

NBP ISLAMIC MAHANA AMDANI 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

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



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Islamic Mahana Amdani Fund (NIMAF)** for the period ended December 31, 2020.

Fund's Performance

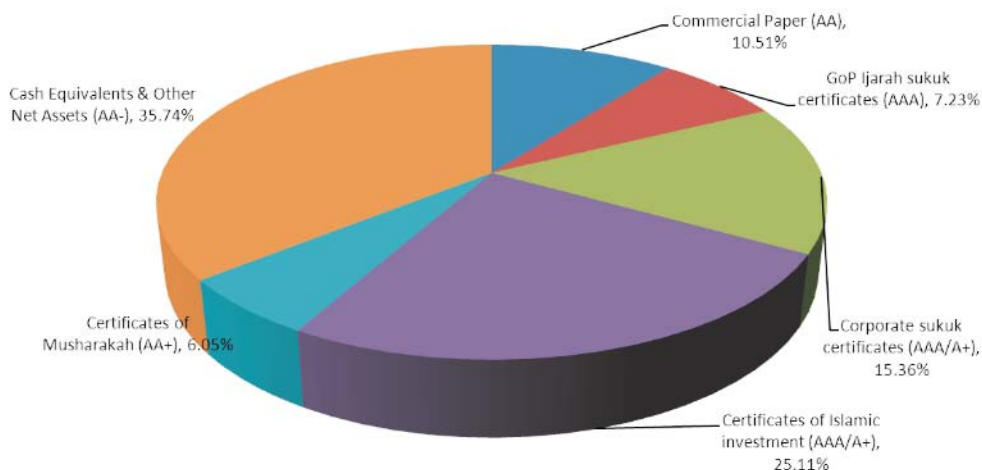
The size of NBP Islamic Mahana Amdani Fund has decreased from Rs. 20,313 million to Rs. 17,715 million during the period, a decline of 13%. The unit price of the Fund has increased from Rs. 10.0403 on June 30, 2020 to Rs. 10.3662 on December 31, 2020, thus showing return of 6.4% p.a. as compared to its benchmark return of 3.9% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

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

The market saw a decent increase in the issuance of debt securities in the primary market, although it remained under-supplied against the large and growing demand. In the secondary market, the trading activity improved in the Corporate Sukuks with cumulative traded value of around Rs. 10.9 billion compared to Rs. 3.9 billion in the same period last year.

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.

The Fund has earned a total income of Rs. 770.936 million during the period. After deducting total expenses of Rs. 132.069 million, the net income is Rs. 638.867 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIMAF.





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 مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک ماہانہ آمدنی فنڈ (NIMAF) کے جائز شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP اسلامک ماہانہ آمدنی فنڈ کا سائز 20,313 ملین روپے سے کم ہو کر 17,715 ملین روپے ہو گیا ہے یعنی 13% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 10.0403 روپے (EX-Div) سے بڑھ کر 31 دسمبر 2020 کو 10.3662 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 3.9% کے مقابلے میں 6.4% منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

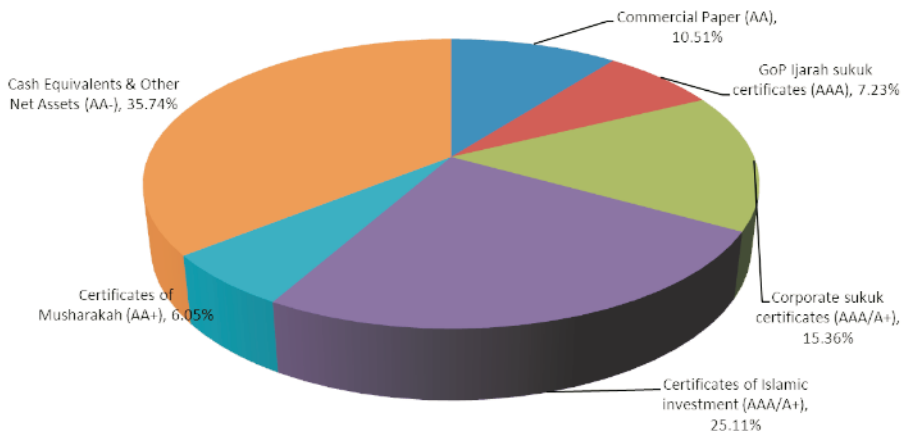
NIMAF شریعت کے مطابق انکم فنڈ کے طور پر درجہ بندی کیا جاتا ہے۔ فنڈ کا مقصد شریعتی مطابقت پذیر یعنی مارکیٹ اور قرض کی آمد میں سرمایہ کاری کر کے سرمایہ کاروں کو ماہانہ آمدنی فراہم کرنا ہے۔ کم از کم اہل درجہ بندی -A، جبکہ فنڈ اسلامی بینکوں، اسلامی شناختی اداروں اور ایچ بی بینکوں کی ونڈو آسان فراہمی کرنے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

