



NBP FUNDS
Managing Your Savings

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NBP FINANCIAL SECTOR FUND



HALF YEARLY REPORT
DECEMBER 31, 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
Ms. Mehnaz Salar	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
Ms. Mehnaz Salar	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 Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Financial Sector Fund (NFSF)** for the half year ended December 31, 2020.

Fund's Performance

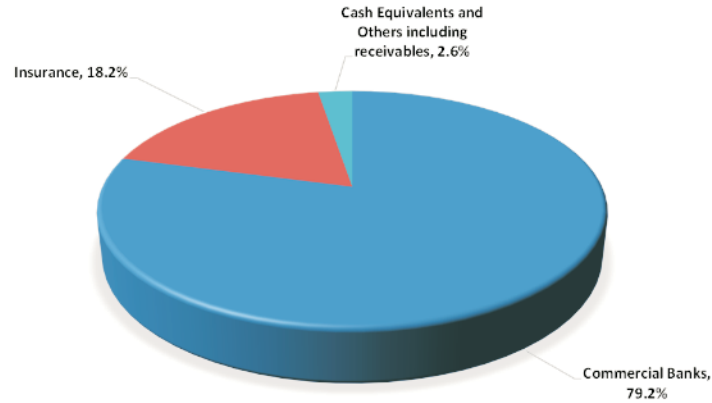
The size of NBP Financial Sector Fund has increased from Rs. 578 million to Rs. 607 million during the period, i.e. a increase of 5%. During the period, the unit price of NBP Financial Sector Fund (NFSF) has increased from Rs. 7.6489 on June 30, 2020 to Rs. 9.1675 on December 31, 2020, thus showing an increase of 19.9%. The Benchmark for the same period was increased by 25.5%. Thus, the Fund has underperformed its Benchmark by 5.6% during the period under review. Since inception, the unit price of NBP Financial Sector Fund has decreased from Rs. 10.0000 on February 14, 2018 to Rs. 9.1675 on December 31, 2020, thus showing a decrease of 8.3%. The Benchmark for the same period was decreased by 0.6%. Thus, the Fund has underperformed its Benchmark by 7.7% during the period under review. This performance is net of management fee and all other expenses.

During 1HFY2021, riding on the positive momentum, the stock market delivered robust returns as the benchmark KSE-100 Index surged by around 27%. To recall, the market staged a sharp recovery after Coronavirus-induced sell-off of equities in March 2020. The rally at the local bourse is attributable to the unprecedented monetary and fiscal policy response; gradual lifting of the lockdown; and earlier than expected arrival of the effective vaccines.

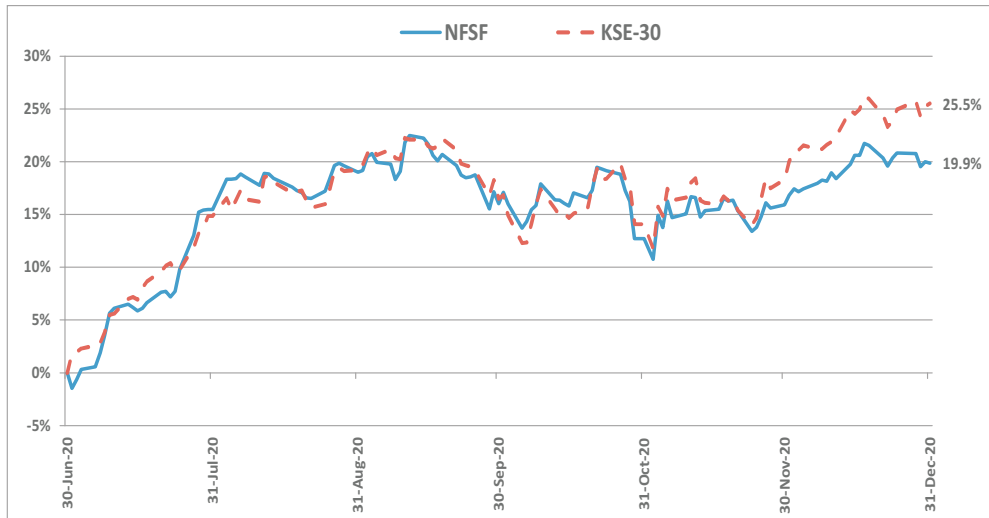
The unprecedented policy measures on the fiscal and monetary fronts cushioned the economy from the Coronavirus shock. The SBP slashed the Policy Rate by a cumulative 6.25% and emended prudential regulations to provide relief for loan repayments and the government launched a massive stimulus package of Rs. 1.2 trillion. On the healthcare front, active cases of Covid-19 declined significantly after peaking in July; the fatality rate fell sharply; and infection ratios also dropped to a low single-digit. Improvement on the pandemic front allowed re-opening of the economy, which gathered steam as evidenced by the frequently released economic data such as cement dispatches, retail fuel sales, and sale of automobiles. SBP-IBA survey shows that business confidence also reached at a two year high after bottoming in April 2020. External account also remained beneficiary of the Coronavirus pandemic as workers' remittances have shown a hefty 25% growth in 1HFY21 on a year-on-year basis. Resultantly, the country has posted a current account surplus of USD 1.1 billion in the 1HFY2021 versus a current account deficit of USD 2.0 billion in corresponding period last year. Despite elevated food prices, average inflation also eased off somewhat. The encouraging development on the healthcare front, improving economic activity, promising corporate earnings prospects, and attractive market valuations buoyed market sentiments.

