020	2019
	----- Number of units -----	
Total units in issue at the beginning of the year	2,087,303,211	2,228,970,187
Add: units issued during the year	9,591,078,275	6,395,628,543
Less: units redeemed during the year	(8,821,181,649)	(6,537,295,519)
Total units in issue at the end of the year	<u>2,857,199,837</u>	<u>2,087,303,211</u>

16.1 These units includes 27,561,454 allocated units which are issued subsequently to unitholders.

17 AUDITORS' REMUNERATION

	2020	2019
	----- Number of units -----	
Annual audit fee	420	400
Half yearly review fee	174	160
Out of pocket expenses and sales tax expense	159	169
	<u>753</u>	<u>729</u>

18 PROVISION FOR WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

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

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

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



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

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

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

As a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF amounting to Rs. 69.380 million and started recognising provision for SWWF.

As at June 30, 2020, the provision in relation to SWWF amounted to Rs. 141.827 million (2019: Rs. 72.034 million). Had the provision not been made, the net asset value per unit as at June 30, 2020 would have been higher by Re. 0.0496 (June 30, 2019: Re. 0.0345) per unit.

19 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the fund is required to distribute 90% of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has already distributed 90% of accounting income for the year ended June 30, 2020 to its unit holder. Accordingly, no provision in respect of taxation has been made in the current year.

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

20. 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.

21. TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.42 % per annum including 0.31 % representing government levies on collective investment scheme such as sales tax, Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the period.

22. TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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



- 22.2** The transactions with connected persons and related parties are carried at agreed rates.
- 22.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 22.4** Remuneration of the Trustee is determined in accordance with the rates agreed between the Management Company and the Trustee.

	2020	2019
	----- Rupees in '000 -----	
22.5 Details of the transactions with connected persons and related parties are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	79,256	184,316
Sindh Sales Tax on remuneration of the Management Company	10,303	23,961
Reimbursement of operational expenses to the Management Company	28,650	24,070
Selling and marketing expenses	187,692	-
Dividend re-invest: 200,308 (2019: 131,189) units	1,977	1,293
Units issued / transferred in: 37,002,012 (2019: 59,551,172) units	365,875	581,326
Units redeemed / transferred out: 37,682,745 (2019: 75,488,865) units	374,500	752,072
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	18,622	16,692
Sindh Sales Tax on remuneration of the Trustee	2,421	2,170
National Bank of Pakistan (Parent of the Management Company)		
Markup on bank balances	387	333
Purchase of treasury bills	4,337,572	10,146,448
Sale of treasury bills	-	1,163,844
Pakistan Stock Exchange Limited ** (Common Directorship with the Management Company)		
Listing fees paid	25	-
Askari Bank Limited (Common Directorship with the Management Company) **		
Markup on bank balances	-	151
NBP Income Opportunity Fund (Fund Managed by Management Company)		
Sale of Treasury Bill	147,300	-
NBP Sarmaya Izafa Fund (Fund Managed by Management Company)		
Purchase of Treasury Bill	343,899	-
NBP Stock Fund (Fund Managed by Management Company)		
Purchase of Treasury Bill	246,315	-
NBP Balanced Fund (Fund Managed by Management Company)		
Purchase of Treasury Bill	98,526	-



	2020	2019
	----- Rupees in '000 -----	
NBP Islamic Daily Dividend Fund (Fund Managed by Management Company)		
Sale of Commercial Paper	24,457	-
NBP Savings Fund (Fund Managed by Management Company)		
Sale of Treasury Bill	34,370	-
NBP Government Securities Liquid Fund (Fund Managed by Management Company)		
Purchase of Treasury Bill	1,824,509	-
The Hub Power Company Limited (Common Directorship with the Management Company)		
Buy of Commercial Paper	464,708	-
Reliance Enterprises (COO Holding more than 10%)		
Dividend re-invest: 2,642 (2019: 14,308) units	26	141
Units redeemed / transferred out: 140,511 (2019: 990,138) units	1,400	10,000
Humayun Bashir (Director of the Management Company)		
Dividend re-invest: 13,568 (2019: 27,803) units	134	274
Units issued / transferred in: 9,126,406 (2019: 3,533,749) units	90,406	35,000
Units redeemed / transferred out: 9,139,974 (2019: 3,561,551) units	90,856	35,553
Dr. Amjad Waheed - Chief Executive Officer		
Dividend reinvest: 21,751 (2019: 1,919) units	215	19
Units redeemed / transferred in: 273,599 (2019: 204,470) units	2,700	2,006
Units redeemed / transferred out: 24,083 (2019: 57,200) units	238	576
Muhammad Murtaza Ali - Company Secretary / COO		
Units issued / transferred in: Nil (2019: 121,585) units	-	1,214
Units redeemed / transferred out: 779 (2019: 120,854) units	8	1,220
Kamal Amir Chinoy - Director **		
Dividend reinvest: Nil (2019: 493) units	-	5
Units issued / transferred in: Nil (2019: 253,758) units	-	2,500
National Clearing Company of Pakistan Limited * (Common Directorship with the Management Company)		
Units issued / transferred in: 32,315,492 (2019: 7,629,056) units	318,912	75,305
Units redeemed / transferred out: 32,077,031 (2019: 5,067,942) units	319,711	50,383
Baltoro Partners Private Limited * (Common Directorship with the Management Company)		
Dividend reinvest: 6,405 (2019: Nil) units	63	-
Units issued / transferred in: 1,013,305 (2019: Nil) units	10,000	-



	2020	2019
	----- Rupees in '000 -----	
Employees of the Management Company		
Dividend reinvest: 21,751 (2019: 265,276) units	215	2,614
Units issued / transferred in: 273,599 (2019: 3,640,132) units	2,700	34,850
Units redeemed / transferred out: 24,083 (2019: 4,500,806) units	238	44,932
Management Association of Pakistan		
(Common Directorship with the Management Company)		
Dividend reinvest: Nil (2019: 23,970) units		236
Units issued / transferred in: Nil (2019: 1,989,906) units		19,493
Units redeemed / transferred out: Nil (2019: 2,468,752) units		24,524
Fauji Fertilizers Company Limited		
(Common Directorship with the Management Company)		
Dividend reinvest: 53,687,073 (2019: 17,511,790) units	529,993	172,572
Units issued / transferred in: 832,065,425 (2019: 1,356,545,167) units	8,211,261	1,342,403
Units redeemed / transferred out: 1,273,215,239 (2019: 986,989,112) units	12,599,265	9,803,558
Capital gain tax refund	394,897	3,917
Syed Hasan Irtiza Kazmi - Director *		
Dividend reinvest: 744 (2019: Nil) units	7	-
Units issued / transferred in: 202,661 (2019: Nil) units	2,000	-
NBP Fullerton Asset Management Employee Provident Fund		
(Provident Fund of the parent of the Management Company)		
Units issued / transferred in: 1,805,595 (2019: Nil) units	17,839	-
Units redeemed / transferred out: 1,519,293 (2019: Nil) units	15,128	-
Mutual Funds Association of Pakistan *		
(Common Directorship with the Management Company)		
Dividend re-invest units issued: 37,378 (2019: Nil) units	369	-
Units issued / transferred in: 506,667 (2019: Nil) units	5,000	-
Units redeemed / transferred out: 483,838 (2019: Nil) units	4,825	-
Khalid Mehmood - Chief Financial Officer *		
Dividend re-invest units issued: 609 (2019: Nil) units	6	-
Units issued / transferred in: 183,290 (2019: Nil) units	1,809	-
Units redeemed / transferred out: 183,899 (2019: Nil) units	1,819	-
Ibrahim Holdings Private Limited *		
(Holding more than 10%)		
Dividend re-invest units: 11,623,171 issued: 609 (2019: Nil) units	114,743	-
Units issued / transferred in: 296,975,345 (2019: Nil) units	2,954,497	-
Units redeemed / transferred out: 51,622,495 (2019: Nil) units	509,798	-
Capital gain tax refund	19,156	-
Portfolios managed by the Management Company		
Dividend re-invested: 2,602,288 (2019: 1,345,507) units	25,690	13,362
Units issued transferred in: 164,634,781 (2019: 67,240,075) units	1,627,076	659,634
Units redeemed / transferred out: 165,879,113 (2019: 60,012,020) units	1,646,702	594,315
Purchase of Treasury Bills	80,258	1,954,036
Sale of Treasury Bills	-	1,716,721

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

* Comparative transactions with these parties have not been disclosed as these parties were not related parties in last year.



	2020	2019
	----- Rupees in '000 -----	
22.6 Balances outstanding as at are as follows		
NBP Fund Management Limited		
Remuneration of the Management Company	3,575	21,069
Sindh Sales Tax on remuneration of the Management Company	465	2,739
Operational expenses	8,703	10,310
Selling and marketing expenses	52,530	-
Sales load	559	1,155
Sindh Sales Tax and Federal Excise Duty on sales load	345	426
Investment held in the Fund: Nil (2019: 16,286,931) units	-	4,741
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,526	1,449
Sindh Sales Tax on remuneration of the Trustee	198	188
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balances		
- in savings account	2,097	6,148
- in current account	166	166
Accrued markup	61	237
Summit Bank Limited (Common Directorship with the Management Company) **		
Bank balance in current account	-	18,377
Askari Bank Limited (Common Directorship with the Management Company) **		
Bank balance in savings account	-	529
Accrued markup	-	70
Employees of the Management Company		
Investment held in the Fund: 1,758,071 (2019: 3,090,849) units	17,374	30,503
NBP Fullerton Asset Management Employee Provident Fund (Provident Fund of the parent of the Management Company)		
Investment held in the Fund: 286,302 (2019: Nil) units	2,829	-
Dr. Amjad Waheed - Chief Executive Officer		
Investment held in the Fund: 474,397 (2019: 203,130) units	4,688	2,005
Muhammad Murtaza Ali - Company Secretary / COO		
Investment held in the Fund: 1 (2019: 779) units	-	8
Kamal Amir Chinoy - Director **		
Investment held in the Fund: Nil (2019: 254,251) units	-	2,509
National Clearing Company of Pakistan Limited (NCCPL) (Common Directorship with the Management Company)		
Investment held in the Fund: 2,799,576 (2019: 2,561,115) units	27,667	25,275



	2020	2019
	----- Rupees in '000 -----	
Mutual Fund Association of Pakistan (MUFAP) (Common Directorship with the Management Company) Investment held in the Fund: 60,207 (2019: Nil) units	595	-
Baltoro Partners Private Limited (Common Directorship with the Management Company) Investment held in the Fund: 1,019,710 units (2019: Nil) units	10,077	-
Reliance Enterprises (COO Holding more than 10%) Investment held in the Fund: 2,852 (2019: 140,721) units	28	1,389
Ibrahim Holdings Private Limited * (Holding more than 10%) Investment held in the Fund: 310,581,797 (2019: Nil) units	3,069,325	-
Fauji Fertilizer Company Limited ** (Holding more than 10%) Investment held in the Fund: Nil (2019: 387,462,741) units	-	3,823,754
Syed Hasan Irtiza Kazmi - Director of Management Company * Investment held in the Fund: 203,405 (2019: Nil) units	2,010	-
Portfolios Managed By the Management Company Investment held in the Fund: 27,052,457 (2019: 19,326,448) units	267,345	190,707

23. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

23.1 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 Islamic Money Market Fund
- NBP Islamic Savings Fund
- NBP Mahana Amdani Fund
- NBP Riba Free Savings Fund
- NBP Savings Fund



24. 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	21.78
2	Invest One Markets Limited	17.54
3	Vector Securities Private Limited	15.09
4	Vector Capital Private Limited	10.53
5	Continental Capital Management Private Limited	8.23
6	ICON Securities Private Limited	6.77
7	Paramount Capital Private Limited	6.09
8	Continental Exchange Private Limited	3.83
9	ICON Capital Management Private Limited	3.56
10	Optimus Markets Private Limited	2.46
11	Magenta Capital Private Limited	2.13
12	Continental Exchange Private Limited	1.54
13	Invest One MArkets Limited	0.30
14	BMA Capital Management Limited	0.15

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

S.No.	Particulars	Percentage (%)
1	Bright Capital Private Limited	40.03
2	Icon Securities Private Limited	59.97

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
Associated Company & Directors	3	9,528	0.03
Individuals	2,807	5,158,341	18.27
Insurance Companies	3	51,451	0.18
Listed Companies	14	4,141,365	14.67
NBFCs	2	28,327	0.10
Others	166	14,850,242	52.59
Retirement funds	87	3,996,908	14.16
	3,082	28,236,162	100

(Rupees in '000)



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	2,499	2,013,156	9.77
Associated Companies and Directors	6	34,530	0.17
Insurance Companies	4	72,286	0.35
NBFCs	1	-	-
Retirement funds	92	2,480,559	12.04
Public Limited Companies	16	7,395,671	35.90
Others	133	8,602,760	41.76
	2,751	20,598,962	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 fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	22,428,934	22,428,934
Investments	6,043,726	-	6,043,726
Mark-up accrued	-	17,435	17,435
Deposit	-	100	100
Receivable against transfer of units	-	118,817	118,817
	6,043,726	22,565,286	28,609,012

As at June 30, 2020

	At fair value through profit or loss	At amortized cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to the Management Company	-	66,177	66,177
Payable to the Trustee	-	1,724	1,724
Payable against redemption of units	-	82,968	82,968
Accrued expenses and other liabilities	-	8,563	8,563
Net assets attributable to redeemable units	-	28,236,162	28,236,162
	-	28,395,594	28,395,594

As at June 30, 2019

	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	19,789,023	19,789,023
Investments	797,633	-	797,633
Mark-up accrued	-	215,717	215,717
Deposit	-	100	100
	797,633	20,004,840	20,802,473



As at June 30, 2019

At fair value through profit or loss	At amortized cost	Total
----- Rupees in '000 -----		
Payable to the Management Company	-	35,699
Payable to the Trustee	-	1,637
Payable against redemption of units	-	45
Accrued expenses and other liabilities	-	2,818
Net assets attributable to redeemable units	-	20,598,962
	-	20,639,161

Financial Liabilities

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 regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and 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 all transactions are carried out in Pak Rupees.

28.1.2 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 has investment in variable rate instruments such as, government treasury bills and balances in 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.284.59 million (June 30, 2019: Rs. 205.68 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	10.25 -14.35	22,428,934	22,415,443	-	-	13,491
Investments	8.25 -13.35	6,043,726	-	6,043,726	-	-
Mark-up accrued		17,435	-	-	-	17,435
Receivable against transfer of units		118,817	118,817	-	-	118,817
Deposit		100	-	-	-	100
		28,609,012	22,534,260	6,043,726	-	149,843
Financial liabilities						
Payable to the Management Company		66,177	-	-	-	66,177
Payable to the Trustee		1,724	-	-	-	1,724
Payable against redemption of units		82,968	-	-	-	82,968
Accrued expenses and other liabilities		8,563	-	-	-	8,563
Net assets attributable to redeemable units		28,236,162	-	-	-	28,236,162
		28,395,594	-	-	-	28,395,594
On-balance sheet gap		213,418	22,534,260	6,043,726	-	(28,245,751)
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	3.75-14	19,789,023	19,770,454	-	18,569
Investments	12.11-13.96	797,633	347,633	450,000	-
Mark-up accrued		215,717	-	-	215,717
Deposits		100	-	-	100
		20,802,473	20,118,087	450,000	234,386
Financial liabilities					
Payable to the Management Company		35,699	-	-	35,699
Payable to the Trustee		1,637	-	-	1,637
Payable against redemption of units		45	-	-	45
Accrued expenses and other liabilities		2,818	-	-	2,818
Net assets attributable to redeemable units		20,598,962	-	-	20,598,962
		20,639,161	-	-	20,639,161
On-balance sheet gap		163,312	20,118,087	450,000	(20,404,775)
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 any price risk.

28.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, receivable against transfer of units, mark-up accrued and deposits. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that have reasonably high credit ratings. 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 balances 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	97.61%	98.39%
AA+	2.37%	1.50%
AA	0.002%	0.00%
AA-	0.01%	0.02%
A+	0.01%	0.00%
A-	0.00%	0.09%
	100%	100%

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

	June 30, 2020		June 30, 2019	
	Amount of financial assets	Maximum exposure	Amount of financial assets	Maximum exposure
	----- Rupees in '000 -----			
Bank balances	22,428,934	22,428,934	19,789,023	19,789,023
Investments	-	-	797,633	797,633
Mark-up accrued	17,435	17,435	215,717	215,717
Receivable against transfer of units	118,817	118,817	-	-
Deposit	100	100	100	100

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 (97.61%) are held with three banks. The management believes that these are credit-worthy counterparties.

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 15% 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 10% 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 10% 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	66,177	66,177	-	-
Payable to the Trustee	1,724	1,724	-	-
Payable against redemption of units	82,968	82,968	-	-
Accrued expenses and other liabilities	8,563	8,563	-	-
Net assets attributable to redeemable units	28,236,162	28,236,162	-	-
	28,395,594	28,395,594	-	-

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	35,699	35,699	-	-
Payable to the Trustee	1,637	1,637	-	-
Payable against redemption of units	45	45	-	-
Accrued expenses and other liabilities	2,818	2,818	-	-
Net assets attributable to redeemable units	20,598,962	20,598,962	-	-
	20,639,161	20,639,161	-	-

29 UNIT HOLDERS' FUND RISK MANAGEMENT

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



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

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

In accordance with the risk management policies stated in note 27, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

30 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:

		Carrying amount				
		Fair value through profit or loss	Amortized cost	Total	Level 2	
June 30, 2020		Note ----- Rupees in '000 -----				
Financial assets measured at fair value						
	Government Securities - Treasury Bills	6	6,043,726	-	6,043,726	6,043,726
			6,043,726	-	6,043,726	6,043,726
Financial assets not measured at fair value						
	Bank balances	5	-	22,428,934	22,428,934	-
	Accrued Mark-up on bank balances	7	-	17,435	17,435	-
	Receivable against transfer of units		-	118,817	118,817	-
	Deposit	8	-	100	100	-
			-	22,565,286	22,565,286	-
Financial liabilities not measured at fair value						
	Payable to NBP Fund Management Limited - Management Company	9	-	66,177	66,177	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	10	-	1,724	1,724	-
	Payable against redemption of units	12	-	82,968	82,968	-
	Accrued expenses and other liabilities	13	-	8,563	8,563	-
			-	159,432	159,432	-



		Carrying amount			
		Fair value through profit or loss	Amortized cost	Total	Level 2
June 30, 2019		Note ----- Rupees in '000 -----			
Financial assets measured at fair value					
Commercial Paper	6	347,633	-	347,633	347,633
Unlisted sukuk certificate	6	450,000	-	450,000	450,000
		797,633	-	797,633	797,633
Financial assets not measured at fair value					
Bank balances	5	-	19,789,023	19,789,023	-
Accrued Mark-up on bank balances	7	-	215,201	215,201	-
Accrued Mark-up on Sukuk	7	-	516	516	-
Deposit and prepayment	8	-	315	315	-
		-	20,005,055	20,005,055	-
Financial liabilities not measured at fair value					
Payable to NBP Fund Management Limited - Management Company	9	-	35,699	35,699	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	1,637	1,637	-
Accrued expenses and other liabilities	10	-	148,293	148,293	-
Net assets attributable to redeemable units		-	20,598,962	20,598,962	-
		-	20,784,591	20,784,591	-

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.

31 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. 0.0968	July 30, 2019	(47,977)	(189,543)	(237,520)
For the month of August 2019	Re. 0.1014	August 29, 2019	(30,492)	(240,420)	(270,912)
For the month of September 2019	Re. 0.1018	September 28, 2019	(24,516)	(236,314)	(260,830)
For the month of October 2019	Re. 0.1071	October 29, 2019	(26,400)	(256,505)	(282,905)
For the month of November 2019	Re. 0.0937	November 28, 2019	(27,916)	(224,059)	(251,975)
For the month of December 2019	Re. 0.1009	December 27, 2019	(27,803)	(194,345)	(222,148)
For the month of January 2020	Re. 0.1171	January 28, 2020	(61,641)	(255,357)	(316,998)
For the month of February 2020	Re. 0.1028	February 27, 2020	(33,318)	(249,640)	(282,958)
For the month of March 2020	Re. 0.1183	March 27, 2020	(68,331)	(308,916)	(377,247)
For the month of April 2020	Re. 0.1327	April 29, 2020	(121,818)	(441,652)	(563,470)
For the month of May 2020	Re. 0.0551	May 29, 2020	(19,051)	(148,885)	(167,936)
For the month of June 2020	Re. 0.0539	June 26, 2020	(20,786)	(127,118)	(147,904)
			(510,049)	(2,872,754)	(3,382,803)



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 December 2018	Re. 0.3297	December 21, 2018	(275,895)	(571,218)	(847,113)
For the month of January 2019	Re. 0.1047	January 29, 2019	(50,031)	(169,857)	(219,888)
For the month of February 2019	Re. 0.0740	February 27, 2019	(11,631)	(138,455)	(150,086)
For the month of March 2019	Re. 0.0778	March 29, 2019	(9,257)	(125,253)	(134,510)
For the month of April 2019	Re. 0.0757	April 26, 2019	(16,871)	(109,678)	(126,549)
For the month of May 2019	Re. 0.0961	May 30, 2019	(53,605)	(188,160)	(241,765)
For the month of June 2019	Re. 0.0830	June 26, 2019	(19,450)	(203,528)	(222,978)
			(436,740)	(1,506,149)	(1,942,889)

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.