بنیادی مارکیٹ میں ڈیٹ سیکورٹیز کے اجراء میں کافی اضافہ ہوا، اگرچہ مارکیٹ کی زیادہ طلب کے مقابلہ میں رسد کم رہی۔ ثانوی مارکیٹ میں، کارپوریٹ سکوک کا تجارتی سرگرمی کی جانب زیادہ جھکاؤ رہا جس کی مجموعی تجارتی قدر گزشتہ سال کی اسی مدت میں 3.9 بلین روپے کے مقابلہ میں 10.9 بلین روپے رہی۔

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 2021ء 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۔ ایشیائے 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۔

فنڈ نے موجودہ مدت کے دوران 770.936 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 132.069 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 638.867 ملین روپے ہے۔

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





اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 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 Islamic Mahana Amdani Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Islamic Mahana Amdani 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 DECEMBER 31, 2020

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
ASSETS			
Bank balances	4	7,792,558	8,080,669
Investments	5	11,383,698	12,462,361
Profit receivable		130,221	157,230
Preliminary expenses and floatation costs	6	555	656
Receivable against transfer of units		62,650	47,125
Deposit, prepayment and other receivables		2,905	2,979
Total assets		19,372,587	20,751,020
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	7	49,282	60,796
Payable to Central Depository Company of Pakistan Limited - Trustee		1,283	1,568
Payable to the Securities and Exchange Commission of Pakistan	8	2,019	3,788
Payable against purchase of investments		1,293,776	-
Payable against redemption of units		250,485	121,571
Accrued expenses and other liabilities	9	61,212	250,023
Total liabilities		1,658,057	437,746
NET ASSETS		17,714,530	20,313,274
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		17,714,530	20,313,274
CONTINGENCIES AND COMMITMENTS	10		
----- Number of units -----			
NUMBER OF UNITS IN ISSUE		1,708,866,721	2,023,181,378
----- Rupees -----			
NET ASSET VALUE PER UNIT	11	10.3662	10.0403

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
Note----- (Rupees in '000) -----				
INCOME				
Profit on bank deposits	268,875	695,228	107,697	433,959
Income on sukuk certificates	206,761	11,916	110,872	128
Income on certificates of Islamic investment	139,077	129,891	79,766	81,364
Income on Islamic commercial papers	88,573	84,599	31,895	61,731
Income on bai muajjal certificate	34,638	-	14,845	-
Income on certificates of musharakah	37,300	-	18,820	-
	775,224	921,634	363,895	577,182
Loss on sale of investments - net	(13,407)	-	(7,278)	-
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	9,119	-	(5,476)	-
	(4,288)	-	(12,754)	-
Total income	770,936	921,634	351,141	577,182
EXPENSES				
Remuneration of NBP Fund Management Limited - Management Company	7.1 20,860	15,498	9,723	8,458
Sindh Sales Tax on remuneration of the Management Company	7.2 2,712	2,015	1,264	1,100
Allocated expenses	7.3 10,942	6,754	5,709	4,214
Selling and marketing expense	7.4 70,663	45,403	34,033	29,493
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7,571	5,065	3,646	3,160
Sindh Sales Tax on remuneration of the Trustee	984	658	474	410
Annual fee of the Securities and Exchange Commission of Pakistan	8.1 2,019	1,351	972	843
Amortisation of preliminary expenses and floatation costs	6.1 101	101	50	50
Securities transaction cost	746	-	290	-
Auditors' remuneration	317	379	179	278
Legal and professional charges	52	20	42	10
Annual listing fee	14	14	7	7
Shariah advisor fee	1,224	1,098	525	875
Settlement and bank charges	641	965	272	662
Printing expenses	96	52	78	47
Annual rating fee	89	69	42	26
Total operating expenses	119,031	79,442	57,306	49,633
Net income from operating activities	651,905	842,192	293,835	527,549
Provision against Sindh Workers' Welfare Fund	9.1 (13,038)	(16,844)	(5,877)	(10,551)
Net income for the period before taxation	638,867	825,348	287,958	516,998
Taxation	12 -	-	-	-
Net income for the period after taxation	638,867	825,348	287,958	516,998
Earnings per unit	13			
Allocation of net profit for the period				
Net income for the period after taxation	638,867	825,348	287,958	516,998
Income already paid on units redeemed	(197,327)	(240,810)	(124,113)	(187,487)
	441,540	584,538	163,845	329,511
Accounting income available for distribution				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	441,540	584,538	163,845	329,511
	441,540	584,538	163,845	329,511

