

NBP ISLAMIC REGULAR 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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

MCB Bank Limited
Meezan Bank Limited
Bank Al Habib Limited
National Bank of Pakistan
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Silk Bank Limited
United Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Al Baraka Bank of Pakistan



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 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 condensed financial statements of **NBP Islamic Regular Income Fund (NIRIF)** for the half year ended December 31, 2020.

Fund's Performance

The size of NBP Islamic Regular Income Fund has increased from Rs. 110 million to Rs. 133 million during the period, i.e., an increase of 21%. During the period, the unit price of NBP Islamic Regular Income Fund has increased from Rs. 8.4379 on June 30, 2020 to Rs. 9.8494 on December 31, 2020, thus showing an increase of 16.7%. The Benchmark for the same period was increased by 23.1%. Thus, the Fund has underperformed its Benchmark by 6.4% during the period under review. Since inception, the unit price of NBP Islamic Regular Income Fund has increased from Rs. 9.4751 (Ex-Div) on October 31, 2018 to Rs. 9.8494 on December 31, 2020, thus showing an increase of 4.0%. The Benchmark for the same period was increased by 10.1%. Thus, the Fund has underperformed its Benchmark by 6.1% during the period under review. This performance is net of management fee and all other expenses.

During 1HFY2021, riding on the positive momentum, the stock market delivered robust returns as the benchmark KMI-30 Index surged by around 29%. To recall, the market staged a sharp recovery after Coronavirus-induced sell-off of equities in March 2020. The rally at the local bourse is attributable to the unprecedented monetary and fiscal policy response; gradual lifting of the lockdown; and earlier than expected arrival of the effective vaccines.

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

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

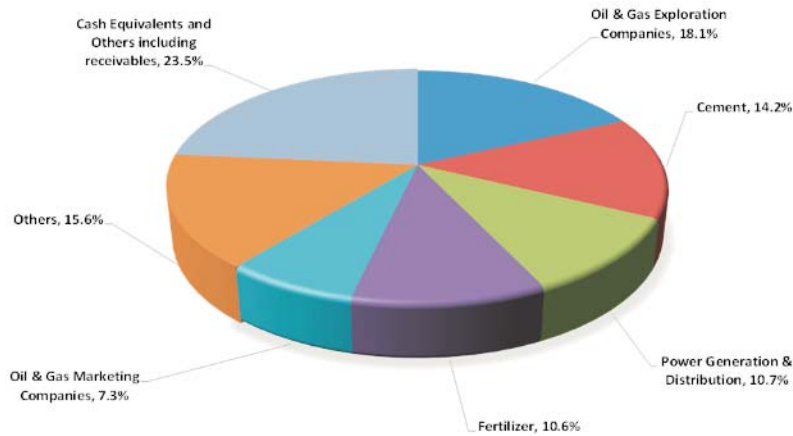
During 1HFY21, the SBP held two Monetary Policy Committee (MPC) meetings wherein it left the Policy Rate unchanged at 7%, citing the prevailing accommodative monetary policy stance appropriate for the nascent economic recovery. Inflation as measured by the CPI clocked-in at 8% for December 2020, owing to supply side issues and rise in prices of perishable food items.

The 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.