Looking at the sector wise performance of the market, Automobiles, Cable & Elec. Goods, Cements, Engineering, Glass & Ceramics, Paper & Board, Refineries, Technology and Textiles outperformed the market, while Fertilizers, Food & Personal Care, Insurance, Oil & Gas Exploration, Pharmaceuticals, Power Generation and Distribution, Sugar, and Transport sectors lagged behind. In terms of participant-wise activity, Individuals remained the largest buyers during the period under review with net inflows of USD 159 million. Alongside, Companies and Insurance were also large net buyers, adding positions worth USD 91 million and USD 83 million, respectively. On the other hand, Foreigners and Banks/DFIs were the largest sellers in the market with net outflows amounting to USD 279 million and USD 69 million, respectively.

The Fund has earned a total income of Rs. 131.64 million during the period. After deducting total expenses of Rs. 15.88 million, the net income is Rs. 115.76 million. The asset allocation of the Fund as on December 31, 2020 is as follows:



NFSF Performance versus Benchmark (Since Inception)



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: **February 26, 2021**
 Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NBP فنانسینشل سیکٹرز فنڈ (NFSF) کا فنڈ سائز اس مدت کے دوران 578 ملین روپے سے بڑھ کر 607 ملین روپے ہو گیا، یعنی 5% کا اضافہ ہوا۔ اس مدت کے دوران، NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2020 کو 7.6489 روپے سے بڑھ کر 31 دسمبر 2020ء کو 9.1675 روپے ہو چکی ہے، لہذا 19.9% کا اضافہ ہوا۔ اسی مدت کے دوران بیچ مارک میں 25.5% کا اضافہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 15.6% اہتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے یونٹ کی قیمت 10,000 روپے سے کم ہو کر 31 دسمبر 2020ء کو 9.1675 روپے ہو گئی، لہذا 8.3% کی کمی ہوئی ہے۔ اسی مدت کے لئے بیچ مارک میں 0.6% کی کمی ہوئی۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے بیچ مارک سے 7.7% اہتر رہی۔ یہ کارکردگی منجھٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

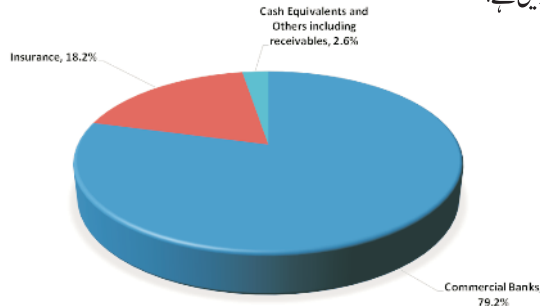
اشاک مارکیٹ نے مالی سال 2021 کی پہلی ششماہی کے دوران مضبوط کارکردگی کا تاثر دیا جیسا کہ بیچ مارک KSE-100 انڈیکس میں 27 فیصد کا اضافہ ہوا۔ کوورونا وائرس کے تناظر میں مارچ 2020 میں ایکویٹی کی فروخت کے بعد مارکیٹ تیزی سے بحالی کا مظاہرہ کیا۔ مقامی سطح پر ہونے والی بحالی غیر معمولی مالیاتی اور مالی پالیسی کے رد عمل، لاک ڈاؤن کو بیدار کرنا اٹھانے، اور موثر ویکسینوں کی توقع سے قبل آمد کے باعث پیدا ہوئی ہے۔