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		Quarter ended,	
	December 31, 2020	December 31, 2019	2020	2019
	----- (Rupees in 000) -----			
Net income for the period after taxation	638,867	825,348	287,958	516,998
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>638,867</u>	<u>825,348</u>	<u>287,958</u>	<u>516,998</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
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	638,867	825,348
Adjustments:		
Profit on bank deposits	(268,875)	(695,228)
Income on sukuk certificates	(206,761)	(11,916)
Income on certificates of Islamic investment	(139,077)	(129,891)
Income on Islamic commercial papers	(88,573)	(84,599)
Income on bai muajjal certificate	(34,638)	-
Income on certificates of musharakah	(37,300)	-
Unrealised (appreciation) on re-measurement of investments at fair value through profit or loss - net	5.7 (9,119)	-
Provision against Sindh Workers' Welfare Fund	9.1 13,038	16,844
Amortisation of preliminary expenses and floatation costs	6.1 101	101
	(771,204)	(904,689)
Decrease / (increase) in assets		
Investments - net	2,419,396	(1,112,768)
Deposit, prepayment and other receivables	74	(67)
	2,419,470	(1,112,835)
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	(11,514)	36,198
Payable to Central Depository Company of Pakistan Limited - Trustee	(285)	672
Payable to the Securities and Exchange Commission of Pakistan	(1,769)	92
Accrued expenses and other liabilities	(201,849)	7,100
	(215,417)	44,062
Profit received on bank deposits, sukuk certificates, certificates of Islamic investments, bai-muajjal certificate and certificates of musharakah	802,233	821,295
Net cash generated from / (used in) operating activities	2,873,949	(326,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	18,284,171	28,694,386
Amount paid against redemption of units	(21,408,393)	(21,246,813)
Distributions paid	-	(58,989)
Net cash (used in) / generated from financing activities	(3,124,222)	7,388,584
Net (decrease) / increase in cash and cash equivalents during the period	(250,273)	7,061,765
Cash and cash equivalents at the beginning of the period	13,562,442	6,633,350
Cash and cash equivalents at the end of the period	4.2 13,312,169	13,695,115

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 Islamic Mahana Amdani Fund (the Fund) is an open end mutual fund constituted under a trust deed entered into on October 09, 2018 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the 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 Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs.10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from October 07, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide monthly income to investors by investing in short-term Shari'ah compliant money market and debt avenues.

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 June 24, 2020. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of the Fund to "A(f)" (June 30, 2020: "A(f)" on April 17, 2020) on October 16, 2020.

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

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 Regulation, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and 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 the 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 the 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.

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
4 BANK BALANCES			
Balances with banks in:			
Savings accounts	4.1	7,736,304	8,030,575
Current accounts		56,254	50,094
		<u>7,792,558</u>	<u>8,080,669</u>

4.1 These include a balance of Rs 234.350 million (June 30, 2020: Rs 7.567 million) maintained with BankIslami Pakistan Limited (a related party) and balances of Rs 4.317 million (June 30, 2020: Rs 7.722 million) with National Bank of Pakistan Limited (a related party) that carry profit at the rate of 7% (June 30, 2020: 7.25%) per annum and 4.5% (June 30, 2020: 4.50%) per annum respectively. Other savings accounts of the Fund carry profit rates ranging from 3.5% to 7.2% per annum (June 30, 2020: 4.50% to 8.75%).