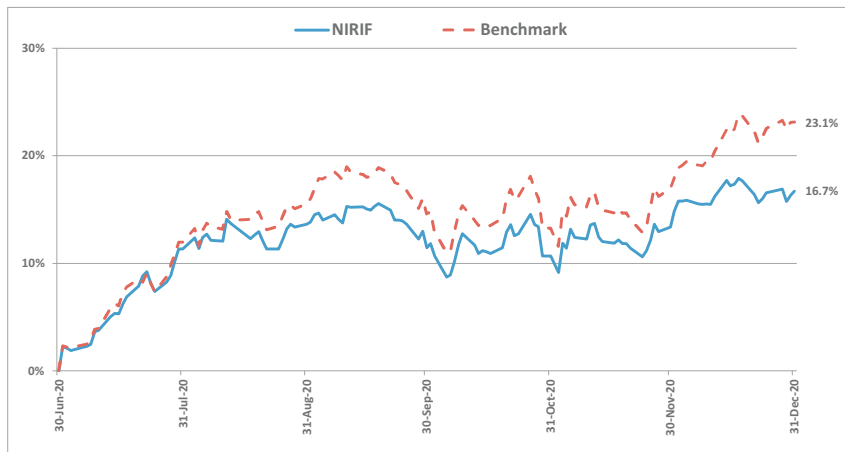
The Fund has earned a total income of Rs. 20.627 million during the period. After deducting total expenses of Rs. 2.255 million, the net income is Rs. 18.372 million.



The asset allocation NBP Islamic Regular Income Fund as on December 31, 2020 is as follows:



NIRIF Performance versus Benchmark



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 منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک ریگولر انکم فنڈ (NIRIF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP اسلامک ریگولر انکم فنڈ (NIRIF) کا سائز 110 بلین روپے سے بڑھ کر 133 بلین روپے ہو گیا ہے یعنی 21% کا اضافہ۔ زیر جائزہ مدت کے دوران، NBP اسلامک ریگولر انکم فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 8.4379 روپے سے بڑھ کر 31 دسمبر 2020 کو 9.8494 روپے ہو گئی، لہذا 16.7% کا اضافہ ظاہر کیا۔ فنڈ کا بیچ مارک اسی مدت میں 23.1% زیادہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 16.4% اتر کر کردگی دکھائی۔ 31 اکتوبر 2018 کو اپنے قیام کے وقت سے NBP اعتماد اسلامک ریگولر انکم فنڈ کے یونٹ کی قیمت 9.4751 روپے سے بڑھ کر 31 دسمبر 2020 کو 9.8494 روپے ہو چکی ہے اور اس طرح 4.0% کا اضافہ ہوا۔ فنڈ کا بیچ مارک اسی مدت میں 10.1% زیادہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 16.1% اتر کر کردگی دکھائی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

اسٹاک مارکیٹ نے مالی سال 2021 کی پہلی ششماہی کے دوران مضبوط کارکردگی کا تاثر دیا جیسا کہ KMI-30 انڈیکس میں 29 فیصد کا اضافہ ہوا۔ کورونا وائرس کے تناظر میں مارچ 2020 میں ایکویٹی کی فروخت کے بعد مارکیٹ تیزی سے بحالی کا مظاہرہ کیا۔ مقامی سطح پر ہونے والی بحالی غیر معمولی مالیاتی اور مالی پالیسی کے رد عمل، لاک ڈاؤن کو بتدریج اٹھانے، اور موثر ویکسینوں کی توقع سے قبل آمد کے باعث پیدا ہوئی ہے۔