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
Net assets at the year / period ended (Rs. '000')	28,236,162	20,598,962	23,192,394	14,845,458	7,109,729	2,958,693
Net Income at the year / period ended (Rs. '000')	3,419,904	2,028,526	1,247,527	208,404	45,907	106,654
Net Asset Value per unit at the year / period ended (Rs.)	9.8825	9.8687	10.4050	9.8585	9.8377	10.3953
Offer price per unit	9.9383	9.9244	10.4638	9.9142	9.8996	10.4646
Redemption price per unit	9.8825	9.8687	10.4050	9.8585	9.8346	10.3953
Ex - Highest offer price per unit (Rs.)	9.9383	9.9244	10.4638	10.5062	9.8996	9.8921
Ex - Lowest offer price per unit (Rs.)	8.7636	9.1122	9.9084	9.8985	9.3150	9.0848
Ex - Highest redemption price per unit (Rs.)	9.8825	9.8687	10.4050	9.8985	9.8346	9.8265
Ex - Lowest redemption price per unit (Rs.)	8.7636	9.0578	9.8528	9.2482	9.2500	9.0246
Fiscal Year Opening Ex Nav	8.7606	9.0528	9.8513	9.2513	9.2466	9.0224
Total return of the fund	12.77%	9.01%	5.62%	6.56%	8.30%	8.91%
Capital growth	0.80%	0.47%	0.01%	-0.14%	1.99%	-3.06%
Income distribution as a % of ex nav	11.97%	8.54%	5.61%	6.70%	6.31%	11.97%
Income distribution as a % of par value	11.82%	8.41%	5.53%	6.20%	5.83%	10.80%
Distribution						
Interim distribution per unit	1.1816	0.7580	0.5531	0.6201	0.5801	0.5087
Final distribution per unit	-	0.0830	-	0.0073	0.0031	0.5711
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	-	-	-	-	-
Interim	28-Jan-20	21-Dec-18	-	-	-	-
Interim	27-Feb-20	29-Jan-19	-	-	-	-
Interim	27-Mar-20	27-Feb-19	-	-	-	-
Interim	29-Apr-20	29-Mar-19	-	-	-	-
Interim	29-May-20	26-Apr-19	-	-	-	-
Interim	26-Jun-20	30-May-19	4-Jul-18	19-Jun-17	29-Jun-16	30-Jun-15
Final	-	26-Jun-19	-	15-Sep-17	23-Sep-16	14-Jul-15
Average annual return of the Fund (launch date February 24' 2012)						
(Since inception to June 30, 2020)	8.40%					
(Since inception to June 30, 2019)		7.82%				
(Since inception to June 30, 2018)			7.63%			
(Since inception to June 30, 2017)				8.01%		
(Since inception to June 30, 2016)					8.30%	
(Since inception to June 30, 2015)						9.00%
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
Weighted average portfolio duration	22 Days	2 Days	1 Days	1 Days	1 Days	13 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."

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds

NBP ISLAMIC STOCK FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Al Baraka Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank Limited
Silk Bank Limited
Sindh Bank Limited
Summit Bank Limited
United 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 Limited is pleased to present the Sixth Annual Report of NBP Islamic Stock Fund for the year ended June 30, 2020.

NBP Funds launched its first open-end Islamic equity scheme namely NBP Islamic Stock Fund (NISF) on January 09, 2015. The aim of the Fund is to provide growth to the investment of Unit holders over the long-term in approved Shariah compliant equities.

Fund's Performance

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

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

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

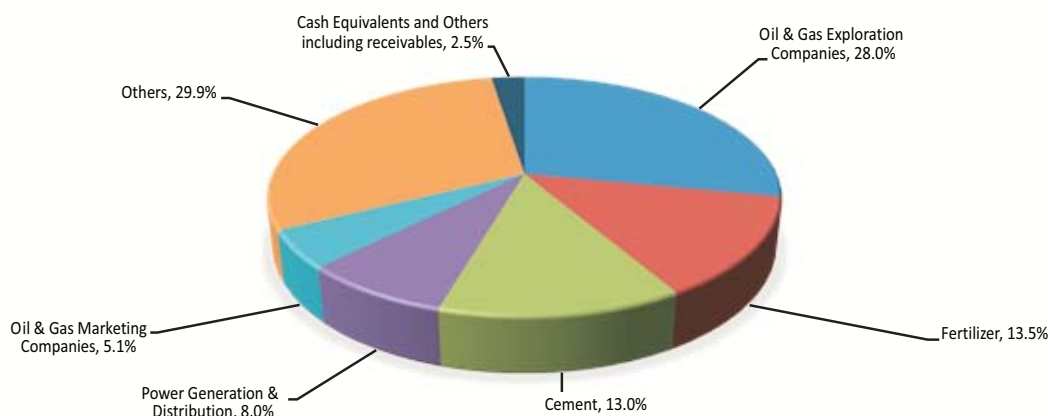
During the fiscal year, NBP Islamic Stock Fund increased by 3.9% as against the KMI-30 Index increased by 1.6%, outperforming the benchmark by 2.3% during the year. The Fund was overweight in key stocks in Cement, Oil & Gas Exploration Companies, and Technology & Communication sectors which outperformed the market and underweight in key stocks in Chemical, Automobile Assembler, and Oil & Gas Marketing Companies sectors which underperformed



the market, which contributed to the outperformance. Since the inception of the Fund, the return on NBP Islamic Stock Fund was 20.6% as against the benchmark KMI-30 index return of 4.9%. Thus, the Fund outperformed by 15.7% during the period. This outperformance is net of management fee and all other expenses. The Fund size is Rs. 4,815 million as of June 30, 2020.

NBP Islamic Stock Fund has earned a total income of Rs. 67.203 million during the year. After deducting total expenses of Rs. 171.842 million, the net loss is Rs. 104.639 million. During the year, the unit price of NBP Islamic Stock Fund has increased from Rs. 9.1077 on June 30, 2019 to Rs. 9.4633 on June 30, 2020. The resultant per unit gain is Rs. 0.3556 (3.90%).

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



Income Distribution

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

Taxation

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

Auditors

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

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.



8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The 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 اسلامک اسٹاک فنڈ (NISF) کی چھٹی سالانہ رپورٹ برائے اختتامہ سال 30 جون 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مینجمنٹ کمپنی نے 09 جنوری 2015 کو NBP اسلامک اسٹاک فنڈ (NISF) نامی پہلی اوپن انڈ اسلامک ایکویٹی اسکیم کا آغاز کیا۔ فنڈ کا مقصد منظور شدہ شریعہ کمپلیٹ ایکویٹی میں طویل مدت پر پونٹ ہولڈرز کی سرمایہ کاری کے لئے نمو فراہم کرنا ہے۔

فنڈ کی کارکردگی

مالی سال 2019-20، اسٹاک مارکیٹ میں انتہائی اتار چڑھاؤ کے باعث مایوس کن سال رہا جیسا کہ KMI-30 انڈیکس میں سالانہ بنیادوں پر 1.6% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 بلین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 بلین امریکی ڈالر کی آمد جیسی مثبت خبروں کے باوجود مارکیٹ کا آغاز متنی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح پر 44,929 پر لے آیا جس نے مارکیٹ کے وسیع حصے میں حصص کی مالیت کو واضح کر دیا۔ پرکشش مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مائٹری میں آسانی کی توقع کی بنا پر اسٹاک مارکیٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیر الجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KMI-30 انڈیکس میں 16 اگست، 2019 سے خطیر 58 فیصد اضافے کے ساتھ سے 13 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

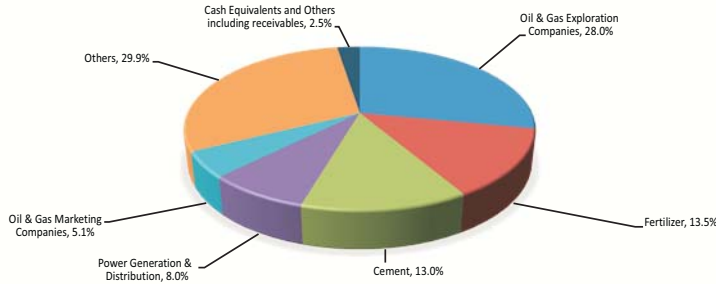
اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر متوقع محصولات کی کمی کو پورا کرنے کے لئے منہمی بجٹ کے اندیشہ اور T-Bills سے ہاتھ مننی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک 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 کی وبا کی 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 امداد کی بجٹ 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 انشورمنٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ممالک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے ناقص اور نا کافی انفراسٹرکچر کے باوجود نسبتاً کم اموات کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جبکہ پہلے خدشہ تھا۔ نتیجتاً مارکیٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.6 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 ایکسیسریز، سینٹ، کیبلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، بیکنالوجی اور گلاس اینڈ سرامکس کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکسپلوریشن، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اینڈ ڈسٹری بیوشن، اور نیٹ ورکس 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 منظم کی دوسری جانب غیر ملکی سرمایہ کار 285 بلین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک / DFIs اور میچل فنڈ ز بھی بالترتیب 55 بلین امریکی ڈالر اور 50 بلین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔

مالی سال کے دوران، NBP اسلامک فنڈ میں KMI-30 انڈیکس کی 1.6% اضافے کے مقابلے میں 3.9% اضافہ ہوا، سال کے دوران فنڈ نے اپنے بیچ مارک کے مقابلے میں 2.3% کی بہتر کارکردگی دکھائی۔ فنڈ نے، سینٹ، آئل اینڈ گیس ایکسپلوریشن کمپنیز اور ٹیکنالوجی اینڈ کمیونیکیشن سیکٹرز میں اہم اسٹاکس کو زیادہ اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی دکھائی اور کیپیکل، آئل اینڈ گیس مارکیٹنگ کمپنیوں اور آٹوموبائل اسمبلر سیکٹرز کو کم اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا، جس کے باعث کارکردگی بہتر رہی۔ فنڈ کے آغاز کے بعد سے NBP اسلامک اسٹاک فنڈ 4.9% کے بیچ مارک KMI-30 انڈیکس منافع کے مقابلے میں 20.6% رہا، لہذا فنڈ نے زیر جائزہ مدت کے دوران 15.7% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2020 کو فنڈ کا سائز 4,815 بلین روپے ہے۔

NBP اسلامک اسٹاک فنڈ (NISF) کو اس مدت کے دوران 67.203 ملین روپے کی کل آمدنی ہوئی۔ 171.842 ملین روپے کے اخراجات مٹھا کرنے کے بعد خالص خسارہ 104.639 ملین روپے ہے۔ سال کے دوران، NBP اسلامک اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.1077 روپے سے بڑھ کر 30 جون 2020 کو 9.4633 روپے ہو گئی۔ جس کے نتیجے میں فی یونٹ آمدنی 0.3556 روپے (3.90%) ہے۔

30 جون 2020 کو NAFA اسلامک اسٹاک فنڈ کی ایسٹ ابلویشن درج ذیل ہے:



آمدنی کی تقسیم

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

ہیکسیشن

خالص نقصان کے سبب، فنڈ کے مالیتی گوشوارے میں ٹیکس کا کوئی پرویشن نہیں رکھا گیا۔

آڈیٹرز

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

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

- 1 بینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواور 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۔ شہرہ یاتی 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 ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔



نام	کیٹگری
1. جناب خالد منصور 2. جناب سعد امان اللہ خان 3. جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1. شیخ محمد عبدالواحد 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 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 ڈسٹری بیوٹرز کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Stock Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

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

Abdul Samad

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NBP Islamic Stock Fund

NBP Islamic Stock Fund is a Shariah Compliant - Open-end - Equity Fund

Investment Objective of the Fund

The objective of NBP Islamic Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in Shariah Compliant listed companies in Pakistan.

Benchmark

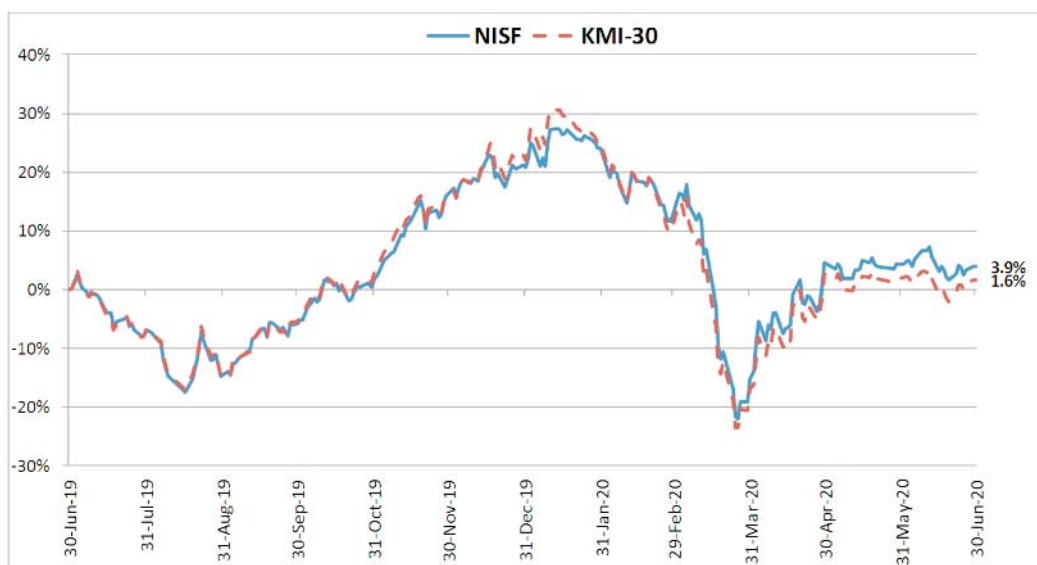
The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the sixth annual report of the Fund. During the fiscal year, NBP Islamic Stock Fund increased by 3.9% as against the KMI-30 index increased by 1.6%, outperforming the benchmark by 2.3% during the year. . Since the inception of the Fund, the return on NBP Islamic Stock Fund was 20.6% as against the benchmark KMI-30 index return of 4.9%. Thus, the Fund outperformed by 15.7% during the period. This outperformance is net of management fee and all other expenses. The size of NBP Islamic Stock Fund is Rs.4,815 million as of June 30, 2020.

NISF outperformed during the year as the Fund was overweight in key stocks in Cement, Oil & Gas Exploration Companies, and Technology & Communication sectors that outperformed the market and underweight in key stocks in Automobile Assembler, Power Generation & Distribution Companies, and Fertilizer sectors that underperformed the market, which contributed to the outperformance. The chart below shows the performance of NISF against the Benchmark for the year.

NISF Performance vs. Benchmark during FY20





Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KMI-30 Index rose by a meager 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 inflows 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 Corona virus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 42% from its previous peak. To cushion the economy from the impact of the Corona virus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.6% 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.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	97.5%	94.6%
Cash Equivalents	4.0%	6.5%
Other Net Liabilities	(1.5%)	(1.1%)
Total	100.0%	100.0%

Distribution for the Financial Year 2020

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



Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	143
1-1000	740
1001-5000	586
5001-10000	432
10001-50000	1139
50001-100000	420
100001-500000	457
500001-1000000	46
1000001-5000000	26
5000001-10000000	12
10000001-100000000	9
Total	4,010

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 44.44 Million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.0873 / 0.95%. For details investors are advised to read note 13.1 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.

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

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

For and behalf of the board

Date: **September 17, 2020**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer



REPORT OF THE SHARIAH ADVISOR

August 31, 2020/ Muharram 11, 1442

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Sixth year of operations of NBP Islamic Stock Fund (NISF). This report is being issued in accordance with clause 3.7.1 of the offering document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

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

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

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

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Company Name	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation Limited.	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56)	
Mari Petroleum Company Limited	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Pakistan Petroleum Limited	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137
The Hub Power Company Limited. *	Power Generation & Distribution Co.	32.32%	0.00%	7.32%	53.77%	(43.08)	
Oil & Gas Development Company Limited**	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%	33.64%	90.21	142.32
Lucky Cement Limited	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	

* Debt is considered excluding circular debt.

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

- ii. On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NISF are Shari'ah Compliant and in accordance with the criteria established by us.
- iii. There are investments made by NISF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

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

During the year, fund booked charity of amounting PKR 5,014,339/- wherein amount available for disbursement is PKR 6,734,647/-, which is inclusive of PKR 3,579,440/- provisional amount of previous year adjusted after availability of the respective financial statements.

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board



INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

We were engaged by the Board of Directors of NBP Fund Management Limited, Management Company of NBP Islamic Stock Fund (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, maintaining bank accounts and transferring impure income to charity 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: September 30, 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of the NBP Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Islamic Stock Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2020, income statement, statement of comprehensive income, and 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 Matter

The financial statements of the Fund for the year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 September 2019.

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	191,363	266,185
Investments	6	4,695,290	3,900,022
Dividend and profit receivable	7	1,191	4,458
Receivables from funds under management by Management Company against conversion of units		34,197	-
Receivable against sale of investments		10,845	39,695
Advance, deposits and prepayment	8	7,228	4,200
Total assets		4,940,114	4,214,560
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	26,435	23,378
Payable to Central Depository Company of Pakistan Limited - Trustee	10	541	501
Payable to Securities and Exchange Commission of Pakistan	11	914	5,301
Payable against redemption of units	12	29,868	-
Accrued expenses and other liabilities	13	67,485	64,590
Total liabilities		125,243	93,770
Net assets		4,814,871	4,120,790
Unit holders' fund (as per statement attached)		4,814,871	4,120,790
Contingency and commitment	14		
		(Number of units)	
Number of units in issue	15	508,796,209	452,452,689
		(Rupees)	
Net assets value per unit		9.4633	9.1077

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
Income			
Dividend income		188,066	246,881
Loss on sale of investments at fair value through profit or loss (FVTPL) - net		(105,744)	(433,758)
Profit on bank deposits		36,422	59,212
Net unrealised diminution on re-measurement of investments at FVTPL		(51,541)	(919,998)
Total Income / (loss)		67,203	(1,047,663)
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	9.1	69,200	111,590
Sindh Sales Tax on remuneration to Management Company	9.2	8,996	14,507
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	5,572	6,580
Sindh Sales Tax on remuneration to Trustee	10.2	724	855
Selling and marketing expenses	9.3	58,041	22,318
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	4,572	5,580
Annual fee - Securities and Exchange Commission of Pakistan		914	5,301
Securities transaction cost		15,493	9,455
Settlement and bank charges		1,655	1,905
Auditors' remuneration	16	613	562
Fund rating fee		234	220
Annual listing fee		28	28
Legal and professional fees		96	68
Charity expense		5,014	-
Shari'ah advisor fee		666	963
Printing charges		24	25
Total expenses		171,842	179,957
Net loss from operating activities		(104,639)	(1,227,620)
Provision for Sindh Workers' Welfare Fund	13.1	-	-
Net loss for the year before taxation		(104,639)	(1,227,620)
Taxation	17	-	-
Net loss for the year		(104,639)	(1,227,620)

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020 (Rupees in '000)	2019
Net loss for the year	(104,639)	(1,227,620)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(104,639)</u>	<u>(1,227,620)</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

	2020			2019		
	Value	Accumulated Loss	Total	Value	Undistributed Income/ Accumulated (Loss)	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	5,335,425	(1,214,635)	4,120,790	6,390,941	12,985	6,403,926
Issue of 870,091,265 units (2019: 412,871,633 units)						
- Capital value	7,924,530	-	7,924,530	4,705,622	-	4,705,622
- Element of income / (loss)	592,249	-	592,249	(187,916)	-	(187,916)
Total proceeds on issuance of units	8,516,779	-	8,516,779	4,517,706	-	4,517,706
Redemption of 813,747,745 units (2019: 522,299,588 units)						
- Capital value	(7,411,370)	-	(7,411,370)	(5,952,805)	-	(5,952,805)
- Element of (loss) / income	(306,689)	-	(306,689)	379,583	-	379,583
Total payments on redemption of units	(7,718,059)	-	(7,718,059)	(5,573,222)	-	(5,573,222)
Total comprehensive loss for the year	-	(104,639)	(104,639)	-	(1,227,620)	(1,227,620)
Net assets at end of the year	6,134,145	(1,319,274)	4,814,871	5,335,425	(1,214,635)	4,120,790
Accumulated (loss) / Undistributed income brought forward						
- Realised		(294,637)			502,116	
- Unrealised		(919,998)			(489,131)	
		(1,214,635)			12,985	
Total comprehensive loss for the year		(104,639)			(1,227,620)	
Accumulated loss carried forward		(1,319,274)			(1,214,635)	
Accumulated loss carried forward						
- Realised		(1,267,733)			(294,637)	
- Unrealised		(51,541)			(919,998)	
		(1,319,274)			(1,214,635)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			9.1077			11.3973
Net assets value per unit at end of the year			9.4633			9.1077

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		(104,639)	(1,227,620)
Adjustments:			
Net unrealised diminution on re-measurement of investments at FVTPL		51,541	919,998
		<u>(53,098)</u>	<u>(307,622)</u>
(Increase) / decrease in assets			
Investments		(846,809)	674,928
Dividend and profit receivable		3,267	7,820
Receivable against sale of investments		28,850	(39,695)
Advance, deposits and prepayment		(3,028)	8,011
		<u>(817,720)</u>	<u>651,064</u>
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		3,057	(8,270)
Payable to Central Depository Company of Pakistan Limited - Trustee		40	(220)
Payable to Securities and Exchange Commission of Pakistan		(4,387)	(1,714)
Accrued expenses and other liabilities		2,895	(1,092)
		<u>1,605</u>	<u>(11,296)</u>
Net cash (used in) / generated from operating activities		<u>(869,213)</u>	<u>332,146</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units	18	8,482,582	4,517,706
Amount paid on redemption of units		(7,688,191)	(5,573,222)
Net cash from / (used in) financing activities		<u>794,391</u>	<u>(1,055,516)</u>
Net (decrease) in cash and cash equivalents during the year		<u>(74,822)</u>	<u>(723,370)</u>
Cash and cash equivalents at beginning of the year		266,185	989,555
Cash and cash equivalents at end of the year	5	<u><u>191,363</u></u>	<u><u>266,185</u></u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Islamic Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on 18 November 2014 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5 Clifton, Karachi. The Management Company is a member of Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund has been categorised as an open ended "Shariah compliant equity scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at Rs. 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis on 9 January 2015 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The objective of the fund is to provide investors with long-term capital growth from an actively managed portfolio of shari'ah compliant listed equities securities. The investment objectives and policies are explained in the Fund's offering document.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an Asset Manager Rating of AM1 of Management Company and performance ranking of "4 - Star" to the Fund.
- 1.6 The title to the assets of the Fund is held in the name of the Central Depository Company Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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



2.4 Critical accounting estimates and judgments

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

- (a) Valuation of Investment (Note 4.2.4)
- (b) Provisions (Note 4.4)
- (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 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 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 amendments are not likely to affect the financial statements of the Company.