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
4.2 Cash and cash equivalents:			
Balances with banks	4	7,792,558	8,080,669
Certificates of Islamic investment	5.5	4,448,000	4,450,000
Certificates of musharakah	5.6	1,071,611	1,031,773
		<u>13,312,169</u>	<u>13,562,442</u>

5 INVESTMENTS

At fair value through profit or loss

GoP Ijarah sukuk certificates	5.1	1,280,121	2,099,535
Corporate sukuk certificates	5.2	2,721,438	1,975,000
Bai Muajjal certificate	5.3	-	1,000,344
Islamic commercial papers	5.4	1,862,528	1,905,709
Certificates of Islamic investment	5.5	4,448,000	4,450,000
Certificates of musharakah	5.6	1,071,611	1,031,773
		<u>11,383,698</u>	<u>12,462,361</u>



5.1 GoP Ijarah sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2020	Purchases during the period	Sales during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
				Number of certificates	(Rupees in '000)		Total market value of investment	Net assets of the Fund				
GoP Ijarah sukuk XX (Face value of Rs 100,000 per certificate)	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	13,375	13,375	13,375	13,375	1,279,385	1,280,121	736	11.25%	7.23%
GoP Ijarah sukuk XXI (Face value of Rs 100,000 per certificate)	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	8,000	-	8,000	-	-	-	-	-	-
Total as at December 31, 2020								1,279,385	1,280,121	736	11.25%	7.23%
Total as at June 30, 2020								2,136,050	2,099,535	(36,515)	10.34%	16.85%

5.2 Corporate sukuk certificates

Name of the security	Rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2020	Purchases during the period	Sales / redemptions during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
					Number of certificates	(Rupees in '000)		Total market value of investment	Net assets of the Fund				
POWER GENERATION AND DISTRIBUTION													
The Hub Power Company Limited Sukuk (traded) (related party) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-annually	November 19, 2020	6 months KIBOR plus base rate of 1.50%	6,750	-	6,750	-	-	-	-	-	-
The Hub Power Company Limited Sukuk (non-traded) (related party) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-annually	March 19, 2024	1 year KIBOR plus base rate of 1.9%	-	6,500	-	6,500	669,143	664,300	(4,843)	5.84%	3.75%
The Hub Power Holding Limited Sukuk (non-traded) (related party) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-annually	November 12, 2025	6 months KIBOR plus base rate of 2.5%	-	5,700	-	5,700	477,412	477,412	-	4.19%	2.70%
Pakistan Energy Sukuk-II (Face value of Rs 5,000 per certificate)	Un-rated	Semi-annually / At maturity	May 21, 2030	6 months KIBOR plus base rate of	260,000	-	30,000	230,000	1,150,000	1,156,900	6,900	10.16%	6.53%
K-Electric Limited - Sukuk (Face value of Rs 5,000 per certificate)	AA+, VIS	Quarterly	August 03, 2027	3 months KIBOR plus base rate of	-	83,300	-	83,300	416,500	422,826	6,326	3.71%	2.39%
Total as at December 31, 2020								2,713,055	2,721,438	8,383	23.90%	15.37%	
Total as at June 30, 2020								1,975,000	1,975,000	-	9.72%	15.85%	



5.3 Bai Muajjal certificate

Name of the counterparty	Rating	Maturity date	Profit rate	Total Transaction Price	Deferred Income	Accrued Profit	Carrying value
				(Rupees in '000)			
DEVELOPMENT FINANCE INSTITUTION							
Pak Brunei Investment Company	AA+, VIS	December 09, 2020	7.85%	-	-	-	-
Total as at December 31, 2020				-	-	-	-
Total as at June 30, 2020				<u>1,000,344</u>			