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

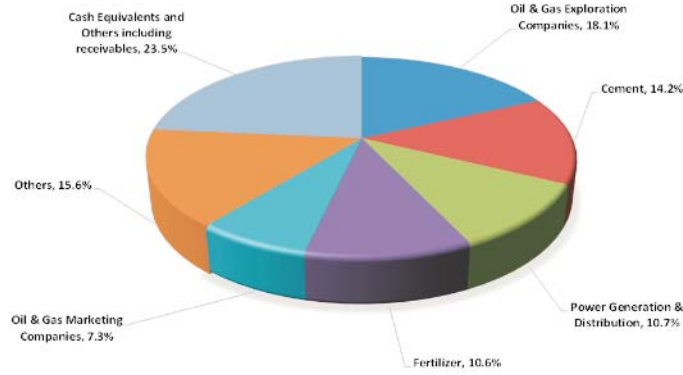
مارکیٹ کی بیکٹری وائز کارکردگی، آٹوموبائل، کیبل اور ایکسٹرنل کا سامان، سینٹ، انجینئرنگ، شیشہ اور سرامکس، کاغذ اور بورڈ، ریفاٹریز، میکانی اور ٹیکسٹائل نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کھاد، خوراک اور ذاتی نگہداشت، انشورنس، آئل اینڈ گیس ایکسپلوریشن، دواسازی، بجلی پیداوار، تقسیم کرنے، چینی اور ٹرانسپورٹ کے شعبے پیچھے گئے۔ پارٹیسپنٹ وائز سرگرمی کے لحاظ سے، افراد زیر جائزہ ششماہی کے دوران 159 بلین امریکی ڈالر کی خالص آمدنی کے ساتھ سب سے زیادہ خریدار رہے ہیں۔ اس کے علاوہ کمپنیز اور انشورنس بھی خالص خریدار تھے، جنہوں نے بالترتیب 91 بلین امریکی ڈالر اور 83 بلین امریکی ڈالر کا اضافہ کیا۔ دوسری طرف، غیر ملکی اور بینک/DFIs مارکیٹ میں بالترتیب 279 بلین امریکی ڈالر اور 69 بلین امریکی ڈالر کے خالص آؤٹ فلوز کے ساتھ سب سے زیادہ فروخت کنندگان تھے۔ مالی 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 شرح 7% کو تھیل نہیں کیا۔ خراب ہونے والی اشیائے خورد و نوش کی قیمتوں میں اضافے اور رسد کی فراہمی کے مسئلے کے باعث سی پی آئی افراط زر کی شرح دسمبر 2020 میں 8 فیصد رہی۔

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

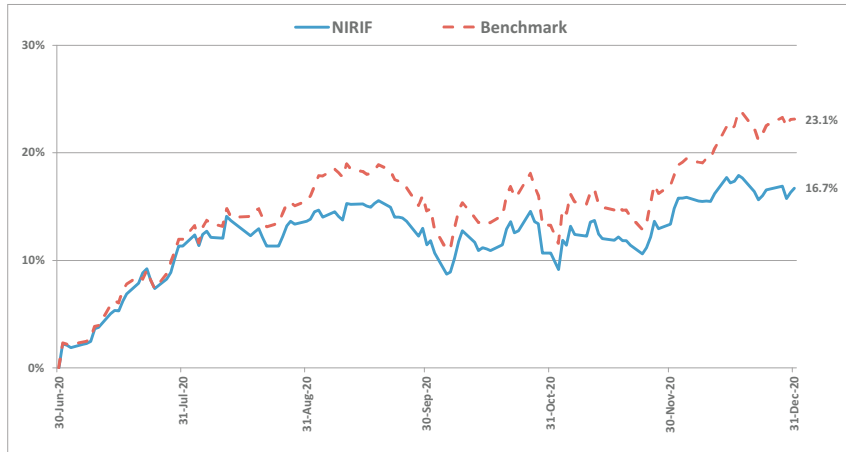
NBP اعتماد ریگولر انکم فنڈ نے موجودہ مدت کے دوران 20.627 بلین روپے کی مجموعی آمدنی کمائی ہے۔ 2.255 بلین روپے کے مجموعی اخراجات متہا کرنے کے بعد خالص آمدنی 18.372 بلین روپے ہے۔



فونڈ کی ایسٹ ایبلویشن 31 دسمبر 2020 کو برطابق ذیل ہے:



NIRIF کی کارکردگی بمقابلہ بیچ مارک



اظہار تشکر

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

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

مخانب بورڈ آف ڈائریکٹرز

NBP فونڈ 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 Regular 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 Islamic Regular 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