مالی اور مالیاتی محاذوں پر غیر معمولی پالیسی اقدامات نے معیشت کو کوورونا وائرس کے خطرات سے تحفظ دیا۔ اسٹیٹ بینک نے پالیسی شرح میں مجموعی طور پر 6.25 فیصد کی کمی کی اور قرضوں کی ادائیگیوں میں مدد دینے کے لئے احتیاطی ضوابط میں ترمیم کی اور حکومت نے 1.2 ٹریلین روپے کے ایک محرک پیکیج کا آغاز کیا۔ صحت کی دیکھ بھال کے حوالے سے، جولائی میں بلندی پر پہنچنے کے بعد کوویڈ-19 کے فعال کیسز میں نمایاں کمی واقع ہوئی، اموات کی شرح میں تیزی سے کمی آئی اور انفیکشن کا تناسب بھی کم ہو کر واحد ہندسے پر آ گیا۔ وبائی محاذ پر بہتری نے معیشت کو دوبارہ کھولنے کی اجازت دی، سہمنٹ کی تریل، خوردہ ایندھن کی فروخت اور آٹو موٹائل کی فروخت کے لئے جاری کردہ معاشی اعداد و شمار اس بات کا ثبوت دیتے ہیں۔ SBP-IBA سروے ظاہر کرتا ہے کہ اپریل 2020 میں چلی سطح پر پہنچنے کے بعد کاروباری اعتماد بھی دو سال کی بلند ترین سطح پر پہنچ گیا۔ بیرونی اکاؤنٹ اب تک کوورونا وائرس میں فائدہ مند رہا ہے کیونکہ کارکنوں کی ترسیلات زر نے سالانہ بنیاد پر مالی سال 2021 کی پہلی ششماہی میں 25 فیصد کا نمایاں اضافہ ظاہر کیا ہے۔ نتیجتاً ملک نے مالی سال 2021 کی پہلی ششماہی میں 1.1 ٹریلین امریکی ڈالر کا کرنٹ اکاؤنٹ سرپلس درج کرایا ہے جبکہ گذشتہ سال کے اسی عرصے میں کرنٹ اکاؤنٹ خسارہ 2.0 ٹریلین امریکی ڈالر تھا۔ خوراک کی بلندی ترین قیمتوں کے باوجود، اوسط افراط زر میں بھی کسی حد تک کمی آئی ہے۔ صحت کی دیکھ بھال کے محاذ پر حوصلہ افزاء بہتری، معاشی سرگرمیوں میں بہتری، کارپوریٹ آمدنی کے امکانات کا وعدہ، اور مارکیٹ کی پُرکشش قیمتوں نے مارکیٹ کے بڑھنے کو فروغ دیا۔

مارکیٹ کی سیکٹرز کارکردگی کے تناظر میں، آٹو موٹائل، کیبل اور الیکٹریک کا سامان، سہمنٹ، انجینئرنگ، شیشہ اور سرائیکس، کاغذ اور بورڈ، ریٹائنرز، بیکنائیج اور ٹیکسٹائل نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کھاد، خوراک اور ذاتی نگہداشت، انشورنس، آئل اینڈ گیس ایکسپلوریشن، دواسازی، بجلی پیداوار اور تقسیم کرنے، چینی اور ٹرانسپورٹ کے شعبے پیچھے رہے۔ شریک وارسرگرمی کے لحاظ سے، زیر جائزہ مدت کے دوران انفرادی سرمایہ کار 159 ملین امریکی ڈالر کی خالص انفلوز کے ساتھ بڑے خریدار رہے۔ اس کے علاوہ کمپنیز اور انشورنس بھی خالص خریدار تھے، جنہوں نے بالترتیب 91 ملین امریکی ڈالر اور 83 ملین امریکی ڈالر کا اضافہ کیا۔ دوسری طرف، غیر ملکی اور بینک/DFIs مارکیٹ میں بالترتیب 279 ملین امریکی ڈالر اور 69 ملین امریکی ڈالر کے خالص آؤٹ فلوز کے ساتھ بڑے فروخت کنندگان رہے۔

