



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NBP FINANCIAL SECTOR INCOME 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 Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
National Bank of Pakistan



Samba Bank Limited
Zarai Taraqati Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
The Bank of Punjab
Albaraka Bank of Pakistan
Bank Islami Pakistan Limited
U Microfinance Bank Limited
Telenor Microfinance Bank Limited
Khushali Microfinance Bank Limited
The First Microfinance Bank Limited
Mobilink Micro Finance 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



DIRECTORS' REPORT

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

Fund's Performance

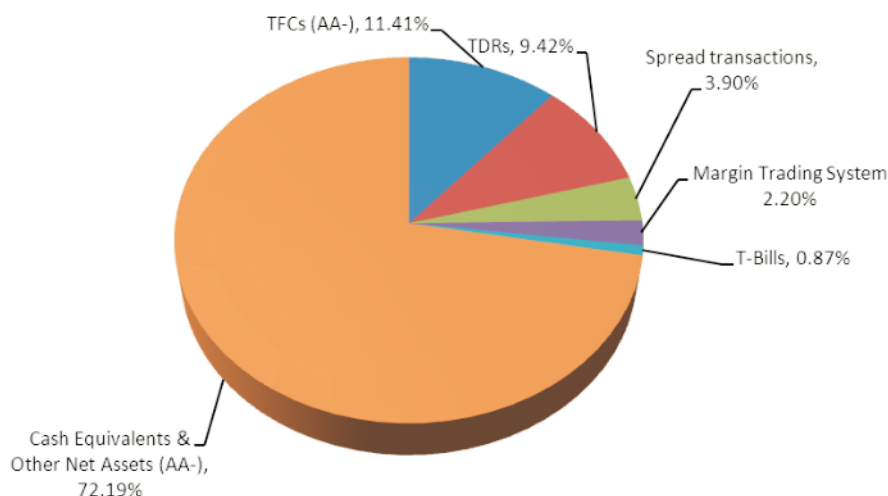
The size of NBP Financial Sector Income Fund has increased from Rs. 9,238 million to Rs. 28,171 million during the period, a significant growth of 205%. During the period, the unit price of the Fund has increased from Rs. 10.1365 (Ex-Div) on June 30, 2020 to Rs. 10.5481 on December 31, 2020, thus showing a return of 8.1% p.a. as compared to its Benchmark return of 7.2% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund is unique as it invests a minimum 70% of its assets in financial sector (mainly banks) debt securities, instruments or deposits. Minimum entity / instrument rating of debt securities is 'AA-'. This minimizes credit risk and at the same time enhances the liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund. The Fund has been assigned 'A+ (f)' fund stability rating by PACRA.

The trading activity in corporate debt securities improved significantly with a cumulative traded value of around Rs. 14.7 billion versus Rs. 5.8 billion in the same period last year. During 1HFY21, the SBP held two Monetary Policy Committee (MPC) meetings wherein it left the Policy Rate unchanged at 7%, citing the prevailing accommodative monetary policy stance appropriate for the nascent economic recovery. Inflation as measured by the CPI clocked-in at 8% for December 2020, owing to supply side issues and rise in prices of perishable food items. During the period under review, T-Bills yields increased by 2 bps, 13 bps and 23 bps for 3-month, 6-month and 12-month tenures, respectively. This uptick in short-term sovereign yields is primarily reflective of demand versus supply side factors.

During the period, the SBP realized Rs. 5.1 trillion in thirteen T-Bills auctions. The market interest tilted towards shorter tenors given the market expectation of the bottoming out of the Policy Rate and the likelihood of reversal of monetary easing cycle in the coming months. In the last auction, cut-off yields on T-Bill for 3-month, 6-month and 12-month tenures were noted at 7.15%, 7.20% and 7.29%, respectively. In the six PIB auctions, the SBP realized an amount of Rs. 292 billion. In the last auction, cut-off yields for 3-year, 15-year and 20-year tenures were noted at 8.24%, 10.00% and 10.58%, respectively.

The Fund has earned a total income of Rs. 891.22 million during the period. After deducting total expenses of Rs. 140.90 million, the net income is Rs. 750.32 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFSIF.





Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 3.83% of the opening ex-NAV (4.03% of the par value) during the period ended December 31, 2020.

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 2020 کو ختم ہونے والی ششماہی کے لئے NBP فنانشل سیکٹرز انکم فنڈ (NFSIF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NBP فنانیشنل سیکٹرز انکم فنڈ (NFSIF) کا فنڈ سائز اس مدت کے دوران 9,238 ملین روپے سے بڑھ کر 28,171 ملین روپے ہو گیا یعنی 205% کا خاطر خواہ اضافہ۔ اس مدت کے دوران، پونٹ کی قیمت 30 جون 2020 کو 10.1365 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2020 کو 10.5481 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے بیچ مارک منافع 7.2% کے مقابلے میں 8.1% کا منافع درج کرایا۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

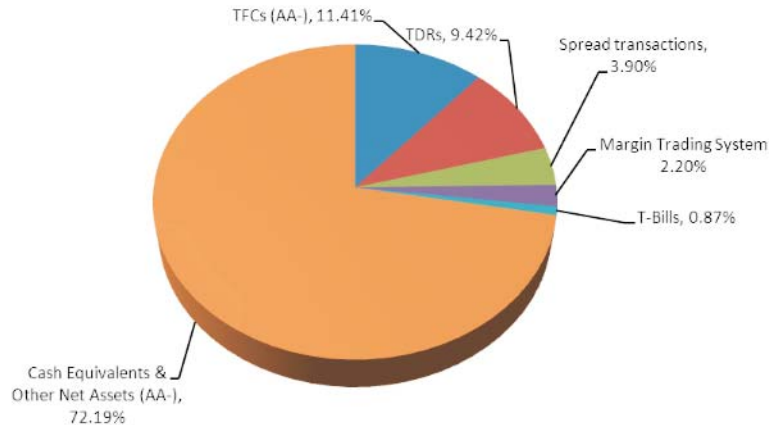
فنڈ اس حوالے سے منفرد ہے کہ یہ اپنے اثاثوں کا کم از کم 70% فنانیشنل سیکٹرز (بنیادی طور پر بینکس) Debt سیکورٹیز، انشورمنٹ یا ڈپازٹس میں سرمایہ کاری کرتا ہے۔ Debt سیکورٹیز کی کم از کم 10% انٹیٹی / انشورمنٹ ریٹنگ "AA-" ہیں۔ اس سے کریڈٹ رسک میں کمی اور اس کے ساتھ ساتھ فنڈ کی لیکویڈٹی میں اضافہ ہوتا ہے۔ فنڈ کی میعاد ایک سال سے زائد نہیں ہو سکتی۔ یہ شرح سود یا پرائسنگ رسک کو کم کرتا ہے۔ فنڈ اپنے اثاثوں کا 25% فیصد، 90 دن سے کم مدت کے T-Bills بلز میں یا بینکوں کے ساتھ سیونگ اکاؤنٹس میں سرمایہ کاری کرتا ہے جس سے فنڈ کے لیکویڈٹی پر وفا کال میں مزید اضافہ ہو جاتا ہے۔ فنڈ کو PACRA کی طرف سے 'A+(f)' کی مستحکم ریٹنگ تفویض کی گئی ہے۔

کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمی نمایاں طور پر بہتر ہوئی جس کی مجموعی تجارتی قدر گزشتہ سال کی اس مدت میں 5.8 بلین روپے کے برعکس مالیاتی سال 2021 کی پہلی ششماہی 14.7 بلین روپے رہی۔ سال 2021 کی پہلی ششماہی میں اسٹیٹ بینک آف پاکستان نے مانیٹری پالیسی کمیٹی (MPC) کے دو اجلاس طلب کئے جس میں موجودہ معاشی بحالی کے لئے موزوں مانیٹری پالیسی کا حوالہ دیتے ہوئے، پالیسی کی شرح 7% کو تبدیل نہیں کیا۔ ایشیائی خورد و نوش کی قیمتوں میں اضافے اور رسد کی فراہمی جیسے مسائل کے باعث CPI افراط زر کی شرح دسمبر 2020 میں 8 فیصد رہی۔ زیر جائزہ مدت کے دوران، T-Bills کے منافع میں 3 ماہ، 6 ماہ اور 12 ماہ کے عرصہ میں بالترتیب 2bps، 13bps، اور 23bps کا اضافہ ہوا۔ قلیل مدتی گورنمنٹ منافع میں یہ اضافہ بنیادی طور پر طلب کے مقابلے میں رسد کی عکاسی کرتا ہے۔

اسٹیٹ بینک آف پاکستان نے اس عرصے کے دوران تیرہ T-Bills کی نیلامی کی، جس میں مجموعی طور پر 5.1 ٹریلین روپے حاصل کئے۔ پالیسی کی شرح کا کم ترین سطح پر پہنچنے کی توقع اور آئندہ مہینوں میں مانیٹری آسانی کے باعث واپسی کے امکان کی وجہ سے مارکیٹ کی دلچسپی مختصر مدت کی سرمایہ کاری کی طرف مائل ہوئی۔ گزشتہ نیلامی میں، T-Bills کی کٹ آف منافع 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے بالترتیب 7.15 فیصد، 7.20 فیصد اور 7.29 فیصد رہا۔ چھ PIB نیلامیوں میں، اسٹیٹ بینک کو مجموعی 292 بلین روپے کی رقم حاصل ہوئی۔ گزشتہ نیلامی میں، 3 سال، 15 سال اور 20 سال مدت کی کٹ آف منافع بالترتیب 8.24 فیصد، 10.00 فیصد اور 10.58 فیصد درج کیا گیا۔

فنڈ نے موجودہ مدت کے دوران 891.22 بلین روپے کی مجموعی آمدنی کمائی ہے۔ 140.90 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 750.32 بلین روپے ہے۔

درج ذیل چارٹ NFSIF کی ایسٹ ابلویشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





آمدنی کی تقسیم

میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کے لئے اوپننگ ex-NAV کا 3.83% (بنیادی قدر کا 4.03%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ میجمنٹ 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 Income 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 Income Fund** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of these 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 interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of 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 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.

Other matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is **Amyr Malik**.

Date: February 26, 2021

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



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

	Note	31 December 2020 (Un-audited) (Rupees in '000)	30 June 2020 (Audited)
Assets			
Bank balances	6	20,421,841	6,844,509
Investments	7	7,969,960	3,384,071
Profit receivables	8	125,165	101,295
Receivable against conversion of units		15,772	91,398
Advances, deposits and prepayment		125,917	590
Total assets		28,658,655	10,421,863
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	42,681	36,541
Payable to Central Depository Company of Pakistan Limited - Trustee	10	1,928	698
Payable to Securities and Exchange Commission of Pakistan	11	1,960	1,672
Payable against redemption of units		77,340	147,006
Payable against purchase of investments		240,850	833,945
Accrued expenses and other liabilities	12	122,495	163,656
Total liabilities		487,254	1,183,518
Net assets		28,171,401	9,238,345
Unit holders' fund (as per statement attached)		28,171,401	9,238,345
Contingency and commitment	13		
		(Number of units)	
Number of units in issue		2,670,766,823	877,488,440
		(Rupees)	
Net assets value per unit		10.5481	10.5282

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 SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2020

Note	Six months period ended		Three months period ended		
	2020	2019	2020	2019	
	----- (Rupees in '000) -----				
Income					
Income from term deposit receipts	33,945	-	33,945	-	
Gain / (Loss) on sale of investments - net	4,686	(509)	2,920	(509)	
Income from term finance certificates and sukus	142,235	112,040	74,975	71,746	
Income from treasury bills	42,765	10,091	24,969	10,091	
Profit on bank deposits	556,551	389,843	327,474	182,172	
Income from Letter of Placement	44,602	-	9,077	-	
Income from Certificate of Investment	27,621	-	27,621	-	
Income from Margin Trading System	1,903	-	1,903	-	
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.8	36,911	(240)	(194)	747
Total income	891,219	511,225	502,690	264,247	
Expenses					
Remuneration to NBP Fund Management Limited - Management Company	9.1	53,056	29,054	30,951	14,980
Sindh Sales Tax on remuneration of the Management Company	9.2	6,897	3,777	4,023	1,947
Selling and marketing expenses	9.4	41,145	23,812	16,697	12,374
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	7,350	2,595	4,557	1,326
Sindh Sales Tax on remuneration of the Trustee	10.2	956	337	593	172
Annual fee - Securities and Exchange Commission of Pakistan		1,960	692	1,215	354
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	10,940	3,460	7,216	1,768
Securities transaction costs		2,076	100	2,069	100
Settlement and bank charges		372	993	213	655
Annual listing fee		14	14	7	7
Auditors' remuneration		501	463	266	232
Legal and Professional charges		37	43	19	30
Mutual fund rating fee		210	201	110	111
Printing charges		68	21	59	9
Total expenses		125,582	65,562	67,995	34,065
Net income from operating activities		765,637	445,663	434,695	230,182
Provision for Sindh Workers' Welfare Fund	12.1	(15,313)	(8,913)	(8,694)	(4,603)
Net income for the period before taxation		750,324	436,750	426,001	225,579
Taxation	14	-	-	-	-
Net income for the period after taxation		750,324	436,750	426,001	225,579
Allocation of net income for the period					
Net income for the period		750,324	436,750	426,001	225,579
Income already paid on units redeemed		(108,883)	(130,215)	(55,503)	(99,503)
		641,441	306,535	370,498	126,076
Accounting income available for distribution:					
- Relating to capital gains		28,060	-	-	-
- Excluding capital gains		613,381	306,535	370,498	126,076
		641,441	306,535	370,498	126,076