5.4 Islamic commercial papers

Name of Investee Company	Rating	Face value (Rupees in '000)				(Rupees in '000)			Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2020	Purchased during the period	Matured during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Unrealized appreciation / (diminution)		
POWER GENERATION AND DISTRIBUTION										
K-Electric Limited CP 5	A-1+, VIS	432,000	-	432,000	-	-	-	-	-	-
K-Electric Limited CP 6	A-1+, VIS	644,000	-	644,000	-	-	-	-	-	-
K-Electric Limited CP 7	A-1+, VIS	350,000	-	350,000	-	-	-	-	-	-
K-Electric Limited CP 8	A-1+, VIS	525,000	-	525,000	-	-	-	-	-	-
K-Electric Limited CP 9	A-1+, VIS	-	607,000	-	607,000	601,495	601,495	-	5.28%	3.40%
K-Electric Limited CP 10	A-1+, VIS	-	450,000	-	450,000	444,608	444,608	-	3.91%	2.51%
K-Electric Limited CP 11	A-1+, PACRA	-	480,000	-	480,000	473,098	473,098	-	4.16%	2.67%
K-Electric Limited CP 12	A-1+, PACRA	-	235,000	-	235,000	230,918	230,918	-	2.03%	1.30%
K-Electric Limited CP 13	A-1+, VIS	-	115,000	-	115,000	112,409	112,409	-	0.99%	0.63%
Total as at December 31, 2020						<u>1,862,528</u>	<u>1,862,528</u>	-	<u>16.37%</u>	<u>10.51%</u>
Total as at June 30, 2020						<u>1,905,709</u>	<u>1,905,709</u>	-	<u>15.29%</u>	<u>9.38%</u>

5.4.1 These carry profit rates ranging from 7.74% to 8.21% (June 30, 2020: 12.18% to 14.64%) per annum and are due to mature latest by April 20, 2021.

5.5 Certificates of Islamic investment

Name of Investee Company	Rating	Issue date	Profit rate	As at July 1, 2020	Purchased during the period	Matured during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
COMMERCIAL BANKS											
Bank Islami Pakistan Limited- a related party	A+, PACRA	June 30, 2020	7.00%	1,000,000	-	1,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	June 5, 2020	7.50%	2,500,000	-	2,500,000	-	-	-	-	-
United Bank Limited	AAA, VIS	June 15, 2020	7.50%	950,000	-	950,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-



Name of Investee Company	Rating	Issue date	Profit rate	As at July 1, 2020	Purchased during the period	Matured during the period	As at December 31, 2020	Carrying value as at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
(Rupees in '000) %											
COMMERCIAL BANKS											
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	578,000	578,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 13, 2020	6.65%	-	255,000	255,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 15, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 15, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 15, 2020	6.65%	-	443,000	443,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 22, 2020	6.65%	-	95,000	95,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 6, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 6, 2020	6.65%	-	537,000	537,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 13, 2020	6.65%	-	237,000	237,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 17, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 17, 2020	6.65%	-	250,000	250,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 17, 2020	6.65%	-	445,000	445,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 24, 2020	6.65%	-	34,500	34,500	-	-	-	-	-
United Bank Limited	AAA, VIS	September 9, 2020	6.65%	-	167,500	167,500	-	-	-	-	-
United Bank Limited	AAA, VIS	September 14, 2020	6.65%	-	180,000	180,000	-	-	-	-	-
Bank Islami Pakistan Limited- a related party	A+, PACRA	September 30, 2020	6.75%	-	1,350,000	1,350,000	-	-	-	-	-
Bank Islami Pakistan Limited- a related party	A+, PACRA	October 29, 2020	6.75%	-	1,200,000	1,200,000	-	-	-	-	-
Bank Islami Pakistan Limited- a related party	A+, PACRA	November 2, 2020	6.75%	-	1,500,000	1,500,000	-	-	-	-	-
Bank Islami Pakistan Limited- a related party	A+, PACRA	November 6, 2020	6.75%	-	360,000	360,000	-	-	-	-	-
Bank Islami Pakistan Limited- a related party	A+, PACRA	November 27, 2020	7.00%	-	1,877,000	1,877,000	-	-	-	-	-
Bank Islami Pakistan Limited- a related party	A+, PACRA	November 10, 2020	6.75%	-	106,000	106,000	-	-	-	-	-
Bank Islami Pakistan Limited- a related party	A+, PACRA	December 7, 2020	7.00%	-	249,000	-	249,000	249,000	249,000	2.19%	1.41%
Bank Islami Pakistan Limited- a related party	A+, PACRA	December 21, 2020	7.00%	-	450,000	-	450,000	450,000	450,000	3.95%	2.54%
Bank Islami Pakistan Limited- a related party	A+, PACRA	December 30, 2020	7.10%	-	1,919,000	-	1,919,000	1,919,000	1,919,000	16.86%	10.83%
United Bank Limited	AAA, VIS	November 6, 2020	6.65%	-	250,000	-	250,000	250,000	250,000	2.20%	1.41%
United Bank Limited	AAA, VIS	November 6, 2020	6.65%	-	300,000	-	300,000	300,000	300,000	2.64%	1.69%
United Bank Limited	AAA, VIS	November 6, 2020	6.65%	-	250,000	-	250,000	250,000	250,000	2.20%	1.41%
United Bank Limited	AAA, VIS	November 6, 2020	6.65%	-	250,000	-	250,000	250,000	250,000	2.20%	1.41%
United Bank Limited	AAA, VIS	November 6, 2020	6.65%	-	250,000	-	250,000	250,000	250,000	2.20%	1.41%
United Bank Limited	AAA, VIS	November 6, 2020	6.65%	-	250,000	-	250,000	250,000	250,000	2.20%	1.41%
United Bank Limited	AAA, VIS	November 9, 2020	6.65%	-	280,000	-	280,000	280,000	280,000	2.46%	1.58%
Total as at December 31, 2020								4,448,000	4,448,000	39.10%	25.10%
Total as at June 30, 2020								4,450,000	4,450,000	35.70%	21.91%