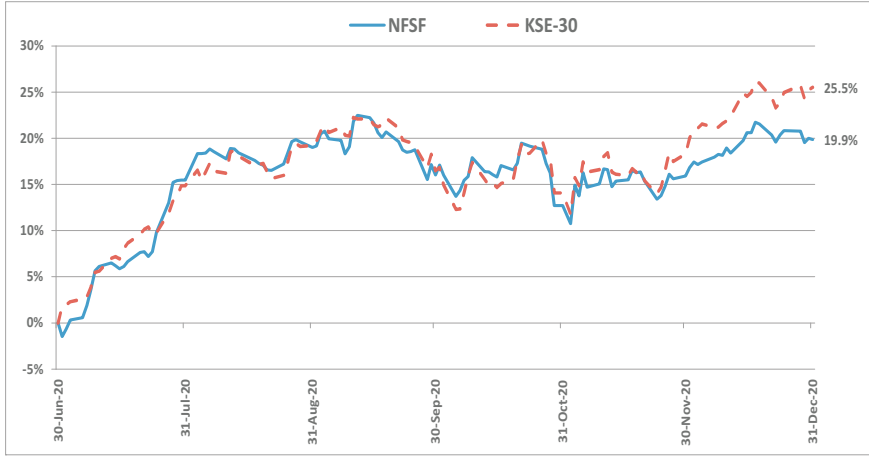
موجودہ مدت کے دوران فنڈ کو 131.64 ملین روپے کی کل آمدنی ہوئی۔ 15.88 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 115.76 ملین روپے ہے۔

31 دسمبر 2020 کے مطابق فنڈ کی ایسٹ ایبلویشن حسب ذیل ہے:





NFSF کی کارکردگی بمقابلہ بیچ مارک



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۔

منیاب بورڈ آف ڈائریکٹرز

NBP نڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 26 فروری 2021ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **NBP Financial Sector Fund** (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 26, 2021



INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Financial Sector Fund** (the Fund) as at December 31, 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2020. The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 26, 2021

Karachi



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2020

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
Note	----- (Rupees in 000) -----	
ASSETS		
Bank balances	4 18,001	22,750
Investments	5 591,398	552,118
Profit receivable	130	98
Deposits and other receivables	2,961	2,948
Receivable against sale of investments	-	4,078
Receivable against sale of units	432	-
Preliminary expenses and floatation costs	6 1,418	1,755
Total assets	614,340	583,747
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	7 3,931	4,442
Payable to Central Depository Company of Pakistan Limited - Trustee	118	107
Payable to the Securities and Exchange Commission of Pakistan	8 65	152
Accrued expenses and other liabilities	9 3,099	649
Total liabilities	7,213	5,350
NET ASSETS	607,127	578,397
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	607,127	578,397
CONTINGENCIES AND COMMITMENTS		
	10	
	----- Number of units -----	
NUMBER OF UNITS IN ISSUE	66,225,783	75,618,518
	----- Rupees -----	
NET ASSETS VALUE PER UNIT	9.1675	7.6489