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 SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2020

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	----- (Rupees in '000) -----			
Net income for the period after taxation	750,324	436,750	426,001	225,579
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>750,324</u>	<u>436,750</u>	<u>426,001</u>	<u>225,579</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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	2020			2019		
	Value	Undistributed income	Total	Value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	9,115,885	122,460	9,238,345	4,069,622	109,311	4,178,933
Issue of 3,089,308,330 units (2019: 1,154,317,474 units)						
- Capital value	32,524,856	-	32,524,856	12,134,657	-	12,134,657
- Element of income	230,660	-	230,660	326,154	-	326,154
Total proceeds on issuance of units	32,755,516	-	32,755,516	12,460,811	-	12,460,811
Redemption of 1,296,029,947 units (2019: 848,586,316 units)						
- Capital value	(13,644,862)	-	(13,644,862)	(8,920,674)	-	(8,920,674)
- Element of income	(45,306)	(108,883)	(154,189)	(144,456)	(130,215)	(274,671)
Total payments on redemption of units	(13,690,168)	(108,883)	(13,799,051)	(9,065,130)	(130,215)	(9,195,345)
Interim Distribution for the period ended 31 December 2020: 2.187% (Date of distribution: 29 September 2020)						
- Capital value	-	(262,124)	(262,124)	-	-	-
- Refund of capital	(89,848)	-	(89,848)	-	-	-
Total distribution	(89,848)	(262,124)	(351,972)	-	-	-
Interim Distribution for the period ended 31 December 2020: 1.642% (Date of distribution: 23 December 2020)						
- Capital value	-	(329,180)	(329,180)	-	-	-
- Refund of capital	(92,581)	-	(92,581)	-	-	-
Total distribution	(92,581)	(329,180)	(421,761)	-	-	-
Total comprehensive income for the period	-	750,324	750,324	-	436,750	436,750
Net assets at end of the period	27,998,804	172,597	28,171,401	7,465,303	415,846	7,881,149
Undistributed income brought forward						
- Realised		123,006			111,674	
- Unrealised		(546)			(2,363)	
		122,460			109,311	
Accounting income available for distribution:						
- Relating to capital gains		28,060			-	
- Excluding capital gains		613,381			306,535	
		641,441			306,535	
Interim Distribution for the period ended 31 December 2020: 2.187% (Date of distribution: 29 September 2020)						
- Cash distribution		(262,124)			-	
Interim Distribution for the period ended 31 December 2020: 1.642% (Date of distribution: 23 December 2020)						
- Cash distribution		(329,180)			-	
Undistributed income carried forward		172,597			415,846	
Undistributed income carried forward						
- Realised		135,686			416,086	
- Unrealised		36,911			(240)	
		172,597			415,846	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			10.5282			10.5124
Net assets value per unit at end of the period			10.5481			11.2067

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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	<u>Six months period ended</u>	
	2020	2019
	(Rupees in '000)	
<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	750,324	436,750
Adjustments for:		
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(36,911)	240
	<u>713,413</u>	<u>436,990</u>
Increase in assets		
Investments - net	(4,548,978)	(622,158)
Advances, deposits and prepayment	(125,327)	188
Profit receivables	(23,870)	(48,175)
	<u>(4,698,175)</u>	<u>(670,145)</u>
Decrease in liabilities		
Payable to NBP Fund Management Limited - Management Company	6,140	4,876
Payable to Central Depository Company of Pakistan Limited - Trustee	1,230	86
Payable to Securities and Exchange Commission of Pakistan	288	(2,030)
Payable against purchase of investments	(593,095)	-
Accrued expenses and other liabilities	(41,161)	(16,061)
	<u>(626,598)</u>	<u>(13,129)</u>
Net cash used in operating activities	<u>(4,611,360)</u>	<u>(246,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	32,648,713	12,320,960
Payments against redemption of units	(13,868,717)	(9,185,237)
Distributions paid	(591,304)	
Net cash flow from financing activities	<u>18,188,692</u>	<u>3,135,723</u>
Net increase in cash and cash equivalents during the period	<u>13,577,332</u>	<u>2,889,439</u>
Cash and cash equivalents at beginning of the period	6,844,509	3,303,901
Cash and cash equivalents at end of the period	<u>6</u> <u>20,421,841</u>	<u>6,193,340</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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Financial Sector Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on July 28, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 11, 2011 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as an "income scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuks, bank deposits and short-term money market instruments.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an asset manager rating of AM1' of Management Company and has assigned stability rating of 'A+(f)' to the Fund.
- 1.6 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.
- 1.7 **Impact of COVID- 19 on the condensed interim financial statements**

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 year ended June 30, 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

The condensed interim financial information has 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 Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

2.1.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last annual financial statements.

2.1.2 These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.2 Accounting convention

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

2.3 New or Amendments / Interpretations to Existing Standards, Interpretation and Forthcoming Requirements

There are certain amendments which are effective from annual period beginning on or after 1 July 2020. These amendments are not likely to have an impact on the Fund's financial position. Therefore these are not stated in these condensed interim financial statements.

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

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) 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.
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
 - 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.
 - **"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
- "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.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to" concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.
- "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments" to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- 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 above amendments are effective from annual period beginning on or after 01 January 2021 and are not likely to have an impact on Fund's financial statements.