5.5.1 These carry profit rates ranging from 6.65% to 7.10% (June 30, 2020: 7.5%) per annum and are due to mature latest by February 9, 2021.



5.6 Certificates of musharakah

Name of the Investee Company	Rating of Investee Company	Maturity date	Profit rate	As at July 1, 2020	Placed during the period	Matured during the period	Market value as at December 31, 2020	Percentage in relation to	
								Total market value of investment	Net assets of the Fund
			%		----- (Rupees in '000) -----			----- % -----	
MODARABA									
First Habib Modaraba	AA+, PACRA	July 23, 2020	8%-11.10%	515,781	-	515,781	-	-	-
First Habib Modaraba	AA+, PACRA	July 28, 2020	8%-11.10%	515,992	-	515,992	-	-	-
First Habib Modaraba	AA+, PACRA	25-Jan-21	7%	-	535,843	-	535,843	4.71%	3.02%
First Habib Modaraba	AA+, PACRA	28-Jan-21	7%	-	535,768	-	535,768	4.71%	3.02%
Total as at December 31, 2020				1,031,773	1,071,611	1,031,773	1,071,611	9.42%	6.04%
Total as at June 30, 2020							1,031,773	5.08%	8.28%

5.7 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
Market value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	11,383,698	12,462,361
Less: carrying value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	(11,374,579)	(12,498,876)
		9,119	(36,515)

6 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the period		656	857
Less: amortisation during the period		(101)	(201)
At the end of the period	6.1	555	656

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

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
7 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY			
Remuneration payable to the Management Company	7.1	3,027	3,829
Sindh Sales Tax payable on remuneration of the Management Company	7.2	394	498
Allocated expense payable	7.3	5,709	6,485
Selling and marketing expense payable	7.4	34,033	45,392
Sales load payable to management company		3,740	2,322
Payable against formation cost		1,004	1,004
Transfer load payable		225	776
Sindh Sales Tax payable on sales load		522	410
Other payable to the Management Company		628	80
		49,282	60,796



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

The remuneration is payable to the Management Company in arrears.

- 7.2 During the period, an amount of Rs. 2.712 million (2019: Rs. 2.015 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 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 for 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 under 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	0.125% of average annual net assets	0.1% of average annual net assets

- 7.4 The SECP has allowed an asset management company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 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% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

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

		(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>2,019</u>	<u>3,788</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%) of average annual net assets of the Fund.