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
INCOME				
Profit on bank deposits	827	2,852	370	1,429
Dividend income	7,588	21,414	7,588	10,071
	8,415	24,266	7,958	11,500
Gain / (loss) on sale of investments - net	20,351	(8,179)	10,342	18,917
Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net	5.4 102,874	67,727	9,182	141,301
	123,225	59,548	19,524	160,218
Total income	131,640	83,814	27,482	171,718
EXPENSES				
Remuneration of NBP Fund Management Limited - Management Company	7.1 4,884	6,596	2,363	3,066
Sindh Sales Tax on remuneration of the Management Company	7.2 635	857	307	398
Allocated expenses	7.3 382	428	214	204
Selling and marketing expenses	7.4 5,333	4,739	2,812	2,417
Remuneration of Central Depository Company of Pakistan Limited - Trustee	651	850	315	409
Sindh Sales Tax on remuneration of the Trustee	85	111	41	54
Annual fee of the Securities and Exchange Commission of Paki:	8.1 65	86	31	41
Securities transaction cost	333	1,289	139	924
Auditors' remuneration	430	400	284	290
Amortisation of preliminary expenses and floatation costs	6.1 337	337	168	168
Annual listing fee	13	13	8	6
Printing charges	90	42	89	41
Legal and professional charges	83	19	63	10
Settlement and bank charges	201	196	121	156
Total operating expense	13,522	15,963	6,955	8,184
Net income from operating activities	118,118	67,851	20,527	163,534
Provision against Sindh Workers' Welfare Fund	9.1 (2,362)	(1,357)	(410)	(1,357)
Net income for the period before taxation	115,756	66,494	20,117	162,177
Taxation	12 -	-	-	-
Net income for the period after taxation	115,756	66,494	20,117	162,177
Earnings per unit	13			
Allocation of net Income for the period				
Net income for the period after taxation	115,756	66,494		
Income already paid on units redeemed	(18,070)	(17,799)		
	97,686	48,695		
Accounting income available for distribution				
- Relating to capital gains	97,686	37,538		
- Excluding capital gains	-	11,157		
	97,686	48,695		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half year ended December 31,		Quarter ended, December 31,	
	2020	2019	2020	2019
	----- (Rupees in 000) -----			
Net income for the period after taxation	115,756	66,494	20,117	162,177
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>115,756</u>	<u>66,494</u>	<u>20,117</u>	<u>162,177</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	For the half year ended December 31, 2020			For the half year ended December 31, 2019		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
----- (Rupees in 000) -----						
Net assets at the beginning of the period (audited)	851,377	(272,980)	578,397	1,283,122	(162,494)	1,120,628
Issue of 13,955,529 units (2019: 27,591,816)						
- Capital value (at net asset value per unit at the beginning of the period)	106,744	-	106,744	250,006	-	250,006
- Element of income	10,357	-	10,357	20,670	-	20,670
Total proceeds on issuance of units	117,101	-	117,101	270,676	-	270,676
Redemption of 23,348,264 units (2019: 67,735,505)						
- Capital value (at net asset value per unit at the beginning of the period)	(178,589)	-	(178,589)	(613,745)	-	(613,745)
- Element of loss	(7,468)	(18,070)	(25,538)	21,356	(17,799)	3,557
Total payments on redemption of units	(186,057)	(18,070)	(204,127)	(592,389)	(17,799)	(610,188)
Total comprehensive income for the period	-	115,756	115,756	-	66,494	66,494
Net assets at the end of the period (un-audited)	<u>782,421</u>	<u>(175,294)</u>	<u>607,127</u>	<u>961,409</u>	<u>(113,799)</u>	<u>847,610</u>
Accumulated losses brought forward						
- Realised loss		(124,931)			(33,288)	
- Unrealised loss		(148,049)			(129,206)	
		<u>(272,980)</u>			<u>(162,494)</u>	
Accounting income available for distribution						
- Relating to capital gains		97,686			37,538	
- Excluding capital gains		-			11,157	
		<u>97,686</u>			<u>48,695</u>	
Accumulated losses carried forward		<u>(175,294)</u>			<u>(113,799)</u>	
Accumulated losses carried forward						
- Realised loss		(278,168)			(181,526)	
- Unrealised income		102,874			67,727	
		<u>(175,294)</u>			<u>(113,799)</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			<u>7.6489</u>			<u>9.0609</u>
Net asset value per unit at the end of the period			<u>9.1675</u>			<u>10.1469</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended	
	2020	2019
	December 31,	
Note	(Rupees in 000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	115,756	66,494
Adjustments		
Profit on bank deposits	(827)	(2,852)
Dividend income	(7,588)	(21,414)
Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.4 (102,874)	(67,727)
Provision against Sindh Workers' Welfare Fund	9.1 2,362	1,357
Amortisation of preliminary expenses and floatation costs	6.1 337	337
	<u>7,166</u>	<u>(23,805)</u>
Decrease / (increase) in assets		
Investments - net	<u>67,672</u>	<u>311,941</u>
Deposits and other receivable	<u>(13)</u>	<u>(13)</u>
	<u>67,659</u>	<u>311,928</u>
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	<u>(511)</u>	<u>(1,304)</u>
Payable to Central Depository Company of Pakistan Limited - Trustee	<u>11</u>	<u>(39)</u>
Payable to the Securities and Exchange Commission of Pakistan	<u>(87)</u>	<u>(1,017)</u>
Accrued expenses and other liabilities	<u>88</u>	<u>(3,097)</u>
	<u>(499)</u>	<u>(5,457)</u>
Dividend income received	7,588	21,414
Profit received on bank deposits	795	3,143
	<u>82,709</u>	<u>307,223</u>
Net cash generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	<u>116,669</u>	<u>270,676</u>
Amount paid against redemption of units	<u>(204,127)</u>	<u>(601,900)</u>
Net cash used in financing activities	<u>(87,458)</u>	<u>(331,224)</u>
Net decrease in cash and cash equivalents during the period	<u>(4,749)</u>	<u>(24,001)</u>
Cash and cash equivalents at the beginning of the period	22,750	63,745
Cash and cash equivalents at the end of the period	4 <u><u>18,001</u></u>	<u><u>39,744</u></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2019: AM1 on December 24, 2019) on December 31, 2020. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