2.5 Functional and presentation currency

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



3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund as at and for the year ended 30 June 2020.

4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made judgements, 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 condensed interim financial information to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment are the same as those that applied to annual financial statements as at and for the year ended 30 June 2020.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements as at and for the year ended 30 June 2020.

		31 December 2020 (Un-audited)	30 June 2020 (Audited)
6 BANK BALANCES	Note	(Rupees in '000)	
In current accounts		8,495	6,698
In saving accounts	6.1 & 6.2	<u>20,413,346</u>	<u>6,837,811</u>
		<u>20,421,841</u>	<u>6,844,509</u>

6.1 These accounts carry profit at the rates ranging from 5.5% to 15.5% (30 June 2020: 6.5% to 15.5%) per annum.

6.2 These includes cheques amounting to Rs. 5.274 (30 June 2020: Rs. 1.083 million) issued on account of redemption of units and cheques amounting to Rs. 167.743 (30 June 2020: Rs. 9.010 million) received on account of issuance of units as at period / year end.

7 INVESTMENTS

		31 December 2020 (Un-audited)	30 June 2020 (Audited)
Investments by category		(Rupees in '000)	
Financial assets 'at fair value through profit or loss'	Note		
Term finance certificates - listed	7.1	2,061,307	1,860,465
Term finance certificates - unlisted	7.2	1,209,822	689,522
Treasury bills	7.4	249,380	834,084
Spread transactions	7.5	1,117,608	-
Margin Trading System		<u>631,842</u>	-
		<u>5,269,960</u>	<u>3,384,071</u>
At amortised cost			
Term Deposit Receipts	7.6	<u>2,700,000</u>	-
		<u>7,969,960</u>	<u>3,384,071</u>



7.1 Term finance certificates - listed

Name of the investee company	As at 01 July 2020	Purchases during the period	Sales / matured during the period	As at 31 December 2020	Market value/ carrying value as at 31 December 2020	Market value / carrying value as a percentage of net assets	Market value/ carrying value as a percentage of total investments
	----- Number of certificates -----				(Rupees in '000)	-----(%)-----	
JS Bank Limited	1,150	-	-	1,150	108,478	0.39	1.36
Habib Bank Limited	2,000	-	-	2,000	199,640	0.71	2.50
Hub power company Limited	2,416	-	-	2,416	246,915	0.88	3.10
KE Sukuk	98,460	34,116	-	132,576	672,948	2.39	8.44
Hub Power Company Limited - Sukuk	8,150	-	-	8,150	833,326	2.96	10.46
	<u>112,176</u>	<u>34,116</u>	<u>-</u>	<u>146,292</u>	<u>2,061,307</u>	<u>7.32</u>	<u>25.86</u>
Carrying value before fair value adjustments as at 31 December 2020.					<u>2,031,022</u>		

7.2 Term finance certificates - unlisted

Name of the investee company	As at 01 July 2020	Purchases during the period	Sales / matured during the period	As at 31 December 2020	Market value/ carrying value as at 31 December 2020	Market value / carrying value as a percentage of net assets	Market value/ carrying value as a percentage of total investments
	----- Number of certificates -----				(Rupees in '000)	-----(%)-----	
JS Bank Limited	23,400	-	-	23,400	115,803	0.41	1.45
Jahangir Siddiqui and Company Limited	12,000	-	-	12,000	7,443	0.03	0.09
Jahangir Siddiqui and Company Limited	28,000	-	-	28,000	70,044	0.25	0.88
Jahangir Siddiqui and Company Limited	32,800	-	-	32,800	135,198	0.48	1.70
Askari Commercial Bank Limited	7,400	-	7,400	-	-	-	-
Askari Commercial Bank Limited	233	100	-	333	329,802	1.17	4.14
Bank of Punjab	500	-	-	500	48,993	0.17	0.61
Hub Power Holding Limited*	-	6,000	-	6,000	502,539	1.78	6.31
	<u>104,333</u>	<u>6,100</u>	<u>7,400</u>	<u>103,033</u>	<u>1,209,822</u>	<u>4.29</u>	<u>15.18</u>
Carrying value before fair value adjustments as at 31 December 2020					<u>1,204,445</u>		

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

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Listed term finance certificates							
JS Bank Limited	1,150	Semi Annually	99,880	6-months KIBOR + 1.40%	29 December 2017	29 December 2024	AA+
Habib Bank Limited	2,000	Semi Annually	99,820	6-months KIBOR + 0.5%	19 February 2016	19 February 2026	AAA
Hub power company Limited	2,416	Semi Annually	100,000	1-year KIBOR + 1.90%	19 March 2020	19 March 2024	AA+
KE Sukuk	132,576	Quarterly	5,000	3-months KIBOR + 1.70%	03 August 2020	03 August 2027	AA
Hub power company Limited- Sukuk	8,150	Quarterly	100,000	3-months KIBOR + 1.90%	22 August 2019	22 August 2023	AA+
Unlisted term finance certificates							
JS Bank Limited	23,400	Semi Annually	4,992	6-months KIBOR + 1.40%	14 December 2016	14 December 2023	AA+
Jahangir Siddiqui and Company Limited	12,000	Semi Annually	625	6-months KIBOR + 1.65%	24 June 2016	24 June 2021	AA
Jahangir Siddiqui and Company Limited	28,000	Semi Annually	2,500	6-months KIBOR + 1.40%	18 July 2017	18 July 2022	AA
Jahangir Siddiqui and Company Limited	32,800	Semi Annually	4,167	6-months KIBOR + 1.40%	06 March 2018	06 March 2023	AA
Askari Commercial Bank Limited	333	Quarterly	1,000,000	6-months KIBOR + 1.20%	17 March 2020	17 March 2030	AA+
Bank of Punjab Limited	500	Semi Annually	99,900	6-months KIBOR + 1.25%	23 April 2018	23 April 2028	AA
Hub power holding limited*	6,000	-	100,000	-	12 November 2020	12 November 2025	-

* It is a hybrid TFC purchased on discount. The discount will be amortized over a period of two years after which the repayment of coupon interest will start.