- 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 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 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 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 amendments are not likely to have an impact on the Fund's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of financial statement have been consistently applied to all periods presented.

4.1 New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.2 Financial Assets

4.2.1 Classification

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

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

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

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

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

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

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

Business model assessment

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



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

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

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

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

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

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

The Fund has determined that it has two business models.

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

Reclassifications

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

4.2.2 Regular way contracts

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

4.2.3 Initial recognition and measurement

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



4.2.4 Subsequent measurement

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

Financial assets at FVTPL

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

Financial assets at amortised cost

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

The fair value of equity securities are determined as follows:

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

4.2.5 Impairment of financial assets

Financial assets at amortised cost

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

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

4.2.6 Derecognition

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

4.2.7 Offsetting of financial assets and financial liabilities

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

4.2.8 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 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 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 if applicable, is payable to the investment facilitators and the Management Company / distributors .

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

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

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

	<i>Note</i>	2020 (Rupees in '000)	2019
In current accounts		21,322	44,427
In savings accounts	5.1 & 5.2	<u>170,041</u>	<u>221,758</u>
		<u><u>191,363</u></u>	<u><u>266,185</u></u>

5.1 These accounts carry profit at rates ranging from 7.00% to 14.50% (2019: 9.5% to 13.50%) per annum.

5.2 These includes cheques amounting to Rs. 6.167 million (30 June 2019: Rs. 26.570 million) issued on account of redemption of units and cheques amounting to Rs. 30.690 million (30 June 2019: Rs. 8.543 million) received on account of issuance of units.

6 INVESTMENTS

At fair value through profit or loss

- Listed equity securities	6.1	<u><u>4,695,290</u></u>	<u><u>3,900,022</u></u>
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6.1 Investment in listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Agriauto Industries Limited, Al-Ghazi Tractors Limited, Habib Sugar Mills Limited, Shabbir Tiles & Ceramics Limited and Thal Limited which have a face value of Rs 5 each and K-Electric Limited which have a face value of Rs 3.5 each.

Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/subscribed during the year	Sales during the year	As at 30 June 2020	Market value /carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)					(Rupees in '000)		(%)		
Oil Refinery										
Attock Refinery Limited	69,200	-	-	-	69,200	-	-	-	-	-
	69,200	-	-	-	69,200	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited	4,051,400	2,851,000	-	-	3,904,923	2,997,477	326,725	6.79	6.96	0.07
Pakistan Oilfields Limited	460,040	806,700	-	-	665,265	601,475	210,895	4.36	4.52	0.21
Pakistan Petroleum Limited (refer note 6.1.2)	2,956,710	3,950,300	550,382	-	2,936,800	4,520,592	392,297	8.15	8.36	0.17
Mari Petroleum Limited (refer note 6.1.2)	222,431	149,540	22,773	-	55,330	339,414	419,736	8.72	8.94	0.25
	7,690,581	7,757,540	573,155	-	7,562,318	8,458,958	1,349,653	28.02	28.78	
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited (refer note 6.1.2)	611,044	1,068,000	96,809	-	1,073,900	701,953	111,021	2.31	2.36	0.15
Attock Petroleum Limited	33,950	-	-	-	-	33,950	10,361	0.22	0.22	0.03
Sui Northern Gas Pipelines	992,200	2,859,000	-	-	1,610,000	2,241,200	122,369	2.54	2.61	0.35
Hascol Petroleum Limited (refer note 6.1.1)	21,032	-	-	-	19,449	1,583	22	-	-	-
Shell (Pakistan) Limited NC	-	4,700	-	-	1,400	3,300	603	0.01	0.01	-
	1,658,226	3,931,700	96,809	-	2,704,749	2,981,986	244,376	5.08	5.20	
Fertilizer										
Engro Corporation Limited	1,577,020	1,064,410	-	-	1,119,332	1,522,098	445,853	9.26	9.50	0.26
Engro Fertilizers Limited	5,142,500	4,823,500	-	-	6,586,000	3,380,000	203,746	4.23	4.34	0.25
Fatima Fertilizer Company Limited	9,500	-	-	-	9,500	-	-	-	-	-
	6,729,020	5,887,910	-	-	7,714,832	4,902,098	649,599	13.49	13.84	
Investment Company										
Dawood Hercules Corporation Limited	12,000	-	-	-	-	12,000	1,535	0.03	0.03	-
	12,000	-	-	-	-	12,000	1,535	0.03	0.03	
Chemical										
Engro Polymer & Chemicals	2,245,480	6,010,000	-	-	4,483,500	3,771,980	94,224	1.96	2.01	0.41
Dynea Pakistan Limited NC	-	17,500	-	-	-	17,500	1,887	0.04	0.04	0.09
Lotte Chemical Limited	3,190,000	-	-	-	3,190,000	-	-	-	-	-
I.C.I Pakistan Limited	-	78,900	-	-	13,000	65,900	45,781	0.95	0.98	0.07
	5,435,480	6,106,400	-	-	7,686,500	3,855,380	141,892	2.95	3.03	
Automobile Parts and Accessories										
Baluchistan Wheels Limited	10,000	500	-	-	-	10,500	638	0.01	0.01	0.08
Agriauto Industries Limited	26,100	5,100	-	-	-	31,200	5,678	0.12	0.12	0.11
Thal Limited	-	142,400	-	-	3,700	138,700	45,070	0.94	0.96	0.17
	36,100	148,000	-	-	3,700	180,400	51,386	1.07	1.09	
Cement										
Cherat Cement Company Limited	-	227,000	-	-	81,000	146,000	12,727	0.26	0.27	0.08
D.G. Khan Cement Company Limited	191,000	2,234,000	-	-	2,088,000	337,000	28,756	0.60	0.61	0.08
Fauji Cement Company Limited	700,000	10,146,000	-	-	7,391,500	3,454,500	58,312	1.21	1.24	0.25
Kohat Cement Company Limited	377,710	1,439,500	-	-	392,000	1,425,210	195,895	4.07	4.17	0.71
Lucky Cement Limited	380,700	788,151	-	-	558,800	610,051	281,587	5.85	6.00	0.19
Maple Leaf Cement Factory Limited (refer note 6.1.1)	1,526,001	5,244,000	-	297,501	5,270,500	1,797,002	46,686	0.97	0.99	0.16
Pioneer Cement Limited	445,100	420,000	-	-	865,100	-	-	-	-	-
	3,620,511	20,498,651	-	297,501	16,646,900	7,769,763	623,963	12.96	13.28	
Paper and Board										
Cherat Packaging Limited (refer note 6.1.2)	293,559	-	19,356	-	253,400	59,515	6,972	0.14	0.15	0.14
Packages Limited	-	153,700	-	-	27,600	126,100	43,783	0.91	0.93	0.14
Roshan Packages Limited NC	-	919,500	-	-	45,000	874,500	19,606	0.41	0.42	0.62
	293,559	1,073,200	19,356	-	326,000	1,060,115	70,361	1.46	1.50	



Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2020	Market value /carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)						(Rupees in '000)		(%)	
Automobile Assembler										
Honda Atlas Cars (Pakistan) Limited.	-	379,700	-	-	129,200	250,500	48,517	1.01	1.03	0.18
Millat Tractors Limited	-	119,250	-	-	41,250	78,000	55,080	1.14	1.17	0.16
Al-Ghazi Tractors Limited	-	3,900	-	-	3,900	-	-	-	-	-
Indus Motor Company Limited	-	8,700	-	-	-	8,700	8,656	0.18	0.18	0.01
	-	511,550	-	-	174,350	337,200	112,253	2.33	2.38	
Pharmaceuticals										
Abbot Laboratories (Pakistan) Limited	22,150	-	-	-	17,200	4,950	3,282	0.07	0.07	0.01
GlaxoSmithKline (Pakistan) Limited	103,200	197,000	-	-	-	300,200	52,259	1.09	1.11	0.09
Ferozsons Laboratories Limited	65,900	122,200	-	-	140,100	48,000	14,421	0.30	0.31	0.16
The Searle Company Limited	1,917	513,600	-	-	13,000	502,517	100,117	2.08	2.13	0.24
	193,167	832,800	-	-	170,300	855,667	170,079	3.54	3.62	
Engineering										
Mughal Iron and Steel Industries Limited	330,823	1,614,500	-	-	302,500	1,642,823	65,516	1.36	1.40	0.65
International Industries Limited (refer note 6.1.2)	166,500	220,000	10,200	-	396,700	-	-	-	-	-
International Steels Limited	394,900	1,997,500	-	-	1,880,400	512,000	26,445	0.55	0.56	0.12
Ittefaq Iron Industries	-	2,717,500	-	-	203,000	2,514,500	17,375	0.36	0.37	1.74
Amreli Steels Limited	-	2,510,500	-	-	799,500	1,711,000	55,847	1.16	1.19	0.58
	892,223	9,060,000	10,200	-	3,582,100	6,380,323	165,183	3.43	3.52	
Textile Composite										
Nishat Mills Limited	2,124,900	2,783,600	-	-	2,889,700	2,018,800	157,487	3.27	3.35	0.57
Kohinoor Textile Mills Limited	855,533	-	-	-	424,000	431,533	15,324	0.32	0.33	0.14
Interloop Limited	946,662	426,000	-	-	175,000	1,197,662	52,601	1.09	1.12	0.14
	3,927,095	3,209,600	-	-	3,488,700	3,647,995	225,412	4.68	4.80	
Food and Personal Care Products										
Al Shaheer Corporation Limited (refer note 6.1.1)	1,223,338	319,500	-	343,084	823,500	1,062,422	12,154	0.25	0.26	0.53
Al-Tahur Limited (refer note 6.1.2)	509,365	1,383,500	91,537	-	135,000	1,849,402	31,865	0.66	0.68	1.15
	1,732,703	1,703,000	91,537	343,084	958,500	2,911,824	44,019	0.91	0.94	
Technology and Communication										
Systems Limited	551,650	61,000	-	-	56,500	556,150	102,154	2.12	2.18	0.45
NetSol Technologies Limited	753,900	-	-	-	736,500	17,400	865	0.02	0.02	0.02
Avanceon Limited (refer note 6.1.2)	263,475	-	1,034	-	253,140	11,369	402	0.01	0.01	0.01
	1,569,025	61,000	1,034	-	1,046,140	584,919	103,421	2.15	2.21	
Power Generation and Distribution										
The Hub Power Company Limited	4,440,284	3,685,000	-	-	2,912,414	5,212,870	377,933	7.85	8.05	0.40
K-Electric Limited*	3,951,500	6,374,500	-	-	7,193,000	3,133,000	9,430	0.20	0.20	0.01
	8,391,784	10,059,500	-	-	10,105,414	8,345,870	387,363	8.05	8.25	
Commercial Banks										
Meezan Bank Limited	3,483,431	1,359,499	-	-	1,566,000	3,276,930	225,617	4.69	4.81	0.25
	3,483,431	1,359,499	-	-	1,566,000	3,276,930	225,617	4.69	4.81	
Glass and Ceramics										
Tariq Glass industries Limited (refer note 6.1.2)	655,800	256,000	364,900	-	125,000	1,151,700	74,308	1.54	1.58	1.05
Shabbir Tiles and Ceramics Limited	26,500	-	-	-	-	26,500	212	-	-	0.01
Ghani Global Glass Limited NC	-	66,500	-	-	-	66,500	795	0.02	0.02	0.07
Ghani Value Glass Limited NC	-	8,500	-	-	-	8,500	314	0.01	0.01	0.01
	682,300	331,000	364,900	-	125,000	1,253,200	75,629	1.57	1.61	



Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2020	Market value /carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held	
	(Number of shares)						(Rupees in '000)	(%)			
Transport											
Pakistan National Shipping Corporation Limited	17,000	-	-	-	-	17,000	1,285	0.03	0.03	0.01	
Cable and Electric Goods											
Pak Elektron Limited	-	1,930,000	-	-	1,930,000	-	-	-	-	-	
Sugar & Allied Industries											
Faran Sugar Mills Limited	-	327,500	-	-	-	327,500	12,936	0.27	0.28	1.31	
Habib Sugar Mills Limited	-	250,500	-	-	-	250,500	7,390	0.15	0.16	0.17	
Mirpurkhas Sugar Mills Limited (refer note 6.1.2)	-	1,000	100	-	1,100	-	-	-	-	-	
	-	579,000	100	-	1,100	578,000	20,326	0.42	0.44		
Miscellaneous											
EcoPack Limited (refer note 6.1.2)	2,083	-	208	-	-	2,291	50	-	-	0.01	
Synthetic Products Enterprises Limited (refer note 6.1.2)	1,302,600	265,000	19,304	-	820,000	766,904	31,888	0.66	0.68	0.87	
	1,304,683	265,000	19,512	-	820,000	769,195	31,938	0.66	0.68		
Total - 30 June 2020	47,738,088	75,305,350	1,176,602	640,585	66,681,803	58,178,822	4,695,290	98.00	100.00		
Carrying value before fair value adjustment as at 30 June 2020							<u>4,746,831</u>				

6.1.1 Investments include shares with market value of Rs. 439.42 million (30 June 2019: Rs. 137.164 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

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

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 3.202 million (30 June 2019: 10.150 million) and not deposited in CDC account of department of Income Tax.



7	DIVIDEND AND PROFIT RECEIVABLE	Note	2020	2019
			(Rupees in '000)	
	Dividend receivable on Equity Securities		24	1,184
	Profit receivable on Savings Deposits		1,167	3,274
			<u>1,191</u>	<u>4,458</u>
8	ADVANCE, DEPOSITS AND PREPAYMENT			
	Advance tax	8.1	4,476	1,458
	Security deposits with:			
	- National Clearing Company of Pakistan Limited		2,530	2,530
	- Central Depository Company of Pakistan Limited		103	103
	Prepaid Mutual Fund Rating fee		119	109
			<u>7,228</u>	<u>4,200</u>

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on bank deposits as at 30 June 2020 amounts to Rs. 1.458 million (2019: Rs. 1.458 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2020 as in the opinion of the management, the amount of tax deducted at source will be refunded.

9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2020	2019
			(Rupees in '000)	
	Management remuneration	9.1	5,954	7,225
	Sindh Sales Tax on management remuneration	9.2	774	939
	Selling and marketing expenses	9.3	16,313	10,394
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	1,133	2,598
	Sales load and others		2,241	2,202
	Other Payable		20	20
			<u>26,435</u>	<u>23,378</u>

9.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. The Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund till 11 July 2019 and with effective from 12 July 2019 the Management Company has revised its remuneration rate and charged it at the rate of 1.5% of the average annual net assets of the Fund.



- 9.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on management remuneration and sales load.
- 9.3** As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. Subsequently, the Management Company has revised selling and marketing expenses rate during the period and charged accordingly as follows:

Period	Rate per annum
1 July 2019 to 11 July 2019	0.4% of net assets or actual expenses whichever is lower.
12 July 2019 to 16 December 2019	1.15% of net assets or actual expenses whichever is lower.
17 December 2019 to 10 May 2020	1.35% of net assets or actual expenses whichever is lower.
11 May 2020 to 30 June 2020	1.5% of net assets or actual expenses whichever is lower.

- 9.4** In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O. 639 (I)/2019, has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. However, the Management Company is charging 0.1% of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020	2019
			(Rupees in '000)	
	Trustee remuneration	10.1	479	443
	Sindh Sales Tax on Trustee remuneration	10.2	62	58
			<u>541</u>	<u>501</u>

- 10.1** Upto 30 June 2019, The Trustee was entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.

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

With effective from 1 July 2019 the Trustee has revised its remuneration which is as follows:

Net assets	Tariff per annum
Upto Rs. 1,000 million	0.20% per annum of net assets,
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets



The remuneration is paid to the Trustee monthly in arrears.

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP. An amount equal to 0.095 percent per annum of the average net assets of the Fund has been charged till 30 June 2019 and with effective from 1 July 2019 SECP has revised its fee rate to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

12 PAYABLE AGAINST REDEMPTION OF UNITS

This includes an amount of Rs. 1.333 million, Rs. 5.598 million, Rs. 1.018 million, Rs. 0.425 million, Rs. 3.345 million, Rs. 0.500 million, Rs. 9.635 million and Rs. 1.083 million payable on account of conversion of units from NBP Financial Sector Income Fund, NBP Islamic Mahana Amdani Fund, NBP Islamic Money Market Fund, NBP Islamic Savings Fund, NBP Islamic Energy Fund, NBP Mahana Amdani Fund, NBP Money Market Fund and NBP Riba Free Savings Fund respective to the Fund.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>Note</i>	2020 (Rupees in '000)	2019
Provision for Sindh Workers' Welfare Fund	13.1	44,440	44,440
Brokerage fee		895	311
Federal excise duty payable on remuneration of the management company	13.2	8,209	8,209
Federal excise duty payable on Sales Load		2,327	2,327
Auditors' remuneration		408	458
Settlement charges		38	133
Withholding tax		182	150
Printing charges		2	61
Capital gain tax		973	8
Bank charges		51	42
Legal fees		86	12
Charity Payable		9,203	7,489
Shariah Advisor fee payable		671	950
		67,485	64,590

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

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is



payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 45.575 million and a provision for SWWF of Rs. 107.215 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.0873 per unit (2019: Re. 0.0982).

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 8.209 million (30 June 2019: Rs. 8.209 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.0161 (30 June 2019: Re. 0.0181) per unit.

Federal Excise Duty on management remuneration and Federal Excise Duty on sales load has been reclassified from payable to NBP fund management limited - Management Company to accrued expenses and other liabilities in order to give better presentation and accordingly comparatives have been rearranged.

14 CONTINGENCY AND COMMITMENT

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



15 NUMBER OF UNITS IN ISSUE	2020	2019
	(Number of units)	
Total units in issue at beginning of the year	452,452,689	561,880,644
Add: Units issued	870,091,265	412,871,633
Less: Units redeemed	(813,747,745)	(522,299,588)
Total units in issue at end of the year	<u>508,796,209</u>	<u>452,452,689</u>

16 AUDITORS' REMUNERATION	2020	2019
	(Rupees in '000)	
Annual audit fee	332	332
Half yearly review fee	132	132
Out of pocket expenses and others including government levy	149	98
	<u>613</u>	<u>562</u>

17 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year ended 30 June 2020, the Fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2020.

18 RECONCILIATION OF RECEIVABLE AND LIABILITY ARISING OUT OF FINANCING ACTIVITIES	Receivable against sale of units	Payable against redemption of units	Total
	(Rupees in '000)		
Balance as at 1 July 2019	-	-	-
Receivable against issuance of units	8,516,779	-	8,516,779
Payable against redemption of units	-	7,718,059	(7,718,059)
	8,516,779	7,718,059	798,720
Amount received on issuance of units	(8,482,582)	-	(8,482,582)
Amount paid on redemption of units	-	(7,688,191)	7,688,191
	(8,482,582)	(7,688,191)	(794,391)
Balance as at 30 June 2020	<u>34,197</u>	<u>29,868</u>	<u>4,329</u>

19 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies), incurred during the year divided by average net asset value for the year) is 3.76% per annum. Total expense ratio (excluding government levies) is 3.53% per annum.