9	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)	(Audited)
			December 31, 2020	June 30, 2020
			----- (Rupees in '000) -----	
	Auditors' remuneration payable		338	461
	Legal fee payable		66	110
	Settlement and bank charges payable		191	196
	Printing charges payable		12	38
	Provision for Sindh Workers' Welfare Fund	9.1	56,037	42,999
	Shariah advisory fee payable		1,251	2,795
	Withholding tax payable		2,803	203,424
	Other payable		514	-
			<u>61,212</u>	<u>250,023</u>

- 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 half year ended December 31, 2020, the net asset value per unit of the Fund as at December 31, 2020 would have been higher by Re 0.033 (June 30, 2020: 0.021) per unit.

10 CONTINGENCIES AND COMMITMENTS

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

11 NET ASSET VALUE PER UNIT

The net asset 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 issue at the year 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 1.31% (December 31, 2019: 1.42%) which includes 0.19% (December 31, 2019: 0.31%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2019: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "income" scheme.

15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 15.1 Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, Funds under management of the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.
- 15.2 Transactions with related parties / connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to related parties / connected persons. The transactions with related parties/ connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with the 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	20,860	15,498
Sindh Sales Tax on remuneration of the Management Company	2,712	2,015
Allocated expenses	10,942	6,754
Selling and marketing expense	70,663	45,403
Amortisation of preliminary expenses and floatation costs	101	101
Sales and transfer load	19,478	76,059
Others	548	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7,571	5,065
Sindh Sales Tax on remuneration of the Trustee	984	658
Settlement charges	54	3
Employees of the Management Company		
Dividend re-invest units issued - Nil (2019: 6,379 units)	-	64
Units issued during the period - 21,735,208 units (2019: 10,705,363 units)	222,278	110,021
Units redeemed during the period - 21,335,207 units (2019: 11,100,818 units)	217,935	114,368
Dr Amjad Waheed - Chief Executive Officer of the Management Company		
Units issued during the period - 520 units (2019: 486,727 units)	5	5,000
Units redeemed during the period - Nil (2019: 482,315 units)	-	5,003
Muhammad Murtaza Ali - Company Secretary and Chief Operating Officer of the Management Company		
Dividend re-invest units issued - Nil (2019: 13 units)*	-	-
Units issued during the period - 145 units (2019: 101 units)	1	1
Units redeemed during the period - 43,124 units (2019: 1,767 units)	435	18
Imran Zaffar - Director of the Management Company		
Dividend re-invest units issued - Nil (2019: 12,952 units)	-	130
Units issued during the period - Nil (2019: 1 unit)*	-	-
Units redeemed during the period - Nil (2019: 1,454,486 units)	-	14,801
Khalid Mehmood - Chief Financial Officer of the Management Company		
Dividend re-invest units issued - Nil (2019: 2,326 units)	-	23
Units issued during the period - 186,305 units (2019: 146,436 units)	1,900	1,500
Units redeemed during the period - 89,669 units (2019: 430,482 units)	926	4,502
Portfolio managed by the Management Company		
Dividend re-invest units issued - Nil (2019: 3,205 units)	-	32
Units issued during the period - 8,939,937 units (2019: 2,281,037 units)	91,190	23,300
Units redeemed during the period - 35,752,596 units (2019: 1,395,380 units)	363,698	14,500
Fauji Fertilizer Company Limited - common directorship		
Units issued during the period - 16 units (2019: 12,937,769 units)*	-	130,000
Units redeemed during the period - Nil units (2019: 12,937,769 units)	-	130,085