7.4 Treasury Bills

Issue date	Tenor	Face value			As at 31 December 2020	Market Value/carrying value as at 31 December 2020	Market value as percentage of net assets	Market value as percentage of total investments
		As at 1 July 2020	Purchases during the period	Sales during the period				
					(Rupees in '000)		(%)	
29 August 2019	12 months	-	1,020,000	1,020,000	-	-	-	-
12 September 2019	12 months	-	667,000	667,000	-	-	-	-
26 September 2019	12 months	-	750,000	750,000	-	-	-	-
10 October 2019	12 months	-	2,075,000	2,075,000	-	-	-	-
05 December 2019	12 months	-	2,700,000	2,700,000	-	-	-	-
19 December 2019	12 months	-	1,000,000	1,000,000	-	-	-	-
16 January 2020	12 months	-	250,000	-	250,000	249,380	0.89	3.13
27 February 2020	12 months	250,000	-	250,000	-	-	-	-
12 March 2020	12 months	250,000	-	250,000	-	-	-	-
26 March 2020	12 months	375,000	-	375,000	-	-	-	-
09 April 2020	6 months	-	155,000	155,000	-	-	-	-
23 April 2020	6 months	-	312,200	312,200	-	-	-	-
07 May 2020	6 months	-	1,350,000	1,350,000	-	-	-	-
04 June 2020	6 months	-	175,500	175,500	-	-	-	-
16 July 2020	6 months	-	75,000	75,000	-	-	-	-
16 July 2020	3 months	-	75,000	75,000	-	-	-	-
13 August 2020	3 months	-	200,000	200,000	-	-	-	-
27 August 2020	3 months	-	2,860,120	2,860,120	-	-	-	-
10 September 2020	3 months	-	762,265	762,265	-	-	-	-
24 September 2020	3 months	-	530,000	530,000	-	-	-	-
22 October 2020	3 months	-	250,000	250,000	-	-	-	-
05 November 2020	3 months	-	250,000	250,000	-	-	-	-
19 November 2020	3 months	-	250,000	250,000	-	-	-	-
Total		875,000	15,707,085	16,332,085	250,000	249,380	0.89	3.13

Carrying value before fair value adjustments as at 31 December 2020

249,374

7.4.1 Outstanding treasury bills have been pledged with National Clearing Company of Pakistan (NCCPL) against exposure margin and MTM losses.

7.5 Equity securities - listed (spread transactions) at fair value through profit or loss

The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market.

All shares have a nominal face value of Rs. 10 each.

Name of the investee company	Number of shares				Market value as at 31 December 2020	Investment as a percentage of	
	As at 01 July 2020	Purchased during the period	Sold during the year	As at 31 December 2020		Net assets	Market value of total investments
					(Rupees in '000)	----- % -----	
All shares have a nominal face value of Rs. 10 each.							
Automobile Assembler							
Gandhara Industries Limited	-	8,500	3,000	5,500	1,795	0.01	0.02
Gandhara Nissan Limited	-	7,000	-	7,000	870	0.00	0.01
Pak Suzuki Motor Co. Limited	-	1,500	-	1,500	363	0.00	0.00
Automobile Parts & Accessories							
General Tyre & Rubber Co.	-	2,500	-	2,500	207	0.00	0.00
Cable & Electrical Goods							
Pak Elektron Limited	-	3,984,500	89,000	3,895,500	156,326	0.55	1.96



Name of the investee company	Number of shares				Market value as at 31 December 2020 (Rupees in '000)	Investment as a percentage of	
	As at 01 July 2020	Purchased during the period	Sold during the year	As at 31 December 2020		Net assets	Market value of total investments
All shares have a nominal face value of Rs. 10 each.							
Cement							
D.G. Khan Cement Co. Limited	-	1,109,000	9,000	1,100,000	126,038	0.45	1.58
Fauji Cement Co. Limited	-	508,500	-	508,500	11,019	0.04	0.14
Lucky Cement Limited	-	8,000	-	8,000	5,569	0.02	0.07
Maple Leaf Cement Factory	-	2,952,000	-	2,952,000	132,870	0.47	1.67
Power Cement Limited	-	124,500	-	124,500	1,230	0.00	0.02
Chemical							
Descon Oxychem Limited	-	466,000	-	466,000	16,869	0.06	0.21
Engro Polymer & Chemicals	-	300,000	-	300,000	14,253	0.05	0.18
Lotte Chemical Pakistan Limited	-	1,146,000	-	1,146,000	17,259	0.06	0.22
Commercial Banks							
Askari Bank Limited	-	16,000	-	16,000	374	0.00	0.00
Bank Al Habib Limited	-	27,500	-	27,500	1,914	0.01	0.02
The Bank of Punjab	-	1,084,500	17,500	1,067,000	9,891	0.04	0.12
Habib Bank Limited	-	393,500	16,000	377,500	49,936	0.18	0.63
MCB Bank Limited	-	500	-	500	93	0.00	0.00
Meezan Bank Limited	-	106,000	-	106,000	11,071	0.04	0.14
United Bank Limited	-	157,000	1,500	155,500	19,571	0.07	0.25
Engineering							
Amreli Steels Limited	-	1,057,000	6,000	1,051,000	50,721	0.18	0.64
International Industries Limited	-	500	-	500	88	0.00	0.00
Mughal Iron & Steel Industries	-	281,500	-	281,500	21,318	0.08	0.27
Fertilizer							
Engro Fertilizers Limited	-	52,500	-	52,500	3,320	0.01	0.04
Engro Corporation Limited	-	12,500	-	12,500	3,842	0.01	0.05
Food & Personal Care Products							
Treet Corporation Limited	-	11,500	-	11,500	360	0.00	0.00
Glass & Ceramics							
Tariq Glass Industries Limited	-	1,000	-	1,000	88	0.00	0.00
Oil & Gas Exploration Companies							
Oil & Gas Development Co. Limited	-	180,500	-	180,500	18,730	0.07	0.24
Pakistan Petroleum Limited	-	334,000	-	334,000	30,170	0.11	0.38
Oil & Gas Marketing Companies							
Hascol Petroleum Limited	-	698,500	172,000	526,500	7,734	0.03	0.10
Pakistan State Oil Co. Limited	-	217,000	-	217,000	46,720	0.17	0.59
Sui Northern Gas Pipe Line Limited	-	810,000	-	810,000	35,980	0.13	0.45
Sui Southern Gas Co. Limited	-	6,500	-	6,500	94	0.00	0.00
Paper & Board							
Century Paper & Board Mills	-	18,500	-	18,500	2,315	0.01	0.03