20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2020		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Assets			
Bank balances	191,363	-	191,363
Investments	-	4,695,290	4,695,290
Dividend and profit receivable	1,191	-	1,191
Receivables from funds under management by Management Company against conversion of units	34,197	-	34,197
Receivable against sale of investments	10,845	-	10,845
Deposits	2,633	-	2,633
	<u>240,229</u>	<u>4,695,290</u>	<u>4,935,519</u>
	As at 30 June 2020		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	26,435	26,435
Payable to Central Depository Company of Pakistan Limited - Trustee	-	541	541
Payable against redemption of units	-	29,868	29,868
Accrued expenses and other liabilities	-	11,354	11,354
	<u>-</u>	<u>68,198</u>	<u>68,198</u>
	As at 30 June 2019		
	At Amortised Cost	Mandatorily at fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Assets			
Bank balances	266,185	-	266,185
Investments	3,900,022	-	3,900,022
Dividend and profit receivable	-	4,458	4,458
Receivable against sale of investments	-	39,695	39,695
Deposits	-	2,633	2,633
	<u>4,166,207</u>	<u>46,786</u>	<u>4,212,993</u>
	As at 30 June 2019		
	Mandatorily at fair value through profit or loss	At Amortised Cost	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	23,378	23,378
Payable to Central Depository Company of Pakistan Limited - Trustee	-	501	501
Accrued expenses and other liabilities	-	9,456	9,456
	<u>-</u>	<u>33,335</u>	<u>33,335</u>



21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

21.5 Details of transactions with connected persons are as follows:	2020	2019
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration of NBP Fund Management Limited - Management Company	69,200	111,590
Sindh Sales Tax on remuneration to Management Company	8,996	14,507
Selling and marketing expenses	58,041	22,318
Allocation of expenses related to registrar services, accounting, operation and valuation services	4,572	5,580
Sales load and others	14,000	-
Employees of the Management Company		
Issue of 69,974,912 units (2019: 21,014,666 units)	671,202	224,969
Redemption of 63,878,865 units (2019: 22,160,039 units)	614,067	241,474
NBP Fund Management Limited - Management Company (Employee Provident Fund)		
Redemption of Nil units (2019: 280,828 units)	-	2,898
Portfolio Managed by the management Company		
Issue of Nil units (2019: 26,731,489 units)	-	296,377
Redemption of Nil units (2019: 9,461,322 units)	-	92,164
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	5,572	6,580
Sindh Sales Tax on remuneration to Trustee	724	855
CDS charges	1,202	1,424
National Clearing Company of Pakistan Limited		
NCCPL Charges	779	-
Pakistan Stock Exchange Limited**		
Listing fee	25	-
Mr. Murtaza Ali - Company Secretary / Chief Operating Officer of the Management Company		
Issue of Nil units (2019: 8,798 units)	-	100
Redemption of 42 units (2019: 68,300 units)	-	764



	2020	2019
	(Rupees in '000)	
Jubilee Life Insurance Company Limited - Common directorship		
Purchase of Nil Shares(2019:22,662,170)	-	250,000
National bank of Pakistan- Parent company		
Profits on Bank deposits	20	13
Cherat Packaging Limited*		
Nil shares purchased (2019: 109,400 shares)	-	17,003
253,400 shares sold (2019: 105,000 shares)	-	17,830
Dividend Income	-	2,154
Cherat Cement Company Limited*		
81,000 shares sold (2019: 780,300 shares)	-	52,909
Dividend Income	-	1,977
International Industries Limited*		
220,000 shares purchased (2019: 140,600 shares)	-	22,688
396,700 shares sold (2019: 70,700 shares)	-	8,026
Dividend Income	-	1,221
International Steel Limited		
1,997,500 shares purchased (2019: 2,538,200 shares)	102,400	211,038
1,880,400 shares sold (2018: 3,553,700 shares)	81,893	248,784
Dividend Income	430	5,910
Pak American Fertilizers Ltd Provident Fund Trust		
Issue of 1,186,228 units (2019: Nil Units)	11,950	-
Redemption of 180,061 units (2019: Nil Units)	1,954	-
Getz Pharma (Pvt) Limited Employees Gratuity Fund		
Redemption of 416,547 units (2019: Nil Units)	3,561	-
Telenor Pakistan (Pvt) Ltd Employees Provident Fund (Islamic)		
Issue of 2,803,546 units (2019: Nil Units)	24,966	-
Redemption of 1,744,089 units (2019: Nil Units)	17,985	-
Telenor Employees Gratuity Fund		
Issue of 2,747,456 units (2019: Nil Units)	26,000	-
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Issue of 5,221,245 units (2019: Nil Units)	56,800	-
Redemption of 1,489,321 units (2019: Nil Units)	15,910	-
Rousch (Pakistan) Power Limited Employees Gratuity Fund		
Issue of 170,348 units (2019: Nil Units)	1,876	-
Redemption of 170,348 units (2019: Nil Units)	1,440	-
Rousch (Pakistan) Power Limited Employees Provident Fund		
Issue of 364,967 units (2019: Nil Units)	4,019	-
Redemption of 364,967 units (2019: Nil Units)	3,079	-



	2020	2019
	(Rupees in '000)	
Hub Power Company Limited**		
Issue of 3,685,000 units (2019: Nil units)	301,062	-
Redemption of 2,912,414 units (2019: Nil units)	225,836	-
Summit Bank Limited*		
Profit on bank deposit	-	14
Bank Islami Pakistan Limited		
Profit on bank deposits	16,104	27,755
Taurus Securities Limited		
Brokerage charges	946	518
CDC Trustee NBP Balance Fund		
Purchase of equity securities : 278,000 shares (2019: Nil)	32,684	-
CDC Trustee NBP Sarmaya Izafa Fund		
Purchase of equity securities : 249,500 shares (2019: Nil)	27,457	-
21.6 Balances at year end		
NBP Fund Management Limited - Management Company		
Management remuneration payable	5,954	7,225
Sindh Sales tax payable	774	939
Other payable	20	20
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,133	2,598
Selling and marketing expenses	16,313	10,394
Sales load payable	2,241	2,202
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	479	443
Sindh Sales Tax on Trustee remuneration	62	58
Security deposit	103	103
Employees of the Management Company		
Units held: 7,666,693 (2019: 1,384,419 units)	72,552	12,609
National Clearing Company of Pakistan Limited		
Security deposits	2,530	2,530
NCCPL charges payable	53	48
NBP Fund management Limited- employees provident fund		
Units held: 114,845 (2019: 114,845 units)	1,087	1,046
International Industries Limited*		
Shares held: Nil (2019: 166,500 shares)	-	12,832



	2020	2019
	(Rupees in '000)	
International Steels Limited		
Shares held: 512,000 (2019: 394,900 shares)	26,445	15,681
Portfolio Managed by the Management Company		
Units held: Nil (2019: 36,992,244 units)	-	336,915
Pak American Fertilizers Limited - Provident Fund Trust		
Units held: 1,006,167 units (2019: Nil Units)	9,522	-
Telenor Pakistan Private Limited Employees Provident Fund (Islamic)		
Units held: 3,285,883 units (2019: Nil Units)	31,095	-
Gul Ahmed Textile Mills Limited Employees Provident Fund Trust		
Units held: 3,731,924 units (2019: Nil Units)	35,316	-
Telenor Employees Gratuity Fund		
Units held: 2,747,456 units (2019: Nil Units)	26,000	-
Hub Power company Limited**		
Units held: 5,212,870 (2019: Nil units)	377,933	-
Jubilee Life Insurance Company Limited - Common directorship		
Shares held: Nil (2019:22,662,170)	-	206,400
National bank of Pakistan- Parent company		
Bank balance	3,617	6,784
Cherat Packaging Pakistan Limited*		
Shares held: 59,514 (2019: 293,559 shares)	-	23,673
Taurus Securities Limited		
Brokerage payable	70	17
Summit Bank Limited*		
Bank balance	-	8,670
Profit receivable	-	4
Bank Islami Pakistan Limited - common directorship		
Bank balance	161,350	84,372
Profit receivable	768	2,668
Rohma Amjad		
Units held: 1,553 units (2019: Nil Units)	15	-
Receivables from funds against conversion of units		
NBP Stock Fund	26,000	-
NBP Islamic Savings Fund	3,899	-
NBP Islamic Mahana Amdani Fund	2,000	-
NBP Mahana Amdani Fund	2,298	-



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

** Comparative balances with these parties have not been disclosed as these parties were not related parties in the last term.

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

Mr. Sajjad Anwar Javed is the Manager of the Fund. He is also managing NAFA Islamic Principal Protected Fund II, NAFA Islamic Active Allocation Plan I, NAFA Islamic Active Allocation Plan II, NAFA Islamic Active Allocation Plan III, NAFA Islamic Active Allocation Plan IV, NAFA Islamic Active Allocation Plan V, NAFA Islamic Active Allocation Plan VI, NAFA Islamic Active Allocation Plan VII, NAFA Islamic Active Allocation Plan VIII, NAFA Islamic Capital Preservation Plan I, NAFA Islamic Capital Preservation Plan II, NAFA Islamic Capital Preservation Plan III, NAFA Islamic Capital Preservation Plan IV, NBP Islamic Capital Preservation Plan V, NBP Islamic Pension Fund and NBP Pension Fund.

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

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

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	7.11
2	Arif Habib Securities Limited	5.86
3	Ismail Iqbal Securities (Pvt) Limited	5.08
4	Alfalah Securities (Pvt) Limited	4.8
5	Topline Securities Limited	4.56
6	Bma Capital Management Limited	4.51
7	Efg Hermes Pakistan Limited	4.44
8	Foundation Securities	4.43
9	Optimus Capital Management Limited	4.31
10	Intermarket Securities	4.01

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

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	6.58
2	Arif Habib Securities Limited	5.67
3	Alfalah Securities (Private) Limited	4.66
4	Optimus Capital Management Limited	3.95
5	Topline Securities (Private) Limited	3.71
6	Foundation Securities	3.53
7	Next Capital Limited	3.51
8	Aqeel Karim Dehdi Securities (Private) Limited	3.46
9	BMA Capital Management Limited	3.45
10	EFG Hermes Pakistan Limited	3.44



24 PATTERN OF UNIT HOLDING

Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,917	2,226,000	46.23
Associated Companies and Directors	1	1,087	0.02
Insurance Companies	5	559,544	11.62
Retirement Funds	50	532,490	11.06
Public Limited Companies	2	634,342	13.17
Others	35	861,408	17.89
	4,010	4,814,871	100.00

Category	As at 30 June 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,828	1,512,746	36.71
Associated Companies and Directors	1	1,046	0.03
Insurance companies	8	582,454	14.13
Retirement funds	57	486,484	11.81
Listed companies	2	610,506	14.82
Others	37	927,554	22.51
	3,933	4,120,790	100.00

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of Director	Number of Meetings			Meetings not attended
	Held during tenure of directorship	Attended	Leave granted	
Mr. Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [Note 25.2]	3	2	1	74th Meeting
Mr. Syed Hasan Irtiza Kazmi [Note 25.2]	3	3	-	-
Mr. Nasir Husain [Note 25.1]	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar [Note 25.1]	1	-	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [Note 25.1]	1	1	-	-
Mr. Khalid Mansoor [Note 25.2]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [Note 25.1]	1	1	-	-
Mr. Saad Amanullah Khan Note 25.2]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-



- 25.1** Mr. Nasir Husain, Mr. Abdul Hadi Palekar, Mr. Kamal Amir Chinoy and Mr. Shehryar Faruque retired from the Board with effect from 04 October 2019.
- 25.2** Mr. Saad ur Rahman Khan, Syed Hasan Irtiza Kazmi, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan opted as Director on the Board with effect from 04 October 2019.

26 FINANCIAL RISK MANAGEMENT

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

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

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

The Fund primarily invests in a portfolio of listed equity securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

26.1 Market risk

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

26.1.1 Currency risk

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

26.1.2 Interest rate risk

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



a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 1.700 million (2019: 0.444 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

	As at 30 June 2020					Total
	Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	
		Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	7.00 - 14.50	170,041	-	-	21,322	191,363
Investments		-	-	-	4,695,290	4,695,290
Dividend and profit receivable		-	-	-	1,191	1,191
Receivables from funds under management by Management Company against conversion of units		-	-	-	34,197	34,197
Receivable against sale of investments		-	-	-	10,845	10,845
Advance, deposits and prepayment		-	-	-	2,633	2,633
		<u>170,041</u>	<u>-</u>	<u>-</u>	<u>4,765,478</u>	<u>4,935,519</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	26,435	26,435
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	541	541
Payable against redemption of units		-	-	-	29,868	29,868
Accrued expenses and other liabilities		-	-	-	11,354	11,354
		<u>-</u>	<u>-</u>	<u>-</u>	<u>68,198</u>	<u>68,198</u>
On-balance sheet gap		<u>170,041</u>	<u>-</u>	<u>-</u>	<u>4,697,280</u>	<u>4,867,321</u>
Off-balance sheet financial instruments						
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>170,041</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		<u>170,041</u>	<u>170,041</u>	<u>170,041</u>		



As at 30 June 2019						
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	9.5% - 13.5%	221,758	-	-	44,427	266,185
Investments		-	-	-	3,900,022	3,900,022
Dividend and profit receivable		-	-	-	4,458	4,458
Receivable against sale of investments		-	-	-	39,695	39,695
Advance, deposits and prepayment		-	-	-	2,633	2,633
		<u>221,758</u>	<u>-</u>	<u>-</u>	<u>3,991,235</u>	<u>4,212,993</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	23,378	23,378
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	501	501
Accrued expenses and other liabilities		-	-	-	9,456	9,456
		-	-	-	33,335	33,335
On-balance sheet gap		<u>221,758</u>	<u>-</u>	<u>-</u>	<u>3,957,900</u>	<u>4,179,658</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		<u>221,758</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		<u>221,758</u>	<u>221,758</u>	<u>221,758</u>		

26.1.3 Price risk

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

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

The Fund manages the risk by limiting exposure to any single investee company to the extent of 15% of issued capital of that investee company and the net assets of the Fund with overall limit of 40% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time. (Refer note 6.1 for exposure limits).

In case of 5% increase / decrease in KMI 30 index on 30 June 2020, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 234.764 million (2019: Rs. 195.001 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.



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

26.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its bank balances. Risks attributable to bank balances are managed by maintaining balances in banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2020 and 30 June 2019.

Balances with banks	2020	2019
	(Rupees in '000)	
AAA	12,406	16,112
AA+	1,505	3,214
AA-	2,395	21,523
AA	4,422	500
A+	161,743	214,898
A-	508	1,220
A	50	48
Suspended	8,334	8,670
	191,363	266,185

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

Concentration of the credit risk

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

26.3 Liquidity risk

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

Management of liquidity risk

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



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

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

Maturity analysis for financial liabilities

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

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

	30 June 2020			
Total	Upto three months	Over three months and upto one year	Over one year	
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	26,435	26,435	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	541	541	-	-
Payable against redemption of units	29,868	29,868	-	-
Accrued expenses and other liabilities	11,354	11,354	-	-
	68,198	68,198	-	-
Unit holders' fund	4,814,871	4,814,871	-	-
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	23,378	23,378	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	501	501	-	-
Accrued expenses and other liabilities	9,456	9,456	-	-
	33,335	33,335	-	-
Unit holders' fund	4,120,790	4,120,790	-	-



27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		30 June 2020						
		Carrying value			Fair value			
		At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		(Rupees in '000)						
Financial assets measured at fair value								
Investment								
	- Listed equity securities	4,695,290	-	4,695,290	4,695,290	-	-	4,695,290
Financial assets not measured at fair value								
	Bank balances	-	191,363	191,363				
	Dividend and profit receivable	-	1,191	1,191				
	Receivables from funds under management by Management Company against conversion of units	-	34,197	34,197				
	Receivable against sale of investments	-	10,845	10,845				
	Deposits	-	2,633	2,633				
		-	240,229	240,229				
Financial liabilities not measured at fair value								
	Payable to NBP Fund Management Limited - Management Company	-	26,435	26,435				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	541	541				
	Payable against redemption of units	-	29,868	29,868				
	Accrued expenses and other liabilities	-	11,354	11,354				
		-	68,198	68,198				



	30 June 2019						
	Carrying value			Fair value			
	At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
							(Rupees in '000)
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investment							
- Listed equity securities	3,900,022	-	3,900,022	3,900,022	-	-	3,900,022
Financial assets not measured at fair value							
Bank balances	-	266,185	266,185				
Dividend and profit receivable	-	4,458	4,458				
Receivable against sale of investments		39,695	39,695				
Deposits	-	2,742	2,742				
	-	313,080	313,080				
Financial liabilities not measured at fair value							
Payable to NBP Fund Management							
Limited - Management Company	-	23,378	23,378				
Payable to Central Depository Company of Pakistan Limited - Trustee							
	-	501	501				
Accrued expenses and other liabilities							
	-	9,456	9,456				
	-	33,335	33,335				

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

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

28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

As at 30 June 2020, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.



29 Impact of COVID-19

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

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

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

Operational risk management

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

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

30 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016	For the the period from January 07, 2015 to June 30, 2015
Net assets at the year / period ended (Rs '000)	4,814,871	4,120,790	6,403,926	8,292,693	1,752,387	1,251,505
Net income for the year / period ended (Rs '000)	(104,639)	(1,227,620)	(1,204,742)	1,908,452	175,090	117,766
Net Asset Value per unit at the year / period ended (Rs)	9.4633	9.1077	11.3973	13.1045	11.4401	11.0214
Offer Price per unit	9.7841	9.4171	11.7837	13.5487	11.8940	11.4625
Redemption Price per unit	9.4633	9.1077	11.3973	13.1045	11.4401	11.0214
Ex - Highest offer price per unit (Rs.)	11.9900	12.2350	13.7611	17.5864	12.2366	11.5485
Ex - Lowest offer price per unit (Rs.)	7.3512	9.2067	10.8435	12.1402	9.7911	9.1008
Ex - Highest redemption price per unit (Rs.)	11.5969	11.8338	13.3099	14.6687	11.7697	11.1042
Ex - Lowest redemption price per unit (Rs.)	7.1102	8.9048	10.4880	9.9859	9.4175	8.7476
Opening Nav of Fiscal Year	9.1077	11.3973	13.0678	9.8933	10.1340	9.7766
Total return of the fund	3.90%	-20.09%	-12.78%	32.46%	12.89%	11.39%
Capital growth	3.90%	-20.09%	-12.78%	11.47%	5.43%	8.80%
Income distribution as a % of e x nav				20.99%	7.46%	2.59%
Income distribution as a % of par value				20.77%	8.50%	2.53%
Distribution						
Interim distribution per unit			-	2.0765	0.8500	0.1160
Final distribution per unit			-	0.0332	-	0.1369
Distribution Dates						
Interim				19-Jun-17	30-Jun-16	30-Jun-15
Final				15-Sep-17		14-Jul-15
Average annual return of the fund (launch date January 09, 2015)						
(Since inception to June 30, 2020)	3.48%					
(Since inception to June 30, 2019)		3.39%				
(Since inception to June 30, 2018)			11.35%			
(Since inception to June 30, 2017)				22.90%		
(Since inception to June 30, 2016)					16.81%	
(Since inception to June 30, 2015)						11.40%
Portfolio Composition (Please see Fund Manager Report)						
<i>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</i>						



PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

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

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds

NBP ISLAMIC ENERGY 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
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islami 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

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.nbpfonds.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 Asset Management Limited is pleased to present the Fifth Annual Report for the period ended June 30, 2020, since launch of **NBP Islamic Energy Fund** on April 21, 2016.

The aim of the Fund is to provide growth to the investment of Unit holders over the long-term in approved shariah compliant energy stocks.

Fund's Performance

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

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

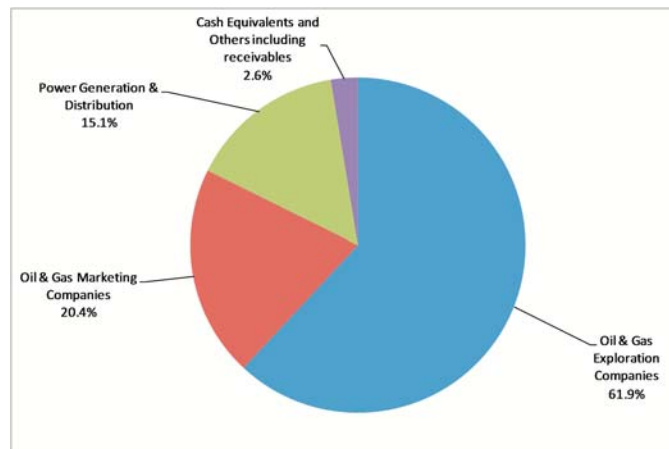
In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing,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

During the fiscal year, NBP Islamic Energy Fund decreased by 7.2% return as against the KMI-30 Index increased by 1.6%, underperforming the benchmark by 8.8% during the year. The Fund underperformed as the fund was overweight in select Energy sector stocks which underperformed the market. Since its inception on April 21, 2016, the NBP Islamic Energy Fund was decline by 6.2%, while the benchmark decreased by 6.7%. Thus, the Fund outperformed by 0.5% during the period. The performance of the Fund is net of management fee and all other expenses. The Fund size is 599 mln as of June 30, 2020.

NBP Islamic Energy Fund has earned a total loss of Rs. 11.158 million during the year. After deducting total expenses of Rs. 21.837 million, the net loss is Rs. 32.995 million. During the year, the unit price of Islamic Energy Fund has decreased from Rs. 9.1493 (Ex-Div) on June 30, 2019 to Rs. 8.4866 on June 30, 2020. The resultant per unit loss is Rs. 0.6627 (-7.24%).