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

1.1 Impact of COVID -19

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the half year ended December 31, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance



due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', 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 Regulation) 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 with the requirements of IAS 34, 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 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

2.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.



3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.

3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period:

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective:

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2021. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
4 BANK BALANCES	Note ----- (Rupees in 000) -----	
Savings accounts	4.1 17,003	21,895
Current accounts	998	855
	<u>18,001</u>	<u>22,750</u>

4.1 These include balances of Rs 3.447 million (June 30, 2020: Rs 7.636 million) maintained with BankIslami Pakistan Limited (a related party), that carry profit at the rate of 7% (June 30, 2020: 7.25%) per annum. Other savings accounts of the Fund carry profit rates ranging from 4.5% to 7% (June 30, 2020: 4.5% to 8.3%) per annum.

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
5 INVESTMENTS	Note ----- (Rupees in 000) -----	
At fair value through profit or loss		
Listed equity securities	5.1 <u>591,398</u>	<u>552,118</u>



5.1 Listed equity securities

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

Name of the Investee Company	Number of shares held					Market value	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
	As at July 1, 2020	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2020		Net assets of the Fund	Total market value of investments	
----- % -----									
INSURANCE									
IGI Holdings Limited	122,000	61,000	-	-	183,000	37,230	6.13%	6.30%	0.13%
Adamjee Insurance Company Limited	2,053,500	-	-	181,500	1,872,000	73,607	12.12%	12.45%	0.53%
						110,837	18.25%	18.75%	
COMMERCIAL BANKS									
Allied Bank Limited	432,500	26,000	-	95,500	363,000	30,989	5.10%	5.24%	0.03%
Askari Bank Limited	-	325,000	-	-	325,000	7,602	1.25%	1.29%	0.03%
Bank Alfalah Limited	2,394,350	-	-	415,500	1,978,850	69,913	11.52%	11.82%	0.11%
Bank Al Habib Limited	1,351,000	-	-	232,000	1,119,000	77,882	12.83%	13.17%	0.10%
Bank of Punjab	3,020,000	-	-	1,587,500	1,432,500	13,279	2.19%	2.25%	0.05%
Faysal Bank Limited	996,875	133,500	-	94,500	1,035,875	17,900	2.95%	3.02%	0.07%
MCB Bank Limited	327,200	-	-	93,500	233,700	43,300	7.13%	7.32%	0.02%
Meezan Bank Limited	259,050	-	20,755	100,500	179,305	18,727	3.08%	3.16%	0.01%
National Bank of Pakistan - a related party	640,000	-	-	283,500	356,500	15,315	2.52%	2.58%	0.02%
United Bank Limited	656,300	108,000	-	132,000	632,300	79,581	13.11%	13.46%	0.05%
Habib Bank Limited	849,000	123,581	-	170,700	801,881	106,073	17.47%	17.94%	0.05%
						480,561	79.15%	81.25%	
Total - December 31, 2020						591,398	97.40%	100.00%	
Carrying value as at December 31, 2020						488,524			
Market value as at June 30, 2020						552,118			
Carrying value as at June 30, 2020						700,167			



- 5.2** Investments include shares with a market value of Rs 122.939 million (June 30, 2020: 102.055 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.
- 5.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh had issued notices to the relevant parties and had ordered that no third party interest on bonus shares issued to the Fund in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