	(Un-audited)	
	Half year ended	
	December 31,	
	2020	2019
	----- (Rupees in '000) -----	
BankIslami Pakistan Limited		
Profit on bank deposits	12,587	317,726
Profit on certificates of Islamic investment	42,374	129,891
Placement of certificates of Islamic investment	9,011,000	11,558,033
Certificates of Islamic investment matured during the period	7,393,000	-
Purchase of sukuk certificates	1,293,776	-
Sale of sukuk certificates	1,801,346	-
National Bank of Pakistan		
Profit on bank deposits	295	120
NBP Financial Sector Income Fund		
Purchase of commercial paper	-	96,989
NBP Riba Free Savings Fund		
Purchase of sukuk certificates	1,125,418	-
NBP Active Allocation Riba Free Savings Fund		
Purchase of Islamic commercial paper	6,936	-
NBP Islamic Money Market Fund		
Purchase of Islamic commercial paper	342,518	-
The Hub Power Company Limited - common directorship		
Purchase of sukuk certificates	707,421	-
Sukuks matured during the period	675,000	-
Profit on sukuk certificates	59,349	-
Hub Power Holding Limited - common directorship		
Purchase of sukuk certificates	470,013	-
Profit on sukuk certificates	10,249	-
Pakistan Stock Exchange Limited		
Listing fee paid	25	25
* Nil due to rounding off		
	(Un-audited)	(Audited)
	December	June 30,
	31, 2020	2020
	----- (Rupees in '000) -----	
15.7 Amounts / balances outstanding as at period end:		
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	3,027	3,829
Sindh Sales Tax payable on remuneration of the Management Company	394	498
Allocated expense payable	5,709	6,485
Selling and marketing expense payable	34,033	45,392
Sales load payable to management company	3,740	2,322
Payable against formation cost	1,004	1,004
Transfer load payable	225	776
Sindh Sales Tax payable on sales load	522	410
Other payable to the Management Company	628	80



	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	
Employees of the Management Company		
Units held: 7,483,224 units (June 30, 2020: 7,636,562 units)	77,573	76,673
Dr. Amjad Waheed - Chief Executive Officer		
Units held: 520 units (June 30, 2020: Nil)	5	-
Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary		
Units held: 28,742 units (June 30, 2020: 71,721 units)	297	720
Imran Zaffar - Director		
Units held: 2,003 units (June 30, 2020: 2,003 units)	21	20
Portfolio managed by the Management Company		
Units held: 10,027,484 units (June 30, 2020: 36,840,143 units)	103,947	369,885
Khalid Mehmood - Chief Financial Officer		
Units held: 97,963 units (June 30, 2020: 1,327 units)	1,016	13
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable	1,135	1,388
Sindh Sales Tax on remuneration of the Trustee	148	180
Settlement charges	2	-
Security deposit	103	103
Fauji Fertilizer Company Limited - common directorship		
Units held - 16 units (June 30, 2020: Nil)*	-	-
BankIslami Pakistan Limited - common directorship		
Balance with bank	234,350	7,567
Investment in certificates of Islamic investment	2,618,000	1,000,000
Profit receivable on certificates of Islamic investment	2,890	192
Profit receivable on bank deposits	4,082	711
The Hub Power Company Limited - common directorship		
Sukuk certificates	664,300	675,000
Profit receivable on sukuk certificates	26,262	7,626
The Hub Power Holding Limited - common directorship		
Sukuk certificates	477,412	-
National Bank of Pakistan Limited - parent company		
Balance with bank	4,317	7,722
Profit receivable	33	13

* Nil due to rounding off



16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets which are 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.

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;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

As at 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

GoP Ijarah sukuk certificates	-	1,280,121	-	1,280,121
Corporate sukuk certificates	-	2,721,438	-	2,721,438
Bai Muajjal certificate**	-	-	-	-
Islamic commercial papers*	-	1,862,528	-	1,862,528
Certificates of Islamic investment**	-	4,448,000	-	4,448,000
Certificates of musharakah**	-	1,071,611	-	1,071,611
	-	11,383,698	-	11,383,698

----- Audited -----			
----- As at June 30, 2020 -----			
Level 1	Level 2	Level 3	Total

Rupees in 000-----

At fair value through profit or loss

GoP Ijarah sukuks	-	2,099,535	-	2,099,535
Corporate sukuk certificates	-	1,975,000	-	1,975,000
Bai Muajjal certificate**	-	1,000,344	-	1,000,344
Islamic commercial papers*	-	1,905,709	-	1,905,709
Certificates of Islamic investment**	-	4,450,000	-	4,450,000
Certificates of musharakah**	-	1,031,773	-	1,031,773
	-	12,462,361	-	12,462,361



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

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

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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