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



Income Distribution

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

Taxation

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

Auditors

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

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18.6 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:



Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. 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 ایسٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 21 اپریل 2016 کو قائم ہونے والے این بی پی اسلامک انرجی فنڈ (سابقہ: NAFA این بی پی اسلامک انرجی فنڈ) کی پانچویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کا مقصد منظور شدہ شریعہ کمپلیٹ انرجی اسٹاکس میں طویل مدت پر یونٹ ہولڈرز کی سرمایہ کاری کے لئے نمو فراہم کرنا ہے۔

فنڈ کی کارکردگی

مالی سال 2019-20، اسٹاک مارکیٹ میں انتہائی اتار چڑھاؤ کے باعث مایوس کن سال رہا جیسا کہ KMI-30 انڈیکس میں سالانہ بنیادوں پر 1.6% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 بلین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 بلین امریکی ڈالر کی آمدنی سیٹھ خبروں کے باوجود مارکیٹ کا آغاز متفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح 44,929 پر لے آیا جس نے مارکیٹ کے وسیع حصے میں ٹھس کی مالیت کو واضح کر دیا۔ پرنکشن مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مانیٹری میں آسانی کی توقع کی بنا پر اسٹاک مارکیٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیر الجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KMI-30 انڈیکس میں 16 اگست، 2019 سے خلیفہ 58 فیصد اضافے کے ساتھ 13 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

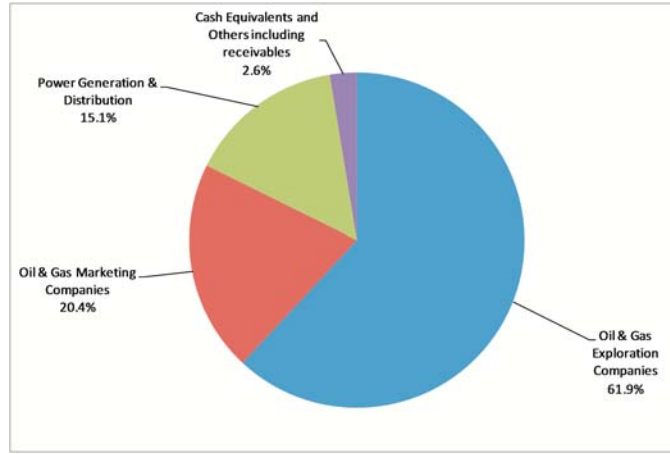
اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے منی بجٹ کے اندیشہ، اور T-Bills سے ہاٹ منی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن / شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ اپنے عروج سے 42 فیصد گر گئی۔ معیشت کو کورونا وائرس و بائی 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 جی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے۔ جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپبلیکنگ انسٹیٹیوٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ممالک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے ناقص اور نا کافی انفراسٹرکچر کے باوجود نسبتاً کم اموات کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جبکہ پچھلے خدشہ تھا۔ نتیجتاً مارکیٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.6 فیصد کی معمولی اضافے کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

زیر جائزہ مالی سال کے دوران شعبہ دارکارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، ہیمنٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، بیکنائلو جی اور گلاس اینڈ سٹریٹس 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 نیٹ ورکس کمپوزٹ کے شعبے مارکیٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 بلین امریکی ڈالر کے خالص انفلو 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 فلوز کے ساتھ نمایاں فروخت کنندہ رہے۔

مالی سال کے دوران، NBP اسلامک انرجی فنڈ کے منافع میں 7.2% کی کمی ہوئی جبکہ KMI-30 انڈیکس میں 1.6% کی کمی واقع ہوئی۔ سال کے دوران بیچ مارک میں 8.8% کی ایتر کارکردگی دکھائی۔ فنڈ نے ایتر کارکردگی دکھائی کیونکہ فنڈ انرجی میٹریٹس اسٹاکس کے انتخاب میں بہت زیادہ دباؤ میں تھا، جس نے مارکیٹ سے ایتر کارکردگی ظاہر کی۔ اپنے قیام (21 اپریل 2016) سے آج تک NBP اسلامک انرجی فنڈ کا منافع 6.2% ہے، جبکہ بیچ مارک میں 6.7% کمی ہوئی۔ لہذا فنڈ نے سال کے دوران 0.5% کی بہتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی بیٹمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2020 کو فنڈ کا سائز 599 بلین روپے ہے۔

NBP اسلامک انرجی فنڈ کو اس مدت کے دوران 11.158 بلین روپے کا خسارہ ہوا۔ 21.837 بلین روپے کے اخراجات منہا کرنے کے بعد کل خسارہ 32.995 بلین روپے ہے۔ سال کے دوران، اسلامک انرجی فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.1493 (Ex-Div) روپے سے کم ہو کر 30 جون 2020 کو 8.4866 روپے ہو چکی ہے۔ جس کے نتیجے میں یونٹ خسارہ 0.6627 روپے (-7.24%) ہے۔

30 جون 2020 کو NBP اسلامک انرجی فنڈ کی ایسٹ ایلویشن درج ذیل ہے:



آمدنی کی تقسیم

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

ٹیکسیشن

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

آڈیٹرز

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

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور 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۔ شماراتی تخمینے مناسب اور معقول نظر پڑتی 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. کارپوریشن گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹینیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈز اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں کی گئی ہے۔



•11 یونٹ ہولڈنگ کا تفصیلی پٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔

•12 ڈائریکٹرز، ای او، ای 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 18.6 میں ظاہر کی گئی ہے۔

•13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
<ul 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
<ul style="list-style-type: none"> •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 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 آرٹسٹری کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

مخائب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Energy 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 Energy Fund (Formerly: NAFA Islamic Energy Fund)

NAFA Islamic Energy Fund is an Open-ended Shariah Compliant Equity Fund.

Investment Objective of the Fund

The objective of NAFA Islamic Energy Fund is to provide investors with long term capital growth from an actively managed portfolio of Shari'ah Compliant listed equities belonging to the Energy Sector.

Benchmark

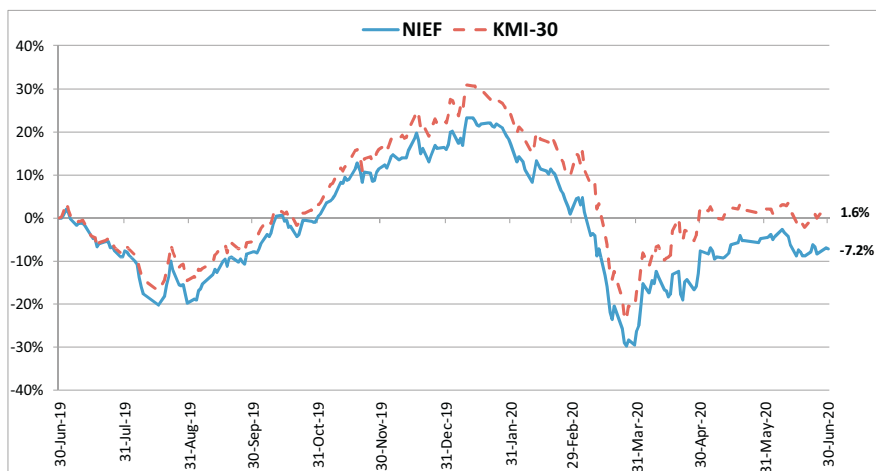
The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the fifth annual report of the Fund. During the fiscal year, NBP Islamic Energy Fund decreased by 7.2% return as against the KMI-30 index increased by 1.6%, underperforming the benchmark by 8.8% during the year. Since its inception on April 21, 2016, the NBP Islamic Energy Fund was decline by 6.2%, while the benchmark decreased by 6.7%. Thus, the Fund outperformed by 0.5% during the period. The performance of the Fund is net of management fee and all other expenses. The fund size of NAFA Islamic Energy Fund is Rs.599 mln as of June 30, 2020.

NIEF underperformed during the year as the Fund was overweight in select Energy sectors stocks which underperformed the market. The chart below shows the performance of NIEF against the Benchmark for the year.

NIEF Performance vs. Benchmark during FY20



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.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	97.3%	93.6%
Cash Equivalents	5.6%	4.4%
Other Net Liabilities	(2.9%)	2.0%
Total	100.0%	100.0%

Distribution for the Financial Year 2020

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

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	104
1-1000	388
1001-5000	222
5001-10000	179
10001-50000	406
50001-100000	123
100001-500000	92
500001-1000000	10
1000001-5000000	8
5000001-10000000	2
Total	1,534



Sindh Workers' Welfare Fund (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 12.2 to the financial statements.

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.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Energy 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 12, 1442

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Fourth year of operations of NBP Islamic Energy Fund (NIEF). This report is being issued in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

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

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

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

Company Name	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	Share Price (B)
						Net Liquid Assets per Share (A)	
Mari Petroleum Company Limited.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Oil & Gas Development Company Limited. **	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%	33.64%	90.21	142.32
Pakistan Petroleum Limited.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137
The Hub Power Company Limited. *	Power Generation & Distribution	0.00%	0.01%	3.20%	52%	(9.26)	
Pakistan Oilfields Limited	Oil & Gas Exploration Companies	0.00%	1.35%	4.09%	44.36%	7.958	446.72



- * Debt is considered excluding circular debt.
 - ** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.
 - *** As per last available accounts i.e December 2018
- ii) On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIEF are Shari'ah Compliant and in accordance with the criteria established by us.
 - iii) There are investments made by NIEF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

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

During the year a provision of Rupees 558,722/- was created and an amount of Rupees 956,452 / is available for disbursement into charity as of June 30, 2020, which is inclusive of Rupees 674,102/- provisional amount of previous year adjusted after availability of the respective financial statements. However, the provisional amount of the financial year ended June 30, 2020 will be adjusted after the availability of the respective annual financial statements.

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Energy Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer note 5 to the annexed financial statements)	
	<p>Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2020 amounted to Rs. 582.638 million.</p> <p>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 confirmation for verifying the existence of the investment portfolio as at June 30, 2020 and traced balances in this confirmation with the books and records of the Fund. re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A.F. Ferguson & Co.
Chartered Accountants

Date: September 29, 2020
Place: Karachi



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020	2019
		----- Rupees in '000 -----	
Assets			
Bank balances	4	30,237	33,788
Investments	5	582,638	623,324
Profit receivable		172	421
Deposits and other receivables	6	5,604	5,604
Receivable against sale of investments		-	26,783
Receivable against issuance of units		3,345	-
Preliminary expenses and floatation costs	7	375	830
Total assets		622,371	690,750
Liabilities			
Payable to NBP Fund Management Limited - the Management Company	9	6,321	6,110
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	113	132
Payable to the Securities and Exchange Commission of Pakistan	11	110	1,132
Payable against redemption of units		399	-
Payable against purchase of investments		175	-
Accrued expenses and other liabilities	12	16,694	17,340
Total liabilities		23,812	24,714
NET ASSETS		598,559	666,036
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		598,559	666,036
CONTINGENCIES AND COMMITMENTS	13		
----- Number of units -----			
NUMBER OF UNITS IN ISSUE	8	70,530,143	72,795,981
----- Rupees -----			
NET ASSET VALUE PER UNIT		8.4866	9.1493

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

	Note	2020	2019
----- Rupees in '000 -----			
Income			
Profit on bank deposits		4,397	10,614
Dividend income		13,940	40,521
Loss on sale of investments - net		(10,858)	(219,566)
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2	(18,637)	(152,135)
		<u>(29,495)</u>	<u>(371,701)</u>
Total loss		(11,158)	(320,566)
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	9.1	8,339	23,823
Sindh sales tax on remuneration of the Management Company	9.2	1,084	3,097
Allocated expenses	9.4	549	1,191
Selling and marketing expenses	9.5	6,884	4,765
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	1,099	2,131
Sindh sales tax on remuneration of the Trustee	10.2	143	277
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	110	1,132
Auditors' remuneration	14	505	498
Amortisation of preliminary expenses and floatation costs	7	455	455
Annual listing and supervising fee		28	28
Printing charges		-	27
Shariah advisor fee		81	211
Securities transaction cost		2,209	1,581
Settlement and bank charges		314	440
Legal and professional charges		37	76
Total operating expenses		21,837	39,732
Net loss from operating activities		(32,995)	(360,298)
Provision for Sindh Workers' Welfare Fund	12.2	-	-
Net loss for the year before taxation		(32,995)	(360,298)
Taxation	16	-	-
Net loss for the year after taxation		(32,995)	(360,298)
(Loss) / earnings per unit	17		
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		<u>-</u>	<u>-</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		<u>-</u>	<u>-</u>

The annexed notes from 1 to 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 30 JUNE 2020

	2020	2019
	----- Rupees in '000 -----	
Net loss for the year after taxation	(32,995)	(360,298)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(32,995)</u>	<u>(360,298)</u>

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 30 JUNE 2020

	Note	2020	2019
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year after taxation		(32,995)	(360,298)
Adjustments for:			
Profit on bank deposits		(4,397)	(10,614)
Dividend income		(13,940)	(40,521)
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2	18,637	152,135
Amortisation of preliminary expenses and floatation costs	7	455	455
		755	101,455
Decrease / (increase) in assets			
Investments		22,049	664,580
Receivable against sale of investments		26,783	(26,783)
Receivable against issuance of units		(3,345)	-
		45,487	637,797
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - the Management Company		211	(12,021)
Payable to Central Depository Company of Pakistan Limited - the Trustee		(19)	(125)
Payable to the Securities and Exchange Commission of Pakistan		(1,022)	(831)
Payable against redemption of units		399	-
Payable against purchase of investments		175	-
Accrued expenses and other liabilities		(646)	(1,806)
		(902)	(14,783)
		12,345	364,171
Dividend received		13,940	43,949
Profit received on bank deposits		4,646	11,016
Net cash generated from operating activities		30,931	419,136
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		773,222	480,596
Amount paid on redemption of units		(807,704)	(1,101,445)
Net cash used in financing activities		(34,482)	(620,849)
Net decrease in cash and cash equivalents		(3,551)	(201,713)
Cash and cash equivalents at the beginning of the year		33,788	235,501
Cash and cash equivalents at the end of the year	4	30,237	33,788

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 30 JUNE 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Energy Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 28, 2016 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Shariah compliant equity scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of Shariah compliant energy sector equity instruments. The investment objectives and policies are explained in the Fund's offering document.

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

The title to the assets of the Fund is held in the name of the CDC as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.



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

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

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

These amendments may impact the financial statements of the Fund on adoption. The management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

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

2.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for Federal Excise Duty (note 9.3) and provision for taxation (notes 3.13 and 16).

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, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.



3.3 Financial assets

3.3.1 Classification and subsequent measurement

3.3.1.1 Equity Instruments

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

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

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

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

3.3.2 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.

3.3.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.3.4 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.

3.3.5 Derecognition

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

3.4 Financial liabilities

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

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



3.5 Offsetting of financial assets and financial liabilities

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

3.6 Provisions

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

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.8 Issue and redemption of units

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

Units redeemed are recorded at the redemption price 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 the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes a portion of income already paid on units redeemed during the year.

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

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

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

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.



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

3.12 Expenses

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

3.13 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 / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 17.

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.

4	BANK BALANCES	Note	2020	2019
			----- Rupees in '000 -----	
	Balances with banks in:			
	Savings accounts	4.1	27,096	27,028
	Current accounts		3,141	6,760
			<u>30,237</u>	<u>33,788</u>

4.1 These include a balance of Rs 23.274 million (2019: Rs 23.588 million) maintained with BankIslami Pakistan Limited (a related party) that carries a profit at the rate of 7.25% per annum (2019: 13.5% per annum). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 4.5% to 7.65% per annum (2019: 10% to 11.5% per annum).

5	INVESTMENTS	Note	2020	2019
			----- Rupees in '000 -----	
	Financial assets 'at fair value through profit or loss'			
	Quoted equity securities	5.1	<u>582,638</u>	<u>623,324</u>



5.1 Investments in equity securities - listed

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

Name of the Investee Company	As at July 01, 2019	Acquired during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	----- Number of shares held-----					Rupees in '000	----- Percentage -----		
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	96,415	44,300	9,120	60,360	89,475	110,649	18.99	18.49	0.07
Oil & Gas Development Company Limited	962,400	990,700	-	1,074,400	878,700	95,778	16.44	16.00	0.02
Pakistan Oil Fields Limited	167,040	281,301	-	246,000	202,341	70,947	12.18	11.85	0.07
Pakistan Petroleum Limited	725,030	1,086,100	97,766	834,400	1,074,496	93,245	16.00	15.58	0.04
						370,619	63.61	61.92	
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	87,800	3,500	-	47,200	44,100	13,459	2.31	2.25	0.04
Hascol Petroleum Limited	59,257	540,000	-	59,257	540,000	7,344	1.26	1.23	0.05
Hi-Tech Lubricants Limited	323,700	470,500	-	354,500	439,700	13,314	2.29	2.22	0.38
Pakistan State Oil Company Limited (Note 5)	221,024	295,600	32,465	287,300	261,789	41,405	7.11	6.92	0.06
Shell Pakistan Limited	36,600	27,900	-	36,600	27,900	5,094	0.87	0.85	0.03
Sui Northern Gas Pipelines Limited	537,200	1,064,000	-	846,500	754,700	41,207	7.07	6.88	0.12
						121,823	20.91	20.35	
POWER GENERATION AND DISTRIBUTION									
Hub Power Company Limited	1,006,943	683,000	-	662,000	1,027,943	74,525	12.79	12.45	0.08
K-Electric Limited	2,552,500	4,675,000	-	5,312,000	1,915,500	5,766	0.99	0.96	0.01
Nishat Power Limited	122,000	-	-	51,000	71,000	1,608	0.28	0.27	0.02
Lalpir Power Limited	732,500	-	-	21,500	711,000	8,297	1.42	1.39	0.19
						90,196	15.48	15.07	
REFINERY									
Attock Refinery Limited	-	94,500	-	94,500	-	-	-	-	-
National Refinery Limited	32,700	-	-	32,700	-	-	-	-	-
						-	-	-	-
Total as at June 30, 2020						582,638	100.00	97.34	
Carrying value as at June 30, 2020						601,275			
Market value as at June 30, 2019						623,324			
Carrying value as at June 30, 2019						775,459			

5.1.1 Investments include shares with a market value of Rs. 73.315 million (2019: Rs. 64.563 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

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



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

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

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

As at June 30, 2020, the following bonus shares of the Fund have been withheld by investee company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the company	2020		2019	
	Bonus shares			
	Number of shares withheld	Market value as at June 30, 2020	Number of shares withheld	Market value as at June 30, 2019
	Rupees in '000'		Rupees in '000'	
Pakistan State Oil Company Limited	4,805	760	4,004	679

5.2 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	582,638	623,324
Carrying value of investments	5.1	(601,275)	(775,459)
		<u>(18,637)</u>	<u>(152,135)</u>

6 DEPOSITS AND OTHER RECEIVABLE

Security deposit with Central Depository Company of Pakistan Limited *		100	100
Security deposit with National Clearing Company of Pakistan Limited *		2,500	2,500
Advance tax	6.1	3,004	3,004
		<u>5,604</u>	<u>5,604</u>

* related party balances



- 6.1 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 sections 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 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 dividends and profit on bank deposits as at June 30, 2020 amounts to Rs 3.004 million (2019: Rs 3.004 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 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 dividends and profit 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.

7	PRELIMINARY EXPENSES AND FLOATATION COSTS	2020	2019
		----- Rupees in '000 -----	
	At the beginning of the year	830	1,285
	Less: amortisation during the year	(455)	(455)
	At the end of the year	<u>375</u>	<u>830</u>

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

8	NUMBER OF UNITS IN ISSUE	Note	2020	2019
		Number of Units		
	Total units in issue at the beginning of the year		72,795,981	129,995,295
	Units issued during the year		87,905,076	40,336,993
	Less: units redeemed during the year		90,170,914	97,536,307
	Total units in issue at the end of the year		<u>70,530,143</u>	<u>72,795,981</u>

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee payable	9.1	753	1,165
Sindh sales tax payable on remuneration of the Management Company	9.2	98	151
Federal Excise Duty payable on remuneration of the Management Company	9.3	583	583
Front end load payable		1,275	278
Federal Excise Duty on front end load		1,501	1,557
Sindh sales tax on front end load		10	49
Allocated expenses payable	9.4	135	462
Selling and marketing expenses payable	9.5	1,950	1,849
Other payable		16	16
		<u>6,321</u>	<u>6,110</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 was charging remuneration under the following rates:

Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020	2019
--	---	------

2% of the average annual net assets 1.5% of the average annual net assets 2% of the average annual net assets

- 9.2 During the year, an amount of Rs. 1.084 million (2019: Rs. 3.097 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

- 9.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honorable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from April 19, 2016 till June 30, 2016 amounting to Rs 0.583 million is being retained in these financial statements of the Fund as the matter is pending before the Honourable Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2020 would have been higher by Re 0.0083 (2019: Re 0.008) per unit.

- 9.4 In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

Accordingly, the Management Company based on its own discretion 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.

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

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



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

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

	Note	2020	2019
		----- Rupees in '000 -----	
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE			
Trustee fee payable	10.1	100	117
Sindh sales tax payable on trustee fee	10.2	13	15
		<u>113</u>	<u>132</u>

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

2019		2020
Net assets (Rs)	Fee	
- up to Rs 1 billion	Rs 0.7 million or 0.20% per annum of net assets, whichever is higher	0.20% per annum of net assets
- exceeding Rs 1 billion	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1 billion.	Rs 2 million plus 0.10% per annum of net assets exceeding Rs 1 billion

10.2 During the year, an amount of Rs 0.143 million (2019: Rs. 0.277 million) was charged on account of sales tax @ 13% (2019: 13%) on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

	Note	2020	2019
		----- Rupees in '000 -----	
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable	11.1	<u>110</u>	<u>1,132</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).

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



12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		----- Rupees in '000 -----	
Auditors' remuneration payable		338	462
Printing charges payable		34	111
Bank charges payable		52	78
Charity payable	12.1	1,533	2,101
Legal and professional charges payable		54	17
Shariah advisor fee payable		90	211
Withholding tax payable		1	19
Capital gain tax payable		538	-
Settlement charges		3	68
Provision for Sindh Workers' Welfare Fund	12.2	14,051	14,051
Other payables		-	222
		16,694	17,340

12.1 According to the instructions of the Shariah advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year, non Shariah compliant income amounting to Rs. 0.558 million (2019: 0.904 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of Shariah Advisor. The dividend income is recorded net of charity portion.

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from April 19, 2016 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.199 per unit (2019: Re 0.193).