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

As at December 31, 2020, the following bonus shares of the Fund have been withheld at the time of declaration of bonus shares:

Name of the investee company	(Un-audited)		(Audited)	
	December 31, 2020		June 30, 2020	
	Bonus shares		Bonus shares	
	Number of shares	Market value	Number of shares	Market value
	(Rupees in 000)		(Rupees in 000)	
Faysal Bank Limited	14,494	250	14,494	202



		(Un-audited) December 31, 2020	(Audited) June 30, 2020
5.4 Unrealised appreciation / (diminution) on re-measurement of investments classified as at fair value through profit or loss - net	Note	----- (Rupees in 000) -----	
Market value of investments	5.1	591,398	552,118
Less: carrying value of investments	5.1	(488,524)	(700,167)
		<u>102,874</u>	<u>(148,049)</u>

6 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the period / year		1,755	2,426
Less: amortisation during the period / year		<u>(337)</u>	<u>(671)</u>
At the end of the period / year	6.1	<u>1,418</u>	<u>1,755</u>

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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
7 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	----- (Rupees in 000) -----	
Management fee payable	7.1	784	714
Sindh Sales Tax payable on remuneration of the Management Company	7.2	102	93
Allocated expenses payable	7.3	214	146
Selling and marketing expenses payable	7.4	2,811	2,091
Sales load and transfer load payable		18	1,237
Sindh Sales Tax payable on sales load and transfer load		2	161
		<u>3,931</u>	<u>4,442</u>

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

Rate applicable from July 1, 2020 to December 31, 2020	Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020
1.5% of average daily net assets	2% of average daily net assets	1.5% of average daily net assets

The remuneration is payable to the Management Company in arrears.

7.2 During the period, an amount of Rs. 0.635 million (2019: Rs. 0.857 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (2019: 13%).



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

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

Accordingly, the Management Company based on its discretion has charged accounting and operational charges as per the following rates:

Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to December 31, 2020	Rate applicable from July 1, 2019 to June 30, 2020
0.1% of average annual net assets	0.15% of average annual net assets	0.1% of average annual net assets

- 7.4** The SECP has allowed the asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to 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 ended June 30, 2020, 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% had been removed and an asset management company was required to set a maximum limit for charging of such expenses to the Fund and the same has to 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 currently charged selling and marketing expenses at following rates:

Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to December 31, 2020	Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to December 16, 2019	Rate applicable from December 17, 2019 till May 10, 2020	Rate applicable from May 11, 2020 till June 30, 2020
1.5% per annum of average daily net assets	1.9% per annum of average daily net assets	0.4% per annum of average daily net assets	1.15% per annum of average daily net assets	1.35% per annum of average daily net assets	1.5% per annum of average daily net assets

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	(Rupees in 000)	
Annual fee payable	8.1	<u>65</u>	<u>152</u>

- 8.1** 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).

As per the guideline issued by the SECP vide its SRO No. 685(I)/2019 dated June 28, 2019, the Fund has charged the SECP fee at the rate of 0.02% (June 30, 2020: 0.02%).



		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	(Rupees in 000)	
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	9.1	2,362	-
Auditors' remuneration payable		340	369
Printing charges payable		30	10
Brokerage fee payable		79	15
Legal and professional charges payable		74	87
Withholding tax payable		39	40
Capital gain tax payable		6	7
Bank charges payable		91	72
Settlement charges payable		78	49
		3,099	649

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

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund for the period ended December 31, 2020, the net asset value per unit of the Fund as at December 31, 2020 would have been higher by Re 0.036 (June 30, 2020: Nil) per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2020 and June 30, 2020.

11 NET ASSETS VALUE PER UNIT

The net assets value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

12 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2021 to the unit holders in the manner as explained above, therefore,



no provision for taxation has been made in these condensed interim financial statements during the period.

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

13 EARNINGS PER UNIT

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

14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 4.88% (December 31, 2019: 4.05%) which includes 0.97% (December 31, 2019: 0.56%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2019: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "Equity" scheme.