Name of the investee company	Number of shares				Market value as at 31 December 2020 (Rupees in '000)	Investment as a percentage of	
	As at 01 July 2020	Purchased during the period	Sold during the year	As at 31 December 2020		Net assets	Market value of total investments
All shares have a nominal face value of Rs. 10 each.							
Pharmaceuticals							
Ferozsons Laboratories Limited	-	2,000	-	2,000	661	0.00	0.01
The Searle Company Limited	-	99,000	-	99,000	24,674	0.09	0.31
Refinery							
Attock Refinery Limited	-	105,500	48,500	57,000	10,377	0.04	0.13
National Refinery Limited	-	46,000	18,000	28,000	9,796	0.03	0.12
Pakistan Refinery Limited.	-	1,352,500	233,000	1,119,500	26,633	0.09	0.33
Technology & Communication							
Avanceon Limited	-	607,000	85,000	522,000	48,468	0.17	0.61
NetSol Technologies Limited	-	6,500	6,500	-	-	-	-
TRG Pakistan Limited	-	1,396,500	211,000	1,185,500	108,367	0.38	1.36
Textile Composite							
Nishat (Chunia) Limited	-	301,000	-	301,000	12,669	0.04	0.16
Nishat Mills Limited	-	346,500	-	346,500	35,263	0.13	0.44
Transport							
Pakistan Int Bulk Terminal Limited	-	4,574,000	105,000	4,469,000	57,471	0.20	0.72
Vanaspati & Allied Industries							
Unity Foods Limited	-	4,574,000	105,000	4,469,000	57,471	0.20	0.72
	-	335,500	52,000	283,500	9,089	0.03	0.11
	-	<u>25,256,500</u>	<u>1,073,000</u>	<u>24,183,500</u>	<u>1,142,466</u>	<u>4.06</u>	<u>14.33</u>
Market value as at 31 December 2020					1,142,466		
Net impact of mark to market on future contracts					(24,859)		
Total Market Value of Investment in Spread Transactions as at 31 December 2020					<u>1,117,607</u>		
Carrying value as at 31 December 2020					<u>1,116,365</u>		

7.6 Term deposit receipts

These carry profit at the rate of 7.4% and 9% and will mature on 11 February and 31 March 2021.

7.7 Certificates and letters

7.7.1	Certificates of Investments	Rate	Maturity	Certificates			31 December 2020	
				As at 1 July 2020	Purchases	Matured	As at 31 December 2020	Market value
(Rupees in '000)								
	Pak Oman Investments Company Limited	7.15%	23-Nov-20	-	1,500,000	1,500,000	-	-
7.7.2	Letters of placement							
	Pak Kuwait Investment Company Limited	7.00%	27-Aug-20	-	1,300,000	1,300,000	-	-
	PAIR Investment Company Limited	7.12%	24-Sep-20	-	500,000	500,000	-	-
	Pak Kuwait Investment Company Limited	7.00%	25-Sep-20	-	1,307,479	1,307,479	-	-
	PAIR Investment Company Limited	7.05%	28-Sep-20	-	500,000	500,000	-	-



Certificates of Investments	Rate	Maturity	Certificates				31 December 2020	
			As at 1 July 2020	Purchases	Matured	As at 31 December 2020	Market value	Carrying value / cost
			(Rupees in '000)					
Pak Kuwait Investment Company Limited	7.02%	28-Sep-20	-	1,300,000	1,300,000	-	-	-
Pak Brunei Investment Company Limited	7.15%	29-Sep-20	-	1,750,000	1,750,000	-	-	-
Pak Kuwait Investment Company Limited	7.10%	5-Nov-20	-	1,500,000	1,500,000	-	-	-
PAIR Investment Company Limited	7.05%	6-Nov-20	-	500,000	500,000	-	-	-
PAIR Investment Company Limited	7.10%	19-Nov-20	-	500,000	500,000	-	-	-
Pak Oman Investments Company Limited	7.10%	27-Nov-20	-	1,500,000	1,500,000	-	-	-
Pak Kuwait Investment Company Limited	7.10%	3-Dec-20	-	1,000,000	1,000,000	-	-	-
PAIR Investment Company Limited	7.10%	4-Dec-20	-	500,000	500,000	-	-	-
PAIR Investment Company Limited	7.10%	7-Dec-20	-	500,000	500,000	-	-	-
PAIR Investment Company Limited	7.10%	21-Dec-20	-	500,000	500,000	-	-	-
Pak-Libya Holding Company (Pvt.) Limited	7.45%	28-Dec-20	-	500,000	500,000	-	-	-
			-	15,157,479	15,157,479	-	-	-

7.8 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

	Note	31 December 2020 (Un-audited) (Rupees in '000)	31 December 2019
Market value / Carrying value of investments	7.1, 7.2, 7.4 & 7.5	4,662,976	1,511,626
Less: Carrying cost of investments	7.1, 7.2, 7.4 & 7.5	(4,601,206)	(1,511,866)
Mark to market on future contracts	7.5	(24,859)	-
		36,911	(240)

8 PROFIT RECEIVABLES

	31 December 2020 (Un-audited) (Rupees in '000)	30 June 2020 (Audited)
Profit receivables on savings accounts	63,500	54,618
Accrued markup on Term MTS	1,263	-
Accrued markup on Term deposit receipts	17,868	-
Accrued markup on Term finance certificates	42,534	46,677
	125,165	101,295



9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	<i>Note</i>	31 December 2020 (Un-audited) (Rupees in '000)	30 June 2020 (Audited)
Management remuneration	9.1	11,732	5,827
Sindh Sales Tax on Management remuneration	9.2	1,525	758
Sales load and transfer load		4,514	8,310
Sindh Sales Tax on sales load		587	1,080
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	7,216	2,549
Selling and marketing expenses	9.4	16,696	17,848
Other Payable		411	169
		42,681	36,541

9.1 The Management Company has charged its remuneration at the rate of 6% of net income subject to minimum of 0.5% and maximum of 1.5% of 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 period, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on management remuneration and sales load.

9.3 In accordance with clause 60(3)(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. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund upto 26 October 2020 and thereafter increasing the charges to 0.125%.

9.4 The Management Company has charged selling and marketing expenses at the rate of 0.7% per annum upto 13 September 2020, 0.5% per annum from 14 September 2020 till 26 October 2020 and thereafter 0.2% per annum of average annual net assets of the Fund.