13 CONTINGENCIES AND COMMITMENTS

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

14 AUDITORS' REMUNERATION	2020	2019
		----- Rupees in '000 -----
Annual audit fee	286	271
Half yearly review fee	141	134
Other certification	65	66
Out of pocket expenses	13	27
	505	498



15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.98% (2019: 3.34%) which includes 0.25% (2019: 0.38%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Shariah compliant equity scheme'.

16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund has not recorded any tax liability as the Fund has incurred a net loss 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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

17 (Loss) / earnings per unit

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

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, 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 CISOs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 18.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 18.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 18.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 18.6** Details of the transactions with related parties / connected persons during the year are as follows:



	2020	2019
	----- Rupees in '000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration for the year	8,339	23,823
Sindh sales tax on remuneration of the Management Company	1,084	3,097
Units issued during the year Nil units (2019: 1,118,409 units)	-	13,526
Units redeemed during the year Nil units (2019: 5,511,839 units)	-	66,902
Selling and marketing expense	6,884	4,765
Allocated expenses	549	1,191
Sales and transfer load	1,407	141
Sindh sales tax on sales load	183	18
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration for the year	1,099	2,131
Sindh sales tax on remuneration	143	277
Settlement charges	286	397
Pakistan Stock Exchange Limited - common directorship **		
Listing fee	28	-
Key management personnel of the Management Company		
Units issued during the year 12,040,769 units (2019: 516,924 units)	106,408	6,075
Units redeemed during the year 11,412,361 units (2019: 943,420 units)	102,118	11,099
Taurus Securities Limited - common directorship		
Brokerage expense	116	90
BankIslami Pakistan Limited - common directorship		
Profit income	2,908	7,637
Portfolio managed by the Management Company		
Units issued / transferred in Nil units (2019: 1,575,279)	-	18,827
Units redeemed / transferred out Nil units (2019: 1,274,219)	-	15,613

18.7 Amounts / balances outstanding as at year end

NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	753	1,165
Sindh sales tax on remuneration of the Management Company	98	151
Federal Excise Duty on remuneration of the Management Company	583	583
Front-end load payable	1,275	278
Sindh sales tax on front end load	10	49
Federal Excise Duty on front end load	1,501	1,557
Selling and marketing expense payable	1,950	1,849
Others	16	16
Allocated expenses payable	135	462



	2020	2019
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee	100	117
Sindh sales tax on the remuneration of the Trustee	13	15
Security deposit	100	100
Settlement charges	3	68
Key management personnel of the Management Company		
Units held 930,726 units (2019: 58,888 units)	7,899	539
Summit Bank Limited - common directorship*		
Bank balances	-	1,901
BankIslami Pakistan Limited - common directorship		
Bank balances	23,274	23,088
Profit receivable	152	410
Portfolio managed by the Management Company		
Units held 344,688 units (2019:1,404,508 units)	2,925	12,851

* 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.

** Prior year comparative has not been presented as the person was not a related party / connected person of the Fund as at June 30, 2019.

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

19 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	----- 2020 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
Bank balances	-	30,237	30,237
Investments	582,638	-	582,638
Profit receivable	-	172	172
Deposits and other receivables	-	2,600	2,600
Receivable against issuance of units	-	3,345	3,345
	<u>582,638</u>	<u>36,354</u>	<u>618,992</u>

Financial liabilities

	----- 2020 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees in '000 -----		
Payable to NBP Fund Management Limited - the Management Company	-	6,321	6,321
Payable to Central Depository Company of Pakistan - the Trustee	-	113	113
Payable against redemption of units	-	399	399
Payable against purchase of investments	-	175	175
	<u>-</u>	<u>2,101</u>	<u>2,101</u>
Accrued expenses and other liabilities	-	9,109	9,109



Financial assets

Bank balances	-	33,788	33,788
Investments	623,324	-	623,324
Profit receivable	-	421	421
Deposits and other receivables	-	2,600	2,600
Receivable against sale of investments	-	26,783	26,783
	<u>623,324</u>	<u>63,592</u>	<u>686,916</u>

2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	33,788	33,788
623,324	-	623,324
-	421	421
-	2,600	2,600
-	26,783	26,783
<u>623,324</u>	<u>63,592</u>	<u>686,916</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	6,110	6,110
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	132	132
Accrued expenses and other liabilities	-	3,270	3,270
	<u>-</u>	<u>9,512</u>	<u>9,512</u>

2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	6,110	6,110
-	132	132
-	3,270	3,270
<u>-</u>	<u>9,512</u>	<u>9,512</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As at June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.



a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.271 million (2019: Rs. 0.270 million).

b) Sensitivity analysis for fixed rate instruments

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

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

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	4.5%-7.65%	27,096	-	-	3,141	30,237
Investments		-	-	-	582,638	582,638
Profit receivable		-	-	-	172	172
Deposits and other receivables		-	-	-	2,600	2,600
Receivable against issuance of units		-	-	-	3,345	3,345
		27,096	-	-	591,896	618,992

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	6,321	6,321
Payable to Central Depository Company of Pakistan - the Trustee		-	-	-	113	113
Payable against redemption of units		-	-	-	399	399
Payable against purchase of investments		-	-	-	175	175
Accrued expenses and other liabilities		-	-	-	2,101	2,101
		-	-	-	9,109	9,109

On-balance sheet gap

27,096 - - 582,787 609,883

Total profit rate sensitivity gap

27,096 - -

Cumulative profit rate sensitivity gap

27,096 27,096 27,096



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	10%-13.5%	27,028	-	-	6,760	33,788
Investments		-	-	-	623,324	623,324
Profit receivable		-	-	-	421	421
Deposits and other receivables		-	-	-	2,600	2,600
Receivable against sale of investments		-	-	-	26,783	26,783
		27,028	-	-	659,888	686,916

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	6,110	6,110
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	132	132
Accrued expenses and other liabilities		-	-	-	3,270	3,270
		-	-	-	9,512	9,512

On-balance sheet gap

	27,028	-	-	650,376	677,404
--	--------	---	---	---------	---------

Total profit rate sensitivity gap

	27,028	-	-		
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Cumulative profit rate sensitivity gap

	27,028	27,028	27,028		
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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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

In case of 5% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the net loss of the Fund for the year would decrease / increase by Rs. 29.132 million (2019: Rs. 31.166 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index,



having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

20.2 Liquidity risk

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

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

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	30,237	-	-	-	-	30,237
Investments	-	-	-	-	582,638	582,638
Profit receivable	172	-	-	-	-	172
Deposits and other receivables	-	-	-	-	2,600	2,600
Receivable against issuance of units	3,345	-	-	-	-	3,345
	33,754	-	-	-	585,238	618,992

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	6,321	-	-	-	-	6,321
Payable to Central Depository Company of Pakistan - the Trustee	113	-	-	-	-	113
Payable against redemption of units	399	-	-	-	-	399
Payable against purchase of investments	175	-	-	-	-	175
Accrued expenses and other liabilities	2,101	-	-	-	-	2,101
	9,109	-	-	-	-	9,109
Net assets	24,645	-	-	-	585,238	609,883



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

Rupees in '000

Financial assets

Bank balances	33,788	-	-	-	-	33,788
Investments	-	-	-	-	623,324	623,324
Profit receivable	421	-	-	-	-	421
Deposits and other receivables	-	-	-	-	2,600	2,600
Receivable against sale of investments	26,783	-	-	-	-	26,783
	60,992	-	-	-	625,924	686,916

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	6,110	-	-	-	-	6,110
Payable to Central Depository Company of Pakistan Limited - the Trustee	132	-	-	-	-	132
Accrued expenses and other liabilities	3,270	-	-	-	-	3,270
	9,512	-	-	-	-	9,512

Net assets

	51,480	-	-	-	625,924	677,404
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20.3 Credit risk

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

2020		2019	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

Rupees in '000

Bank balances	30,237	30,237	33,788	33,788
Investments	582,638	-	623,324	-
Profit receivable	172	172	421	421
Deposits and other receivables	2,600	2,600	2,600	2,600
Receivable against sale of investments	-	-	26,783	26,783
Receivable against issuance of units	3,345	3,345	-	-
	618,992	36,354	686,916	63,592

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

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



20.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	0.42	0.74
AA+	0.23	0.14
AA-	0.14	0.05
AA	0.16	0.27
A+	3.76	3.42
A-	-	0.07
BBB-	0.16	0.28
	<u>4.88</u>	<u>4.97</u>

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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:

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 (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 the reporting date, the Fund held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	582,638	-	-
	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	623,324	-	-

22 UNIT HOLDERS' FUND RISK MANAGEMENT

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



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

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

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2020			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
Individuals	1,510	460,330	76.91	1,849	576,132	86.51
Public Limited companies	3	17,831	2.98	4	28,920	4.34
Retirement funds	8	24,721	4.13	8	26,651	4.00
Others	13	95,677	15.98	19	34,333	5.15
	1,534	598,559	100%	1,880	666,036	100%

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Ismail Iqbal Securities (Private) Limited	5.74%	Taurus Securities Limited	6.58%
Topline Securities (Private) Limited	5.52%	Arif Habib Securities Limited	5.09%
Taurus Securities Limited	5.31%	EFG Hermes Pakistan Limited	4.87%
Intermarket Securities Limited	4.98%	Topline Securities (Private) Limited	4.44%
Alfalah Securities (Private) Limited	4.69%	Alfalah Securities (Private) Limited	4.31%
Arif Habib Securities Limited	4.48%	Optimus Capital Management Limited	4.23%
J.S. Global Capital Limited	4.45%	Aqeel Karim Dehdi Securities (Private) Limited	3.71%
BMA Capital Management Limited	4.13%	BMA Capital Management Limited	3.62%
EFG Hermes Pakistan Limited	4.09%	Next Capital Limited	3.53%
Optimus Capital Management Limited	4.04%	Foundation Securities (Private) Limited	3.51%



25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	NBF, NFSF, NIAAEF, NIRIF, NISIF, NSIF, NSF

27 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	-	-

27.1 Mr. Saad ur Rahman Khan was appointed as the director on the Board with effect from October 4, 2019.

27.2 Syed Hasan Irtiza Kazmi was appointed as the director on the Board with effect from October 4, 2019.

27.3 Mr. Nasir Husain retired from the Board with effect from October 4, 2019.

27.4 Mr. Abdul Hadi Palekar retired from the Board with effect from October 4, 2019.

27.5 Mr. Kamal Amir Chinoy retired from the Board with effect from October 4, 2019.

27.6 Mr. Khalid Mansoor was appointed as the director on the Board with effect from October 4, 2019.

27.7 Mr. Shehryar Faruque retired from the Board with effect from October 4, 2019.

27.8 Mr. Saad Amanullah Khan was appointed as the director on the Board with effect from October 4, 2019.



28 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.

29 DATE OF AUTHORISATION FOR ISSUE

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

30 GENERAL

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

30.1 Regulatory reliefs due to COVID-19

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

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

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

30.2 Operational risk management

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

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

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the the period from April 19, 2016 to June 30, 2016
Net assets at the year / period ended (Rs '000)	598,559	666,036	1,647,183	2,315,526	1,033,099
Net income for the year / period ended (Rs '000)	(32,995)	(360,298)	(86,123)	601,343	88,784
Net Asset Value per unit at the year / period ended (Rs)	8.4866	9.1493	12.6711	13.0957	10.5499
Offer Price per unit	8.7743	9.4595	13.1007	13.5396	10.9684
Redemption Price per unit	8.4866	9.1493	12.6711	13.0957	10.5499
Ex - Highest offer price per unit (Rs.)	11.6523	13.0998	14.7179	15.5854	11.3450
Ex - Lowest offer price per unit (Rs.)	6.645	9.1925	12.0731	10.2984	9.6356
Ex - Highest redemption price per unit (Rs.)	11.2702	12.6703	14.2353	15.0743	10.9121
Ex - Lowest redemption price per unit (Rs.)	6.4271	8.8911	11.6772	10.0673	9.6356
Fiscal Year Opening Ex NAV	9.1493	12.6711	13.0957	9.9054	9.6356
Total return of the fund	-7.24%	-27.80%	-3.24%	32.21%	9.49%
Capital growth	-7.24%	-27.80%	-3.24%	23.82%	5.71%
Income distribution as a % of e x nav	-	-	-	8.39%	3.78%
Income distribution as a % of par value	-	-	-	8.31%	4.00%
Distribution					
Interim distribution per unit	-	-	-	0.8310	0.4000
Final distribution per unit	-	-	-	-	-
Distribution Dates					
Interim	-	-	-	21-Jun-17	30-Jun-16
Final	-	-	-	-	-
Total return of the fund (launch date January 09, 2015)					
(Since inception to June 30, 2020)	-1.51%	-	-	-	-
(Since inception to June 30, 2019)	-	1.10%	-	-	-
(Since inception to June 30, 2018)	-	-	16.61%	-	-
(Since inception to June 30, 2017)	-	-	-	36.39%	-
(Since inception to June 30, 2016)	-	-	-	-	9.49%
Portfolio Composition (Please see Fund Manager Report)					

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



PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP ISLAMIC ENERGY FUND			
Resolutions	For	Against	Abstain*
2	2	Nil	N/A
100%	100%	-	-

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds



NBP FUNDS

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NBP SARMAYA IZAFI FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shakra-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
National Bank of Pakistan
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
Soneri Bank Limited
Dubai Islamic Bank Limited
Telenor Microfinance Bank Limited
Bank Islami Pakistan Limited
U Microfinance Bank Limited
The Bank of Punjab
First Microfinance Bank Limited



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

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 Tenth Annual Report of **NBP Sarmaya Izafa Fund** for the year ended June 30, 2020.

Fund's Performance

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

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

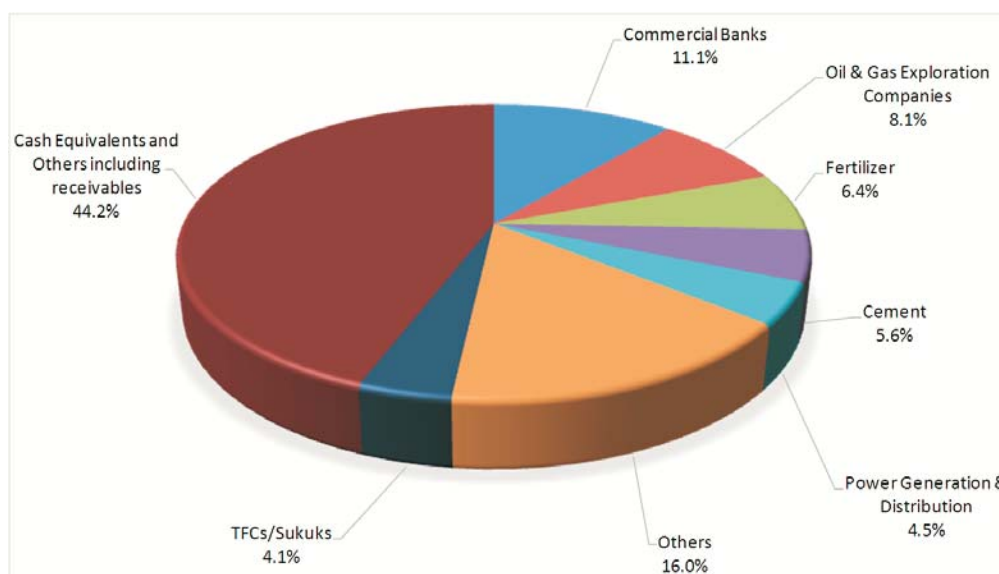
In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing,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

During 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) the exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.



During the fiscal year, NBP Sarmaya Izafa Fund increased by 8.2% versus 10.8% increased in the benchmark. Thus, the Fund underperformed the benchmark by 2.6% during the year. The drag on the Fund performance was on account of lagged performance of some of its key holdings belonging to defensive sectors that continued to trade at steep valuation discount compared to the market, during the period under review. We expect these stocks to exhibit strong performance going ahead given their undemanding valuations. Since its launch (August 20, 2010), the Fund has risen by 228.9%, versus the benchmark return of 125.6%, thus to date outperformance is 103.3%. This outperformance is net of management fee and all other expenses. The Fund size is 1,258 million as of June 30, 2020.

NBP Sarmaya Izafa Fund has earned a total income of Rs.149.78 million during the year. After deducting total expenses of Rs.50.48 million, the net income is Rs.99.30 million. During the year, the unit price of NBP Sarmaya Izafa Fund has increased from Rs.14.4623 (Ex-Div) on June 30, 2019 to Rs.14.6242 on June 30, 2020. The resultant per unit gain is Rs.0.1619 i.e. 1.12%. The asset allocation of NBP Sarmaya Izafa Fund as on June 30, 2020 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 7.06% of the opening ex-NAV (10.22% of the par value) for the period ended June 30, 2020.

Taxation

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

Auditors

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



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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, 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 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
13. The 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

NBP فنڈ منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز NBP سرمایہ اضافہ فنڈ کی دسویں سالانہ رپورٹ برائے اختتامہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

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

اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے منی بجٹ کے اندیشہ، اور T-Bills سے ہائٹ منی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن/شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ اپنے عروج سے 37 فیصد گرتی۔ 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 جی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپبلکن انٹرنیشنل انسٹیٹیوٹ (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 دیکھی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.5 فیصد کی معمولی اضافہ کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

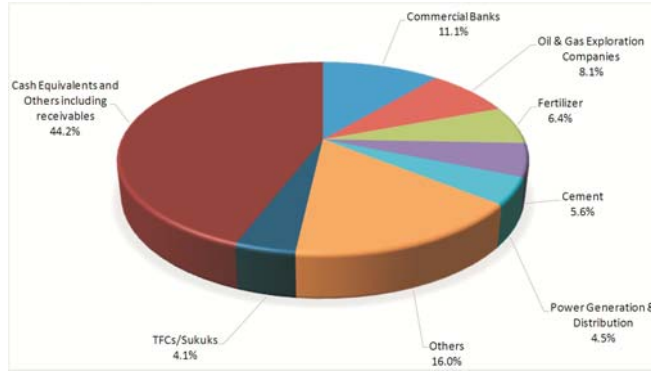
زیر جائزہ مالی سال کے دوران شعبہ دارکارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسییریز، سیمینٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، بیکنالوجی اور گلاس اینڈ سٹریکچرل کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکسپلوریشن، آئل اینڈ گیس مارکیٹنگ، پاور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

مالی سال 2020 کے دوران، TFCs/سکوک میں تجارتی سرگرمی مالی سال 2019 میں 16 بلین 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 کریڈٹ کی طلب خاص طور پر پاور سیکٹر کے شعبہ میں قابل ذکر حد تک بڑھ گئی جیسا کہ بنیادی اجراء میں اضافہ دیکھا گیا۔ اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر جسکی وجہ (i) زر مبادلہ کی شرح گراؤ، (ii) یوٹی لٹیٹی 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 کمی 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 سٹاکس (27 T-Bills) بنیاد میں منعقد کیں اور کل 14,317 بلین روپے جمع کئے۔

زیر جائزہ مالی سال کے دوران، NBP سرمایہ اضافہ فنڈ 10.8% بیج مارک اضافہ کے مقابلے میں 8.2% کا اضافہ ہوا۔ لہذا زیر جائزہ مالی سال کے دوران فنڈ نے اپنے بیج مارک سے 2.6% کی اہتر کارکردگی دکھائی۔ فنڈ کی یہ خراب کارکردگی حتمی شعبوں میں کلیدی ہولڈنگز کی خراب کارکردگی کے باعث رہی جو زیر جائزہ مدت کے دوران مارکیٹ کے مقابلے میں واضح ڈسکاونٹ پر بیجا جاتا رہا۔ ہم توقع کرتے ہیں کہ جب ان حصص کی غیر حتمی قیمتوں کا اندازہ ہوگا تو یہ اپنے کھوئے ہوئے مقام کو دوبارہ حاصل کر لیں گے۔ اپنے آغاز (20 اگست 2010) سے، فنڈ نے 125.6% بیج مارک منافع کے مقابلے میں 228.9% کا منافع کمایا، چنانچہ آج تک فنڈ نے 103.3% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 30 جون 2020 کو 1,258 ملین ہے۔

این بی پی سرمایہ اضافہ فنڈ کو سال کے دوران 149.78 ملین روپے کی مجموعی آمدنی ہوئی۔ 50.48 ملین روپے کے مجموعی اخراجات متبہا کرنے کے بعد، خالص آمدنی 99.30 ملین روپے ہے۔ سال کے دوران این بی پی سرمایہ اضافہ فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 14.4623 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 14.6242 روپے ہو گئی، جس کے نتیجے میں یونٹ منافع 0.1619 روپے یعنی 1.12% ہے۔

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



آمدنی کی تقسیم

میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام پر اوپننگ ex-NAV 7.06% (بنیادی قدر کا 10.22%) 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 کیسٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر آگم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

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

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

- میٹجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شمار یا تہینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 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 روائوں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو توہی نہیں کی گئی۔
- 8 پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیویڈنڈ بھجیوں 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 چارج اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز ہی 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 21 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ 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 Sarmaya Izafa Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

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

Abdul Samad
Chief Operating Officer
Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NBP Sarmaya Izafa Fund

NBP Sarmaya Izafa Fund (NSIF) is an Open-ended Asset Allocation Fund.