15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

15.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

15.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

15.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

15.6 Details of transactions with related parties / connected persons during the period are as follows:

	----- (Un-audited) -----	
	Half year ended December 31,	
	2020	2019
	----- (Rupees in 000) -----	
NBP Fund Management Limited - Management Company		
Remuneration of NBP Fund Management Limited - Management Company	4,884	6,596
Sindh Sales Tax on remuneration of the Management Company	635	857
Sales load and transfer load	128	53
Sindh Sales Tax on sales load and transfer load	17	7
Allocated expenses	382	428
Selling and marketing expenses	5,333	4,739



	----- (Un-audited) -----	
	Half year ended	
	December 31,	
	2020	2019
	----- (Rupees in 000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	651	850
Sindh Sales Tax on remuneration of the Trustee	85	111
Settlement charges	10	45
Key management personnel of the Management Company		
Units issued during the period - 1,164,210 units (2019: 286,903 units)	10,353	2,896
Units redeemed during the period - 863,794 units (2019: 286,416 units)	7,723	2,845
National Bank of Pakistan - parent company		
Shares purchased - Nil shares (2019: 370,000 shares)	-	11,717
Shares sold - 283,500 shares (2019: 340,500 shares)	10,154	10,565
BankIslami Pakistan Limited		
Profit on bank deposit	213	1,409
Portfolio managed by the Management Company		
Units issued during the period - 10,830 units (2019: Nil units)	96	-
Units redeemed during the period - 5,752,102 units (2019: 1,395,080 units)	52,548	12,369
Taurus Securities Limited		
Brokerage expense	18	49
Anwar Lakhani *		
Units issued during the period - Nil (2019: 8,915,418 units)	-	90,552
United Bank Limited - unit holder with more than 10% holding		
Shares purchased 108,000 shares (2019: Nil shares)	11,495	-
Shares sold 132,000 shares (2019: Nil shares)	14,841	-
Pakistan Stock Exchange Limited		
Listing fee paid	25	25
National Clearing Company of Pakistan Limited - common directorship		
NCCPL charges	159	117
15.7 Amounts / balances outstanding as at period / year end are as follows:		
	(Un-audited)	(Audited)
	December	June 30,
	31, 2020	2020
	----- (Rupees in 000) -----	
NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	784	714
Sindh Sales Tax on remuneration of the Management Company	102	93
Sales load and transfer load payable	18	1,237
Sindh Sales Tax payable on sales load and transfer load	2	161
Selling and marketing expenses payable	2,811	2,091
Allocated expenses payable	214	146



	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in 000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	104	95
Sindh Sales Tax payable on trustee fee	14	12
Security deposit	100	100
Settlement charges	10	45
Key management personnel of the Management Company		
Units held - 462,513 units (June 30, 2020: 162,097 units)	4,240	1,240
National Bank of Pakistan Limited - parent company**		
Shares held - 356,500 shares (June 30, 2020: 640,000 shares)	15,315	17,696
BankIslami Pakistan Limited - common directorship		
Bank balances	3,447	7,636
Profit receivable	28	41
Pak Brunei Investment Company Limited - unit holder with more than 10% holding		
Units held - 22,502,305 units (June 30, 2020: 22,502,305 units)	206,290	172,118
Portfolio Managed by the Management Company		
Units held - 32,017 units (June 30, 2020: 5,773,289 units)	294	44,159
United Bank Limited - unit holder with more than 10% holding		
Units held - 24,926,964 units (June 30, 2020: 24,926,964 units)	228,518	190,664
Shares held - 632,200 shares (June 30, 2020: 656,300 shares)	79,581	67,835
National Clearing Company of Pakistan Limited - common directorship		
Settlement charges payable	27	25
Security deposit	2,500	2,500

* Current period figures have not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2020.

** These are transactions involving shares of related parties held as part of the portfolio of the Fund.

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

16 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.



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.

16.1 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

As at December 31, 2020 and June 30, 2020, the Fund held the following financial instruments measured at fair value:

	----- Un-audited -----			
	----- As at December 31, 2020 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
At fair value through profit or loss				
Listed equity securities	591,398	-	-	591,398
	<u>591,398</u>	<u>-</u>	<u>-</u>	<u>591,398</u>
	----- Audited -----			
	----- As at June 30, 2020 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
At fair value through profit or loss				
Listed equity securities	552,118	-	-	552,118
	<u>552,118</u>	<u>-</u>	<u>-</u>	<u>552,118</u>

17 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 26, 2021.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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