10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	<i>Note</i>	31 December 2020 (Un-audited) (Rupees in '000)	30 June 2020 (Audited)
Trustee remuneration	10.1	1,706	618
Sindh Sales Tax on Trustee remuneration	10.2	222	80
		1,928	698

10.1 The Trustee is entitled to a monthly remuneration under the provisions of the Trust Deed for services rendered to the Fund at the rate of 0.075% per annum based on the daily net assets value of the Fund plus actual custodian charges. 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 1 July 2015. During the period, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as Income scheme is required to pay an annual fee to SECP, an amount equal to 0.02% of the average annual net assets of the Fund. The fee is paid annually in arrears.



12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	31 December 2020 (Un-audited) (Rupees in '000)	30 June 2020 (Audited)
Provision for Sindh Workers' Welfare Fund	12.1	47,929	32,616
FED on remuneration to Management Company	12.2	14,947	14,947
Federal Excise Duty on sales and transfer load		467	467
Auditors' remuneration		514	664
Printing charges		11	36
Bank and CDC charges		71	171
Withholding tax		46,797	74,467
Capital gain tax		8,891	39,218
Legal and professional charges		37	60
Brokerage		1,831	10
Other Payable		1,000	1,000
		122,495	163,656

12.1 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. 17.975 million and a provision for SWWF of Rs. 1.542 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.0179 (30 June 2020: Rs. 0.0372).



- 12.2** The status of Federal Excise Duty (FED) is same as disclosed in annual financial statements for the year ended 30 June 2020 . 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. 16.443 million out of which Rs. 1.496 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0056 (30 June 2020: Rs. 0.0170) per unit.

13 CONTINGENCY AND COMMITMENT

There was no other contingency and commitment as at 31 December 2020 (30 June 2020: Nil).

14 TAXATION

- 14.1** The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company intends to distribute its accounting income as per its distribution policy for the year ending 30 June 2021 if required to ensure the compliance of this clause. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

14.2 Income already paid on redemption of units

Distribution of income by collective investment schemes includes (a) the income already distributed upon redemption of units and (b) the amount of income distributed by way of cash dividend.

Open end mutual funds continuously offer issuance and redemption of units at prevailing Net Assets Value (NAV) applicable at the time of offer and redemption. The unit-holder who invests in the open end mutual fund during the year and redeems during the same year has effectively taken his due share of income for the year and the differential amount (proceeds received less original investment) is and should be treated as “distribution of profit”. In case of unit holder who existed at the beginning of the year and makes redemption during the year, the amount representing his due share of income from the current year’s income is and should be considered as “distribution of profit”.

In few mutual funds, the said exemption has been denied by the Additional Commissioner – Audit (AC), on the ground that the amount paid as income on units redeemed by investors during the tax year cannot be treated as distribution of income as per criteria envisaged under Clause 99 of Part 1 of the Second Schedule of the Ordinance and AC due to this, commented that the distribution by the Fund fell short of 90% distribution threshold.

In response to the order, the management filed appeal with Commissioner Appeal office. In his judgment, the Commissioner Appeals upheld Assessment Order passed by AC. The Fund has now initiated appeal in Appellate Tribunal, which is pending adjudication.

Meanwhile, the management filed petition for stay in High Court of Sindh (SHC), and stay order has been granted by SHC. In its judgment, SHC held that since the subject matter is pending before Appellate Tribunal, therefore, the recovery of impugned demand will not be enforced till the final decision of Tribunal.

Further, the issue of distribution of income is also being contested by MUFAP on behalf of the mutual funds industry at various regulatory and Government levels and management is hopeful that the matter will be resolved soon as the matter has merely arisen due to incorrect interpretation by the relevant commissioners as to what construes as distribution of profit by an open end mutual fund. SECP agrees with MUFAP’s interpretation and is also actively following up with FBR to resolve the matter at the earliest.

Based on the opinion of the tax advisor, the management believes that the fund has distributed required amount of income to be eligible for tax exemption under clause 99 of Part 1 of the Second Schedule of the Income Tax Ordinance, 2001 and hence, no provision for taxation is required to be made in the financial statements.

15 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.43% per annum. Total expense ratio (excluding government levies) is 1.17% per annum.

16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

16.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and officers of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

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

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

	Six months period ended	
	2020	2019
	(Un-audited)	
	(Rupees in '000)	
16.5	Details of the transactions with connected persons are as follows:	
NBP fund Management Limited - Management Company		
Issue / transfer in of 38,901,580 units (2019: 17,367,912 units)	410,702	188,467
Dividend re-invest units issued 175,760 (2019: Nil units)	1,851	-
Redemption / transfer out of 29,192,008 units (2019: 22,973,788 units)	310,000	250,000
Management remuneration	53,056	29,054
Sindh Sales Tax on remuneration of Management Company	6,897	3,777
Sales load	10,993	3,666
Transfer load	612	287
Allocation of expenses related to registrar services, accounting, operation and valuation services	10,940	3,460
Selling and marketing expense	41,145	23,812
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	7,350	2,595
Sindh Sales Tax on remuneration of Trustee	956	337
CDC charges	288	161
Employees of the Management Company		
Dividend re-invest units issued 86,798 units (2019: Nil units)	914	-
Issue / transfer in of 23,840,505 units (2019: 7,674,511 units)	252,801	83,737
Redemption / transfer out of 27,633,101 units (2019: 6,250,528 units)	294,523	68,208



	Six months period ended	
	2020	2019
	(Un-audited) (Rupees in '000)	
Muhammad Murtaza Ali - Company Secretary/COO		
Issue / transfer in of 94,445 units (2019: 474 units)	1,000	5
Redemption / transfer out of 94,445 units (2019: 190,806 units)	1,006	2,053
Fauji Fertilizer Company Limited (Common Directorship)		
Dividend re-invest units issued 8,110,017 units (2019: Nil units)	85,405	-
Issue / transfer in of 341,277,282 units (2019: 277,177,109 units)	3,593,025	2,968,251
Redemption / transfer out of Nil units (2019: 237,902,553 units)	-	2,556,143
National Clearing Company of Pakistan Limited (Common Directorship)		
Dividend re-invest units issued 176,400 units (2019: Nil units)	1,858	-
Issue / transfer in of 74,560 units (2019: Nil units)	785	-
National Bank of Pakistan - Sponsor		
Markup on bank balance	538	64
Bank Islami Pakistan Limited (Common Directorship)		
Markup on bank balance	45	13
The Hub Power Company Limited (Common Directorship)		
Investment in Sukuk Nil units (2019: 8,150 Units)	-	815,000
Income on Sukuk	63,074	42,928
Income on Commercial Paper	-	2,376
The Hub Power Holding Company Limited (Common Directorship)		
Investment in Sukuks 6,000 units (2019: Nil Units)	494,751	-
Income on Sukuk	10,788	-
CDC Trustee NBP Savings Fund (Fund Managed By The Management Company)		
T-bill Sell	900,375	-
CDC Trustee NBP Money Market Fund (Fund Managed By The Management Company)		
T-bill Purchased	799,035	-
T-bill Sell	179,758	-
CDC Trustee NBP Government Securities Liquid Fund (Fund Managed By The Management Company)		
T-bill Sell	24,966	-
Khushhali Microfinance Bank Limited (Common Directorship) **		
Markup on bank balance	71,694	-