Investment Objective of the Fund

Objective of NSIF is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

Benchmark

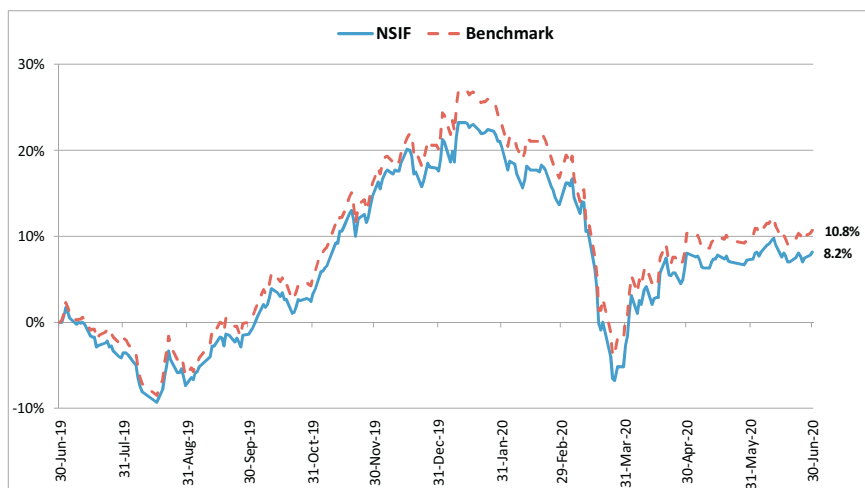
Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE-30 Index Total Return.

Fund Performance Review

This is the tenth annual report of the Fund. During the fiscal year, NBP Sarmaya Izafa Fund increased by 8.2% versus 10.8% increased in the benchmark. Thus, the Fund underperformed the benchmark by 2.6% during the year. Since its launch (August 20, 2010), the Fund has risen by 228.9%, versus the benchmark return of 125.6%, thus to date outperformance is 103.3%. This outperformance is net of management fee and all other expenses. Thus, NSIF has met its investment objective. During the year, the fund size of NSIF decreased by 29% to Rs. 1,258 mn.

NSIF underperformed during the year as the Fund was overweight in key stocks in Commercial Banks, Oil & Gas Exploration Companies, and Textile Composite sectors that underperformed the market and underweight in key stocks in Cement, Pharmaceutical, and Fertilizer sectors that outperformed the market, which contributed to the underperformance. The chart below shows the performance of NSIF against the Benchmark for the year.

NSIF Performance vs. Benchmark during FY20





At the start of the year, NSIF was around 58.4% invested in equities. During the year, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. Towards the end of the year, the allocation in equities was around 51.6%.

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

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

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

During 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) the exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.



During the 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.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	51.7%	58.4%
Placement with Banks	-	9.9%
TFCs / Sukuks	4.1%	-
Cash Equivalents	49.2%	29.8%
Other Net Liabilities	(5.0%)	1.9%
Total	100.0%	100.0%

Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	10.22%	1.0216	14.4623

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

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	112
1-1000	330
1001-5000	163
5001-10000	108
10001-50000	248
50001-100000	106
100001-500000	83
500001-1000000	13
1000001-5000000	10
5000001-10000000	3
TOTAL	1,176

During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Sarmaya Izafa 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. 20.495 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.2382. For details, investors are advised to read note 17 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 Sarmaya Izafa Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **NBP Sarmaya Izafa Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the 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 investment</p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in equity securities and sukuk which is the main driver of the 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 control placed by the Management Company applicable to the balance; independently verified existence of investments from the Central Depository Company (CDC); performed test of details on sale, purchase and maturity (where applicable) 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
Karachi
Date: September 30, 2020



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020 ----- Rupees in '000 -----	2019 -----
ASSETS			
Bank balances	5	619,145	526,947
Investments	6	701,053	1,208,399
Mark-up accrued and dividend receivable	7	2,869	3,547
Receivable against sale of investments		2,563	80,315
Receivable against transfer of units		9,587	-
Deposits, prepayments and other receivables	8	3,405	3,393
Total assets		1,338,622	1,822,601
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	9	15,677	14,710
Payable to Central Depository Company of Pakistan Limited - Trustee	10	210	282
Payable to the Securities and Exchange Commission of Pakistan	11	275	2,551
Payable against redemption of units		13,856	-
Accrued expenses and other liabilities	12	50,162	35,661
Total liabilities		80,180	53,204
NET ASSETS		1,258,442	1,769,397
UNIT HOLDERS' FUND (as per statement attached)		1,258,442	1,769,397
Contingencies and commitments	13		
----- Number of units -----			
Number of units in issue	14	86,051,906	122,345,244
----- Rupees -----			
Net asset value per unit	15	14.6242	14.4623

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

INCOME	Note	2020 ----- Rupees in '000 -----	2019 -----
Return / mark-up on;			
- bank balances and term deposits		50,377	110,751
- government securities		10,304	21,130
- debt securities		6,877	-
Net gain / (loss) on sale of investments		24,683	(123,516)
Dividend income		48,721	70,434
Net unrealized gain / (loss) on re-measurement of investments at fair value through profit or loss		8,820	(201,381)
Total income / (loss)		149,782	(122,582)
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	9.1	20,922	53,702
Sindh Sales Tax on remuneration of the Management Company	9.2	2,720	6,981
Reimbursement of operational expenses to the Management Company	9.3	1,377	2,685
Selling and marketing expenses - Management Company	9.4	17,131	10,740
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	2,377	3,685
Sindh Sales Tax on remuneration of the Trustee	10.2	309	479
Annual fee to the Securities and Exchange Commission of Pakistan	11	275	2,551
Securities transaction costs		1,332	3,490
Settlement and bank charges		854	862
Auditors' remuneration	16	712	728
Fund rating fee		232	221
Legal and professional charges		130	67
Annual listing fee		27	28
Printing charges		50	74
Total expenses		48,448	86,293
Net income / (loss) from operating activities		101,334	(208,875)
Provision for Sindh Workers' Welfare Fund	17	2,027	-
Net income / (loss) for the year before taxation		99,307	(208,875)
Taxation	18	-	-
Net income / (loss) for the year after taxation		99,307	(208,875)
Earnings per unit	19		
Allocation of net income for the year			
Net income / (loss) for the year after taxation		99,307	(208,875)
Income already paid on units redeemed		(5,238)	-
		94,069	(208,875)
Accounting income available for distribution:			
Relating to capital gain		29,086	-
Excluding capital gain		64,983	-
		94,069	-

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Net income / (loss) for the year after taxation	99,307	(208,875)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	99,307	(208,875)

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year before taxation	99,307	(208,875)
Adjustments:		
Return / mark-up on;		
- bank balances and term deposits	(50,377)	(110,751)
- government securities	(10,304)	(21,130)
- debt securities	(6,877)	-
Dividend income	(48,721)	(70,434)
Net (gain) / loss on sale of investments	(24,683)	123,516
Net unrealized (gain) / loss on re-measurement of investments at fair value through profit or loss	(8,820)	201,381
Provision for Sindh Workers' Welfare Fund	2,027	-
	(147,755)	122,582
	(48,448)	(86,293)
Decrease / (increase) in assets		
Investments - net	365,850	328,190
Receivable against sale of investments	77,752	(60,579)
Deposits, prepayments and other receivables	(12)	(111)
	443,591	267,499
Increase / (decrease) in liabilities		
Payable to the Management Company	966	(7,701)
Payable to the Trustee	(72)	(110)
Payable to the Securities and Exchange Commission of Pakistan	(2,276)	(616)
Accrued expenses and other liabilities	12,475	(298)
	11,093	(8,725)
Mark-up on bank balances and term deposits received	51,402	109,408
Mark-up on government securities received	10,304	21,130
Mark-up on debt securities received	6,327	
Dividend received	48,924	73,170
Net cash flows generated from operating activities	523,192	376,189
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	445,955	449,415
Amounts paid on redemption of units	(969,055)	(1,610,697)
Dividend paid	(82,893)	-
Net cash used in financing activities	(605,993)	(1,161,282)
Net increase / (decrease) in cash and cash equivalents during the year	(82,801)	(785,092)
Cash and cash equivalents at the beginning of the year	701,947	1,487,039
Cash and cash equivalents at the end of the year	619,145	701,947

5.3

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Sarmaya Izafa 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 June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 18, 2010 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 categorised as "asset allocation scheme" and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

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

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

1.2 Impact of COVID -19

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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



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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

- a) classification and valuation of financial assets (Note 4.2.2 and 6)
- b) impairment of financial assets (Note 4.2.3)
- c) provisions (Note 4.6)

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

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact 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
IFRIC 23 - Uncertainty over Income Tax Treatments: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

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

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

Effective from accounting period beginning on or after:

Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 01, 2020
Amendments to IFRS 3 - Business Combinations: Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures - Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2023
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2023

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

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

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



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets and liabilities

4.2.1 Initial recognition

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

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

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

4.2.2 Classification and measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortised 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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL:"

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

Financial Asset at FVTOCI

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

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

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

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



Financial asset at FVTPL

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

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

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

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

Business Model Assessment

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

4.2.2.2 Financial liabilities

The fund classifies its financial liabilities in the following categories

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

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

Classification and measurement of financial liabilities

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

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

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 Financial Instruments (IFRS 9) for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

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

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



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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

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

Basis of valuation of government securities:

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

Basis of valuation of equity securities

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

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

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

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

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.2.5 Regular way contracts

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

4.2.6 Derecognition

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

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

4.2.7 Offsetting of financial instruments

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



4.3 Impairment of non financial assets

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

4.4 Issuance and redemption of units

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

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

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

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

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

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

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

4.6 Provisions

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

4.7 Revenue recognition

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



4.8 Expenses

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

4.9 Taxation

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

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

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

4.10 Distributions to the unit holders

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

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

4.11 Earnings per unit

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

5. BANK BALANCES	Note	2020	2019
		----- Rupees in '000 -----	-----
Current accounts	5.1	11,190	18,150
Savings accounts	5.2	607,955	508,797
		619,145	526,947

5.1 These includes bank balances of Rs. 8.866 million and Rs. 2.323 million (June 30, 2019: Rs.14,294 Million, Rs. 3.856 million, Rs. 0.514 million and Rs. 337.793 million), maintained with the related parties National Bank of Pakistan and Summit Bank Limited respectively.

5.2 These savings accounts carry markup at rates ranging from 6.50% to 15.30% per annum (2019: 4.5% to 13% per annum).

5.2.1 These includes bank balances of Rs. 0.465 million (June 30, 2019: Rs. 337.793 million), carrying markup rate of 6.75% maintained with the related party Bank Islami Pakistan Limited.



5.3	Cash and cash equivalents	Note	2020	2019
			----- Rupees in '000 -----	
	Current accounts		11,190	18,150
	Savings accounts		607,955	508,797
	Term deposits		-	175,000
			619,145	701,947

6 INVESTMENTS

Financial assets at fair value through profit or loss

Listed equity securities	6.1	649,981	1,033,399
Sukuks	6.2	51,072	-
Term deposits		-	175,000
		701,053	1,208,399

6.1 Listed equity securities

Name of the investee company and sector	Number of shares					Market value as at June 30, 2020	Investment as a percentage of		
	As at July 01, 2019	Purchased during the year	Bonus / Right issue	Sold during the year	As at June 30, 2020		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee

(Rupees in '000) ----- % -----

All shares have a nominal face value of Rs. 10 each except for shares of Thal Limited and K-Electric which have a face value of Rs. 3.5 each respectively.

OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	15,400	-	-	-	15,400	4,700	0.37	0.67	0.04
Hascol Petroleum Limited	1,861	-	-	-	1,861	25	-	-	0.01
Pakistan State Oil Company Limited	142,257	76,500	24,851	185,600	58,008	9,175	0.73	1.31	0.01
Sui Northern Gas Pipelines Limited	262,700	301,000	-	488,000	75,700	4,133	0.33	0.59	0.00
						18,033	1.43	2.57	

OIL AND GAS EXPLORATION COMPANIES

Mari Petroleum Company Limited	37,651	-	3,499	6,360	34,790	43,023	3.42	6.14	0.01
Oil and Gas Development Company Limited	583,900	115,000	-	459,500	239,400	26,095	2.07	3.72	0.01
Pakistan Oilfields Limited	79,820	39,000	-	105,700	13,120	4,600	0.37	0.66	0.02
Pakistan Petroleum Limited	416,474	233,000	84,595	410,500	323,569	28,079	2.23	4.01	0.01
						101,797	8.09	14.53	

FERTILIZER

Engro Corporation Limited	215,270	25,000	-	143,200	97,070	28,434	2.26	4.06	0.01
Engro Fertilizers Limited	631,500	193,500	-	672,000	153,000	9,223	0.73	1.32	0.02
Fauji Fertilizer Bin Qasim Limited	-	378,500	-	205,000	173,500	2,769	0.22	0.39	0.02
Fauji Fertilizer Company Limited *	689,000	37,000	-	361,500	364,500	40,091	3.19	5.72	0.04
						80,517	6.40	11.49	

CHEMICALS

Engro Polymer and Chemicals Limited	645,357	608,000	-	568,500	684,857	17,108	1.36	2.44	0.03
Lotte Chemical Pakistan Limited	620,000	-	-	620,000	-	-	-	-	-
						17,108	1.36	2.44	



Name of the investee company and sector	Number of shares					Market value as at June 30, 2020	Investment as a percentage of		
	As at July 01, 2019	Purchased during the year	Bonus / Right issue	Sold during the year	As at June 30, 2020		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee
(Rupees in '000) ----- % -----									
FOOD AND PERSONAL CARE PRODUCTS									
Fauji Foods Limited	-	438,000	-	438,000	-	-	-	-	-
Rafhan Maize Products Limited	840	-	-	840	-	-	-	-	-
Matco Foods Limited	1,250	-	-	-	1,250	24	-	-	0.03
Unity Foods Limited	-	968,000	-	968,000	-	-	-	-	-
						24	-	-	
ENGINEERING									
International Steels Limited *	182,300	100,000	-	197,000	85,300	4,406	0.35	0.63	0.05
Mughal Iron and Steel Industries Limited	409,000	409,000	-	340,500	477,500	19,043	1.51	2.72	0.02
Amreli Steels Limited	-	195,000	-	195,000	-	-	-	-	-
Ittefaq Iron Industries Limited □	-	533,000	-	533,000	-	-	-	-	-
						23,449	1.86	3.35	
CEMENT									
D.G. Khan Cement Company Limited	1,100	160,000	-	119,100	42,000	3,584	0.28	0.51	0.01
Lucky Cement Limited	64,200	48,100	-	19,000	93,300	43,065	3.42	6.14	0.01
Maple Leaf Cement Factory Limited	7,950	-	-	7,950	-	-	-	-	-
Pioneer Cement Limited	-	605,500	-	605,500	-	-	-	-	-
Cherat Cement Company Limited *	49,500	-	-	49,500	-	-	-	-	-
Kohat Cement Limited	151,950	20,000	-	44,000	127,950	17,587	1.40	2.51	0.01
Fauji Cement Company Limited	16,500	534,000	-	150,000	400,500	6,760	0.54	0.96	0.05
						70,996	5.64	10.12	
TEXTILE COMPOSITE									
Nishat Mills Limited	163,500	91,000	-	74,500	180,000	14,042	1.12	2.00	0.01
Gul Ahmed Textile Mills Limited *	822,300	-	94,760	478,500	438,560	12,556	1.00	1.79	
Nishat Chunian Limited	271,000	-	-	205,500	65,500	2,125	0.17	0.30	
Kohinoor Textile Mills Limited	246,194	-	-	-	246,194	8,742	0.69	1.25	
Interloop Limited	162,177	-	-	-	162,177	7,123	0.57	1.02	0.02
						44,588	3.55	6.36	
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited	792,187	80,000	-	299,500	572,687	41,520	3.30	5.92	0.01
Saif Power Limited	93,000	-	-	-	93,000	1,495	0.12	0.21	0.05
K-Electric Limited	1,125,000	600,000	-	1,100,000	625,000	1,881	0.15	0.27	0.01
Lalpir Power Limited	866,000	-	-	110,000	756,000	8,823	0.70	1.26	0.03
PAKGEN Power Limited	274,500	-	-	-	274,500	3,297	0.26	0.47	0.01
						57,016	4.53	8.13	
COMMERCIAL BANKS									
Allied Bank Limited	369,700	-	-	332,500	37,200	2,849	0.23	0.41	0.02
Bank Al-Falah Limited	1,252,950	82,500	-	463,000	872,450	29,288	2.33	4.18	0.03
Bank Al-Habib Limited	713,150	-	-	275,000	438,150	22,915	1.82	3.27	0.02
Bank Of Punjab Limited	1,106,500	297,000	-	1,034,000	369,500	3,104	0.25	0.44	0.00
MCB Bank Limited	135,700	33,000	-	18,000	150,700	24,424	1.94	3.48	0.02
United Bank Limited	430,603	-	-	236,800	193,803	20,031	1.59	2.86	0.01
Faysal Bank Limited	280,663	-	-	234,518	46,145	643	0.05	0.09	0.00
Habib Bank Limited	363,067	43,000	-	55,500	350,567	33,959	2.70	4.84	0.03
Askari Bank Limited	214,500	-	-	214,500	-	-	-	-	-
National Bank Of Pakistan	102,500	-	-	-	102,500	2,834	0.23	0.40	0.00
						140,047	11.14	19.97	
PAPER AND BOARD									
Century Paper and Board Mills Limited	248,000	-	-	49,500	198,500	14,207	1.13	2.03	0.04
Cherat Packaging Limited *	151,263	-	8,726	84,600	75,389	8,832	0.70	1.26	0.03
Packages Limited	-	14,000	-	-	14,000	4,861	0.39	0.69	0.00
						27,900	2.22	3.98	



Name of the investee company and sector	Number of shares					Market value as at June 30, 2020	Investment as a percentage of		
	As at July 01, 2019	Purchased during the year	Bonus / Right issue	Sold during the year	As at June 30, 2020		Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee
(Rupees in '000) ----- % -----									
AUTOMOBILE ASSEMBLER									
Indus Motor Company Limited	1,330	-	-	361	969	964	0.08	0.14	0.01
Millat Tractors Limited	-	17,600	-	1,700	15,900	11,228	0.89	1.60	0.01
Honda Atlas Cars (Pakistan) Limited	-	35,100	-	-	35,100	6,798	0.54	0.97	0.05
						18,990	1.51	2.71	
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	7,500	-	-	-	7,500	455	0.04	0.06	0.01
						455	0.04	0.06	
TECHNOLOGY AND COMMUNICATION									
Systems Limited	151,250	6,000	-	63,000	94,250	17,312	1.38	2.47	0.02
Netsol Technologies Limited	184,500	-	-	100,000	84,500	4,200	0.33	0.60	0.04
Pakistan Telecommunication Company Limited	699,000	-	-	699,000	-	-	-	-	-
						21,512	1.71	3.07	0.01
GLASS AND CERAMICS									
Tariq Glass Industries Limited	165,300	-	71,400	22,500	214,200	13,820	1.10	1.97	0.03
						13,820	1.10	1.97	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	-	533,000	-	533,000	-	-	-	-	-
						-	-	-	
PHARMACEUTICALS									
The Searle Company Limited	415	9,000	-	-	9,415	1,876	0.15	0.27	0.01
Highnoon Laboratories Limited	8,140	-	814	-	8,954	4,488	0.36	0.64	0.01
AGP Limited	-	10,000	-	-	10,000	1,098	0.09	0.16	0.04
GlaxoSmithKline (Pakistan) Limited	-	52,600	-	52,600	-	-	-	-	-
						7,462	0.60	1.07	
SYNTHETIC PRODUCTS									
Synthetic Products Enterprises Limited	27,000	-	1,080	-	28,080	1,168	0.09	0.17	0.01
						1,168	0.09	0.17	
INSURANCE PRODUCTS									
Adamjee Insurance Company Limited	154,000	-	-	-	154,000	5,099	0.41	0.73	0.00
						5,099	0.41	0.73	
VANASPATI AND ALLIED INDUSTRIES									
Unity Foods Limited	21	-	-	21	-	-	-	-	-
						-	-	-	
Total as at June 30, 2020						649,981	51.68	92.72	
Carrying value before mark to market as at June 30, 2020						641,161			

* These companies are related parties to the Fund.

6.1.1 Investments include shares with market value of Rs. 32.391 million (June 2019: Rs. 50.967 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no. 11 dated October 23, 2007 issued by the SECP.



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

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

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

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

6.2 Sukuks

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

All Sukuks have a face value of Rs. 100,000 each unless stated otherwise

Hub power company sukuk 2	-	500	-	500	<u>51,072</u>	0.07	0.04	0.01
Carrying value as at June 30, 2020					<u>52,144</u>			

6.3 Government securities

Market Treasury Bills

Issue date	Maturity date	Tenor	Face value				Investment as a percentage of		
			As at July 1, 2019	Purchases during the year	Sold / matured during the year	As at June 30, 2020	Market value as at June 30, 2020	Net assets	Total investments

Rupees in 000'

November 21, 2019	February 13, 2020	3 months	-	100,000,000	100,000,000	-	-	-	-
December 19, 2019	March 12, 2020	3 months	-	100,000,000	100,000,000	-	-	-	-
February 13, 2020	May 7, 2020	3 months	-	150,000,000	150,000,000	-	-	-	-
February 27, 2020	May 21, 2020	3 months	-	200,000,000	200,000,000	-	-	-	-
March 12, 2020	March 11, 2021	12 months	-	100,000,000	100,000,000	-	-	-	-
April 23, 2020	April 22, 2021	12 months	-	200,000,000	200,000,000	-	-	-	-



	2020	2019
	-----Rupees in '000-----	
7. MARK-UP ACCRUED AND DIVIDEND RECEIVABLE		
Mark-up accrued on bank balances and term deposits	2,319	3,344
Mark-up accrued on sukuks	550	-
Dividend receivable	-	203
	<u>2,869</u>	<u>3,547</u>
8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Security deposits with:		
- National Clearing Company of Pakistan Limited	2,750	2,750
- Central Depository Company of Pakistan Limited	100	100
Advance tax	432	432
Receivable against issuance of units	-	-
Prepayments	123	111
	<u>3,405</u>	<u>3,393</u>
9. PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Remuneration of the Management Company	9.1 1,556	3,355
Sindh Sales Tax on remuneration of the Management Company	9.2 202	436
Operational expenses	9.3 309	1,178
Selling and marketing expenses	9.4 4,440	4,714
Sales load	4,811	1,145
Sindh Sales Tax and Federal Excise Duty on sales load	4,359	3,882
	<u>15,677</u>	<u>14,710</u>
9.1	<p>"Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations 2008, the Management Company of the Fund was entitled to a remuneration during the first five years of the 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 a 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.</p> <p>On November 25, 2015, SECP had made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provision of amended NBFC Regulations, the applicable rate has been changed to 2% of average annual net assets.</p> <p>Accordingly, Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund from that date."</p>	
9.2	<p>This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2019: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.</p>	
9.3	<p>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.</p>	
9.4	<p>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.</p>	



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 0.4% of daily net asset value of the Fund, thereafter, this has been further revised by the Board to 0.4% of daily net asset value of the Fund.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2020 Rupees in '000	2019
Remuneration of the Trustee	10.1	186	250
Sindh Sales Tax on remuneration of the Trustee	10.2	24	32
		<u>210</u>	<u>282</u>

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

Tariff structure applicable to the Fund as at June 30, 2020 is as follows:

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

10.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of the trustee through Sindh Sales Tax on Services Act, 2011.

	Note	2020 Rupees in '000	2019
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	11.1	<u>275</u>	<u>2,551</u>

11.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorized as "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.

	Note	2020 Rupees in '000	2019
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		581	542
Federal Excise Duty on remuneration of the Management Company	12.1	16,000	16,000
Provision for Sindh Workers' Welfare Fund	17	20,495	18,468
Brokerage charges		769	103
Settlement charges		258	99
Printing charges		85	112
Withholding tax		11,569	92
Capital gain tax		12	2
Legal and professional charges		99	1
Others		294	241
		<u>50,162</u>	<u>35,661</u>



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

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of being prudent, is carrying provision for FED aggregating to Rs. 16 million as at December 31, 2016. Had the provision not been made, the net asset value per unit as at June 30, 2020 would have been higher by Re.0.1859 per unit (2019: Re.0.1308 per unit).

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
	----- Rupees in '000 -----	
Total units in issue at the beginning of the year	122,345,244	198,283,591
Add: units issued during the year	28,829,834	28,593,326
Less: units redeemed during the year	(65,123,172)	(104,531,673)
Total units in issue at the end of the year	86,051,906	122,345,244

- 14.1** These units includes 114,441 allocated units which are issued subsequently to unitholders

15 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.

16 AUDITORS' REMUNERATION	2020	2019
	----- Rupees in '000 -----	
Annual audit fee	420	400
Half yearly review fee	168	160
Out of pocket expenses and sales tax expense	124	168
	712	728

17 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

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



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

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

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

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

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange 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. 18.47 million and started recognising provision for SWWF.

As at June 30, 2020, the provision in relation to SWWF amounted to Rs. 20.50 million (2019: Rs. 18.47 million). Had the provision not been made, the Net Asset Value per unit as at June 30, 2020 would have been higher by Rs. 0.2382 (June 30, 2019: Rs. 0.1510) 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 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the fund is required to distribute 90% of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has already distributed 90% of accounting income for the year ended June 30, 2020 to its unit holder. Accordingly, no provision in respect of taxation has been made in the current year.

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

19 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.

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset value for the year) is 3.67% per annum including 0.39% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.



21 TRANSACTION WITH CONNECTED PERSONS AND RELATED PARTIES

21.1 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.

21.2 The transactions with connected persons and related parties are carried out at agreed terms

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

21.4 Remuneration of the Trustee is determined in accordance with the provisions of the rates agreed between the Management Company and the Trustee.

21.5 Details of transactions with connected persons and related parties are as follows:

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

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	20,922	53,702
Sindh Sales Tax on remuneration of the Management Company	2,720	6,981
Reimbursement of operational expenses to the Management Company	1,377	2,685
Selling and Marketing Expense - Management Company	17,131	10,740
Sales load	3,880	3,402
Sindh Sales tax and Federal Excise Duty on sales load	512	443
Units redeemed / transferred out Nil (2019: 2,440,207) units	-	38,526

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	2,377	3,685
Sindh Sales Tax on remuneration of the Trustee	309	479
CDS charges	130	70

National Clearing Company of Pakistan Limited (Common Directorship with the Management Company)*

NCCPL Charges	459	-
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Pakistan Stock Exchange Limited (Common Directorship with the Management Company)*

Annual listing fee	25	-
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Taurus Securities Limited (Subsidiary of the Parent of the Management Company)

Brokerage expense	79	194
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Askari Bank Limited (Common Directorship with the Management Company)**

Mark-up on bank balances	-	138
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BankIslami Pakistan Limited (Common Directorship with the Management Company)

Mark-up on bank balances	3,706	396
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Chief Financial Officer of the Management Company

Units redeemed / transferred out Nil (2019: 6,164) units	-	1,033
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	2020	2019
	----- Rupees in '000 -----	
Employees of the Management Company		
Units issued / transferred in 527,526 (2019: 56,632) units	8,318	899
Units redeemed / transferred out 558,150 (2019: 77,375) units	8,698	1,227
Dividend re-invest 1,187 (2019: Nil) units	17	-
International Industries Limited (Common Directorship with the Management Company)**		
Shares purchased Nil (2019: 86,000) shares	-	14,014
Shares sold Nil (2019: 214,800) shares	-	36,932
Dividend Income	-	293
International Steels Limited (Common Directorship with the Management Company)		
Shares purchased 100,000 (2019: 384,300) shares	3,987	31,345
Shares sold 197,000 (2019: 461,500) shares	8,026	33,663
Dividend income	219	986
Cherat Packaging Limited (Common Directorship with the Management Company)**		
Shares purchased Nil (2019: 156,300) shares	-	25,782
Shares sold 84,600 (2019: 9,700) shares	-	1,618
Dividend income	-	398
Cherat Cement Limited (Common Directorship with the Management Company)**		
Shares purchased Nil (2019: 141,500) shares	-	10,775
Shares sold 49,500 (2019: 273,900) shares	-	16,197
Dividend income	-	588
Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)*		
Shares sold 478,500 (2019: Nil) shares	20,144	-
Dividend income	1,185	-
Fauji Fertilizer Limited Company (Common Directorship with the Management Company)*		
Shares purchased 197,500 (2019: Nil) shares	20,028	-
Shares sold 308,000 (2019: Nil) shares	21,349	-
Dividend income	-	-
NBP Money Market Fund		
Market Treasury Bills sold	343,899	-
NBP Stock Fund		
Shares sold 401,018 (2019: Nil) shares	18,961	-
NBP Islamic Stock Fund		
Shares sold 249,500 (2019: Nil) shares	27,457	-
The Hub Power Company Limited (Common Directorship with the Management Company)*		
Shares purchased 80,000 (2019: Nil) shares	5,275	-
Shares sold 299,500 (2019: Nil) shares	26,614	-
Sukuks purchased	50,000	-
Portfolio managed by the Management Company		
Units issued / transferred in Nil (2019 : 2,833,000) units	-	44,132
Units redeemed / transferred out 1,320,965 (2019 : 20,599,740) units	20,497	318,996
Dividend re-invest 82,921 (2019 : Nil) units	1,208	-



21.6 Details of amounts outstanding as at year end with connected persons and related parties are as follows:

	2020	2019
	----- Rupees in '000 -----	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	1,556	3,355
Sindh Sales Tax on remuneration of the Management Company	202	436
Operational expenses	309	1,178
Selling and Marketing expenses - Management Company	4,440	4,714
Sales load	4,811	1,145
Sindh Sales tax and Federal Excise Duty on sales load	4,359	3,882
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	186	250
Sindh sales tax on remuneration of the Trustee	24	32
CDS charges	133	50
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balances	8,866	14,294
International Steels Limited (Common Directorship with the Management Company)		
Ordinary shares held; 85,300 (2019: 182,300) shares	4,406	7,239
Cherat Packaging Limited (Common Directorship with the Management Company)**		
Ordinary shares held; 75,389 (2019: 151,263) shares	-	12,198
Gul Ahmed Textile Mills Limited (Common Directorship with the Management Company)*		
Ordinary shares held; 438,560 (2019: 822,300) shares	12,556	38,747
Fauji Fertilizer Limited Company (Common Directorship with the Management Company)*		
Ordinary shares held; 271,500 (2019: Nil) shares	40,091	-
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balances	2,323	3,856
Askari Bank Limited (Common Directorship with the Management Company)**		
Bank balances	-	514
Markup accrued on bank balances	-	4
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Bank balances	465	337,793
Markup accrued on bank balances	7	391
The Hub Power Company Limited (Common Directorship with the Management Company)*		
Ordinary shares held; 572,687 (2019: Nil) shares	41,520	-
Markup accrued on sukuk	550	-
Sukuk held	51,072	-
National Clearing Company of Pakistan Limited (Common Directorship with the Management Company)*		
Security deposit	2,750	-
NCCPL charges payable	125	-
Employees of the Management Company		
Investment held in the Fund 24,814 (2019: 34,129) units	363	494
Portfolio managed by the Management Company		
Units held; 1,265,372 (2019 : 935) units	18,506	14

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

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



22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

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

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

23 TRANSACTIONS WITH BROKERS / DEALERS

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

S.No	Broker name	Percentage %
1	Sherman Securities (Private) Limited	8.42
2	Alfalah Securities (Private) Limited	6.67
3	Taurus Securities Ltd.	6.56
4	Spectrum Securities (Private) Limited	5.22
5	Efg Hermes Pakistan Ltd	5.21
6	Khadim Ali Shah Bukhari Securities (Private) Limited)	4.78
7	Arif Habib Securities Limited	4.72
8	Bma Capital Management Limited	4.23
9	Optimus Capital Management Limited	4.10
10	Intermarket Securities	4.08

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

S.No	Broker name	Percentage %
1	Taurus Securities Limited	6.72
2	Arif Habib Securities Limited	5.37
3	J.S. Global Capital Limited	4.35
4	Topline Securities (Private) Limited	3.94
5	Alfalah Securities (Private) Limited	3.81
6	BMA Capital Management Limited	3.61
7	EFG Hermes Pakistan Limited (Formerly Invest and Finance Securities Limited)	3.60
8	Optimus Capital Management Limited	3.53
9	Next Capital Limited	3.51
10	Elixir Securities Pakistan (Private) Limited	3.45



24 PATTERN OF UNIT HOLDING

As at June 30, 2020			
Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	1,141	859,769	68.32%
Retirement funds	22	186,760	14.84%
Others	13	211,913	16.84%
	1,176	1,258,442	100%

As at June 30, 2019			
Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
Rupees in '000			
Individuals	1,319	1,055,886	59.67%
Associated companies and directors	1	3,172	0.18%
Insurance companies	1	4,583	0.26%
Retirement funds	25	490,577	27.73%
Others	14	215,179	12.16%
	1,360	1,769,397	100%

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

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	-	-

* 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

** 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



26 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020			
	At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----			
Financial Assets			
Bank balances	-	619,145	619,145
Investments	701,053	-	701,053
Mark-up accrued and dividend receivable	-	2,869	2,869
Receivable against sale of investments	-	2,563	2,563
Deposits and other receivables	-	2,850	2,850
Receivable against transfer of units		9,587	9,587
	701,053	637,014	1,338,067
Financial Liabilities			
Payable to the Management Company	-	15,677	15,677
Payable to the Trustee	-	210	210
Accrued expenses and other liabilities	-	2,086	2,086
Net assets attributable to redeemable units	-	1,258,442	1,258,442
	-	1,276,415	1,276,415
As at June 30, 2019			
	At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----			
Financial Assets			
Bank balances	-	526,947	526,947
Investments	1,208,339	-	1,208,339
Mark-up accrued and dividend receivable	-	3,547	3,547
Receivable against sale of investments	-	80,315	80,315
Deposits and other receivables	-	2,850	2,850
	1,208,339	613,659	1,821,998
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	-	14,710	14,710
Payable to the Trustee	-	282	282
Accrued expenses and other liabilities	-	1,098	1,098
Net assets attributable to redeemable units	-	1,769,397	1,769,397
	-	1,785,487	1,785,487



27 FINANCIAL RISK MANAGEMENT

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

27.1 Market risk

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

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

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

27.1.1 Currency risk

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

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 as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2020 the Fund holds variable rate instrument and exposed to cash flow interest rate risk on sukuks and balances in savings 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. 6.590 million (2019: Rs. 5.088 million).

b) Sensitivity analysis for fixed rate instruments

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

However, as at June 30, 2019, the Fund holds Term deposit receipts as a fixed rate instrument a 100 basis change in interest rate as at June 30, 2019, with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately 1.750 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	

On-balance sheet financial instruments

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

Financial assets

Bank balances	6.5 - 15.30	619,145	607,955	-	-	11,190
Investments	10.4	701,053	-	-	-	701,053
Mark-up accrued and dividend receivable		2,869	-	-	-	2,869
Receivable against sale of investments		2,563	-	-	-	2,563
Deposits		2,850	-	-	-	2,850
Receivable against transfer of units		9,587	-	-	-	9,587

1,338,067 607,955 - - 730,112

Financial liabilities

Payable to the Management Company	15,677	-	-	-	15,677
Payable to the Trustee	210	-	-	-	210
Accrued expenses and other liabilities	2,086	-	-	-	2,086
Net assets attributable to redeemable units	1,258,442	-	-	-	1,258,442
	1,276,415	-	-	-	1,276,415

On-balance sheet gap

61,652 607,955 - - (546,303)

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	4.5 - 13	526,947	508,797	-	-	18,150
Investments	13.2	1,208,399	175,000	-	-	1,033,399
Mark-up accrued and dividend receivable		3,547	-	-	-	3,547
Receivable against sale of investments		80,315	-	-	-	80,315
Deposits		2,850	-	-	-	2,850

1,822,058 683,797 - - 1,138,261

Financial liabilities

Payable to the Management Company	14,710	-	-	-	14,710
Payable to the Trustee	282	-	-	-	282
Accrued expenses and other liabilities	1,098	-	-	-	1,098
Net assets attributable to redeemable units	1,769,397	-	-	-	1,769,397
	1,785,487	-	-	-	1,785,487

On-balance sheet gap

36,571 683,797 - - (647,226)

Off-balance sheet financial instruments

- - - - -

Off-balance sheet gap

- - - - -



27.1.3 Price risk

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

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

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

27.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. Credit risk arises from balances with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued mark-up on bank balances and advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's financial assets:

Bank balances by rating category

	June 30, 2020	June 30, 2019
	Percentage %	
AAA	0.10	0.05
AA+	0.03	0.05
AA	0.00	0.00
AA-	0.37	0.25
AA	0.00	-
A+	0.50	0.64
A	0.00	-
BBB	-	0.01
	<u>1.00</u>	<u>1.00</u>

Sukuks by rating category

	June 30, 2020	June 30, 2019
	Percentage %	
AA+	<u>1.00</u>	<u>-</u>

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 '000s -----				
Bank balances	619,145	619,145	526,947	526,947
Investments	701,053	701,053	175,000	175,000
Mark-up accrued and dividend receivable	2,869	2,869	3,547	3,547
Receivable against sale of investments	2,563	2,563	80,315	80,315
Deposits	2,850	2,850	2,850	2,850
Receivable against transfer of units	9,587	9,587	-	-

Concentration of credit risk

The Fund mainly deals in equity securities which are primarily subject to price risk. The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of other financial instruments comprise of bank balances and term deposits.

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.

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

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

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

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

	As at June 30, 2020			
	Total	Upto three months	Over three months and upto one year	Over one year
----- Rupees in '000 -----				
Financial liabilities				
Payable to the Management Company	15,677	15,677	-	-
Payable to the Trustee	210	210	-	-
Accrued expenses and other liabilities	2,086	2,086	-	-
Net assets attributable to redeemable units	1,258,442	1,258,442	-	-
	1,276,415	1,276,415	-	-



As at June 30, 2019

	Total	Upto three months	Over three months and upto one year	Over one year
----- Rupees in '000 -----				
Financial liabilities				
Payable to the Management Company	14,710	14,710	-	-
Payable to the Trustee	282	282	-	-
Accrued expenses and other liabilities	1,098	1,098	-	-
Net assets attributable to redeemable units	1,769,397	1,769,397	-	-
	<u>1,785,487</u>	<u>1,785,487</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.

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)

	Note	Carrying amount			Fair value			Total
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	
----- Rupees in '000 -----								
June 30, 2020								
Financial assets measured at fair value								
Listed equity securities	6	649,981	-	649,981	649,981	-	-	649,981
Sukuks	6	51,072	-	51,072	-	51,072	-	51,072
		<u>701,053</u>	<u>-</u>	<u>701,053</u>	<u>649,981</u>	<u>51,072</u>	<u>-</u>	<u>701,053</u>
Financial assets not measured at fair value								
Bank balances	5	-	619,145	619,145	-	-	-	-
Receivable against sale of investment		-	2,563	2,563	-	-	-	-
Accrued interest on bank balances		-	2,319	2,319	-	-	-	-
Deposits and other receivables	8	-	3,405	3,405	-	-	-	-
		<u>-</u>	<u>627,432</u>	<u>627,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	15,677	15,677	-	-	-	-
Remuneration payable to the Trustee	10	-	210	210	-	-	-	-
Net assets attributable to redeemable units		-	1,769,397	1,769,397	-	-	-	-
Accrued expenses and other liabilities	12	-	2,086	2,086	-	-	-	-
		<u>-</u>	<u>1,787,370</u>	<u>1,787,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



June 30, 2019	Carrying amount		Fair value			
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Total
----- Rupees in '000 -----						
Financial assets measured at fair value						
Listed equity securities	1,033,399	-	1,033,399	1,033,399	-	1,033,399
Term deposits receipts	175,000	-	175,000	-	175,000	175,000
	<u>1,208,399</u>	<u>-</u>	<u>1,208,399</u>	<u>1,033,399</u>	<u>-</u>	<u>1,208,399</u>
Financial assets not measured at fair value						
Bank balances	-	526,947	526,947	-	-	-
Receivable against sale of investment	-	80,315	80,315	-	-	-
Dividend receivable	-	203	203	-	-	-
Accrued interest on bank balances	-	3,344	3,344	-	-	-
Deposits and other receivables	-	3,393	3,393	-	-	-
	<u>-</u>	<u>614,202</u>	<u>614,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value						
Payable to the Management Company	-	14,710	14,710	-	-	-
Remuneration payable to the Trustee	-	282	282	-	-	-
Accrued expenses and other liabilities	-	1,098	1,098	-	-	-
	<u>-</u>	<u>16,090</u>	<u>16,090</u>	<u>-</u>	<u>-</u>	<u>-</u>

28.1 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.

29 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 28, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

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 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	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')	1,258,442	1,769,397	3,139,554	3,290,118	1,174,657	2,073,497
Net Income (Rs. '000')	99,307	(208,875)	(248,202)	756,388	75,790	422,547
Net Asset Value per units (Rs.)	14.6242	14.4623	15.8337	17.0467	14.8297	14.9616
Offer price per unit	15.1200	14.9522	16.3705	17.6246	15.4180	15.5604
Redemption price per unit	14.6242	14.4623	15.8337	17.0467	14.8297	14.9616
Ex - Highest offer price per unit (Rs.)	17.2273	16.8863	17.6826	18.7911	15.7944	15.5077
Ex - Lowest offer price per unit (Rs.)	12.6816	14.8811	15.2392	13.5968	13.7044	11.8422
Ex - Highest redemption price per unit (Rs.)	16.6625	16.3329	17.1028	18.1749	15.1918	14.9110
Ex - Lowest redemption price per unit (Rs.)	12.2658	14.3932	14.7395	13.1540	13.1814	11.3846
Fiscal Year Opening Ex Nav	13.5168	15.8337	16.9877	13.1234	13.7815	11.8596
Total return of the fund	8.19%	-8.66%	-6.79%	29.90%	7.61%	24.64%
Capital growth	1.20%	-8.66%	-6.79%	13.44%	0.35%	23.07%
Income distribution as % of Ex-NAV	7.06%			16.46%	7.26%	1.57%
Income distribution as % of Par Value	10.22%			21.60%	10.73%	1.86%
Interim distribution per unit	1.0216			2.1599	1.0725	-
Final distribution per unit	-			0.0552	-	0.1860
Distribution dates						
Interim	24-Jun-2020			21-June-2017	30-June-2016	
Final				15-Sep-17	-	14-July-2015
Average annual return (launch date 20-08-2010)						
(Since inception to June 30, 2020)	12.82%					
(Since inception to June 30, 2019)		13.36%				
(Since inception to June 30, 2018)			16.52%			
(Since inception to June 30, 2017)				20.37%		
(Since inception to June 30, 2016)					18.82%	
(Since inception to June 30, 2015)						21.30%



PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP SARMAYA IZAFI FUND			
Resolutions	For	Against	Abstain*
9	9	Nil	N/A
100%	100%	-	-

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

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