	Six months period ended	
	2020	2019
	(Un-audited) (Rupees in '000)	
Telenor Microfinance Bank Limited (Common Directorship) **		
Markup on bank balance	84,827	-
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
Ibrahim Holdings Private Limited**		
Dividend re-invest units issued 4,130,454 units	42,491	-
Issue / transfer in of 567,870,442 units	6,023,483	-
Portfolio managed by Management Company		
Dividend Re-invest Units Issued 577,959 units (2019: Nil units)	6,086	-
Issue / transfer in of 136,754,814 units (2019: 591,724 units)	1,443,021	6,245
Redemption / transfer out of 83,894,709 units (2019: 2,206,632 units)	896,811	23,685
	31 December	30 June
	2020	2020
	(Un-audited)	(Audited)
	(Rupees in '000)	
16.6 Amounts outstanding as at period / year end:		
NBP Fund Management Limited (Management Company)		
9,885,332 units held (30 June 2020: Nil units)	104,271	-
Management remuneration payable	11,732	5,827
Sindh sales tax payable on management remuneration	1,525	758
Sales load and transfer load payable to Management Company	4,514	8,310
Sindh sales tax on sales load and transfer load	587	1,080
Selling and marketing expenses	16,696	17,848
Allocation of expenses related to registrar services, accounting, operation and valuation services	7,216	2,549
Other Payable	411	169
Central Depository Company of Pakistan Limited (Trustee)		
Trustee remuneration	1,706	618
Sindh Sales Tax on Trustee remuneration	222	80
Security deposit	100	100
CDC Charges	22	-
National Bank of Pakistan - Sponsor		
Balance in current account	325	325
Balance in savings account	6,799	19,437
Profit receivable on bank deposit	497	77
The Hub Power Company Limited (Common Directorship)		
Profit receivable on investments	17,670	8,967
Interest income receivable	-	9,859



	31 December 2020 (Un-audited)	30 June 2020 (Audited)
	(Rupees in '000)	
Employees of the Management Company 4,896,285 units held (30 June 2020: 8,893,525 units)	51,647	93,633
Fauji Fertilizer Company Limited (Common Directorship) 349,387,299 units held (30 June 2020: Nil units)	3,685,372	-
Bank Islami Pakistan Limited (Common Directorship) Bank balance	13,963	4,070
Profit receivable on bank deposit	27,852	77
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
Ibrahim Holdings Private Limited** 572,000,896 units held	6,033,523	-
Fauji Akbar Portia Marine Terminals Limited* 30 June 2020: 121,342,447 units)	-	1,277,518
Interloop Holdings Private Limited* 30 June 2020: 100,667,182 units	-	1,059,844
Portfolio managed by Management Company 75,356,357 units held (30 June 2020: 5,572,005 units)	794,866	58,663

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

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

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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.

		31 December 2020 (Un-audited)							
		Carrying amount			Fair Value				
		At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	<i>Note</i>	----- (Rupees in '000) -----							
Financial assets measured at fair value									
Investments									
-Term finance certificates - listed		2,061,307	-	-	2,061,307	2,061,307			2,061,307
-Term finance certificates - unlisted		1,209,822	-	-	1,209,822	1,209,822			1,209,822
-Treasury Bills		249,380	-	-	249,380	249,380			249,380
-Spread transactions		1,117,608	-	-	1,117,608	1,117,608			1,117,608
-Margin trading system		631,842	-	-	631,842	631,842			631,842
Financial assets not measured at fair value									
	17.1								
Investments									
-Term deposit receipts		-	2,700,000	-	2,700,000				
Bank balances		-	20,421,841	-	20,421,841				
Receivable against conversion of units		-	15,772	-	15,772				
Profit receivables		-	125,165	-	125,165				
Security deposit		-	100	-	100				
		5,269,960	23,262,878	-	28,532,838				
Financial liabilities not measured at fair value									
	17.1								
Payable to NBP Fund Management Limited - Management Company									
		-	-	42,681	42,681				
Payable to Central Depository Company of Pakistan Limited - Trustee									
		-	-	1,928	1,928				
Payable against redemption of units									
		-	-	77,340	77,340				
Accrued expenses and other liabilities									
		-	-	3,464	3,464				
		-	-	125,413	125,413				



30 June 2020 (Audited)

	Note	Carrying amount			Fair Value			
		At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
-Term finance certificates - listed		1,860,465	-	-	1,860,465	1,860,465		1,860,465
-Term finance certificates - unlisted		689,522	-	-	689,522	689,522		689,522
-Treasury Bills		834,084	-	-	834,084	834,084		834,084
Financial assets not measured at fair value								
Bank balances	17.1	-	6,844,509	-	6,844,509			
Profit receivables		-	101,295	-	101,295			
Receivable against conversion of units		-	91,398	-	91,398			
Security deposit		-	100	-	100			
		<u>3,384,071</u>	<u>7,037,302</u>	<u>-</u>	<u>10,421,373</u>			
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company		-	-	36,541	36,541			
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	698	698			
Payable against redemption of units		-	-	147,006	147,006			
Accrued expenses and other liabilities		-	-	1,941	1,941			
		<u>-</u>	<u>-</u>	<u>186,186</u>	<u>186,186</u>			

17.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically.

Therefore, their carrying amounts are reasonable approximation of fair value.

17.2 Financial instruments not measured at FVTPL include 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 condensed interim financial information.

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.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 26, 2020 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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