		31 December 2020 Unaudited (Rupees in '000)	30 June 2020 Audited
	<i>Note</i>		
Assets			
Bank balances	6	31,939	22,096
Investments	7	101,543	88,443
Dividend and profit receivables		339	158
Preliminary expenses and floatation costs	8	572	674
Advance, deposit and prepayment		540	526
Total assets		134,933	111,897
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	872	618
Payable to Central Depository Company of Pakistan Limited - Trustee	10	26	20
Payable to Securities and Exchange Commission of Pakistan	11	13	22
Accrued expenses and other liabilities	12	1,220	1,697
Total liabilities		2,131	2,357
Net assets		132,802	109,540
Unit holders' fund (as per statement attached)		132,802	109,540
Contingency and commitment	13		
		(Number of units)	
Number of units in issue		13,483,156	12,981,879
		(Rupees)	
Net assets value per unit		9.8494	8.4379

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

	Six months period ended 31 December		Three months period ended ended 31 December	
	2020	2019	2020	2019
Note ----- (Rupees in '000) -----				
Income				
Dividend income	3,429	4,634	2,847	2,390
Gain / (loss) on sale of investments - net	1,855	(115)	109	831
Profit on bank deposits	1,003	1,607	571	730
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.2 14,340	14,873	3,608	17,751
Total income	20,627	20,999	7,135	21,702
Expenses				
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1 128	108	66	57
Sindh Sales Tax on remuneration of Trustee	10.2 17	14	9	7
Annual fee - Securities and Exchange Commission of Pakistan	11 13	11	7	6
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.2 76	54	45	28
Selling and Marketing expense	9.3 957	595	488	338
Auditors' remuneration	208	165	70	61
Securities transaction cost	55	51	18	39
Settlement and bank charges	3	20	1	-
Charity expense	12.2 159	130	159	130
Listing fee	14	11	7	3
Professional charges	107	10	92	-
Amortisation of preliminary expenses and floatation costs	8 102	102	51	51
Shariah advisor fee	8	9	4	4
Printing and other charges	33	56	7	-
Total expenses	1,880	1,336	1,024	724
Net income from operating activities	18,747	19,663	6,111	20,978
Provision for Sindh Workers' Welfare Fund	12.1 (375)	(393)	(122)	(393)
Net income for the period before taxation	18,372	19,270	5,989	20,585
Taxation	14 -	-	-	-
Net income for the period after taxation	18,372	19,270	5,989	20,585
Allocation of net income for the period				
Net income for the period	18,372	19,270	5,989	20,585
Income already paid on units redeemed	(200)	(550)	(57)	(550)
	18,172	18,720	5,932	20,035
Accounting income available for distribution:				
-Relating to capital gains	16,086	14,533	3,846	14,533
-Excluding capital gains	2,086	4,187	2,086	5,502
	18,172	18,720	5,932	20,035

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

	Six months period ended 31 December		Three months period ended 31 December	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period	18,372	19,270	5,989	20,585
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	18,372	19,270	5,989	20,585

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

	Six months period ended 31 December					
	2020			2019		
	Value	Undistributed income / (loss)	Total	Value	Undistributed loss	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	126,613	(17,073)	109,540	126,095	(19,572)	106,523
Issue of 2,503,743 units (2019: 12,215,067 units)						
- Capital value	21,126	-	21,126	101,113	-	101,113
- Element of income / (loss)	2,620	-	2,620	(3,169)	-	(3,169)
Total proceeds on issuance of units	23,746	-	23,746	97,944	-	97,944
Redemption of 2,002,466 units (2019: 12,864,785 units)						
- Capital value	(16,897)	-	(16,897)	(106,491)	-	(106,491)
- Element of (loss) / income	(1,759)	(200)	(1,959)	3,174	(550)	2,624
Total payments on redemption of units	(18,656)	(200)	(18,856)	(103,317)	(550)	(103,867)
Total comprehensive income for the period	-	18,372	18,372	-	19,270	19,270
Net assets at end of the period	131,703	1,099	132,802	120,722	(852)	119,870
Undistributed loss brought forward						
- Realised		(16,645)			(1,666)	
- Unrealised		(428)			(17,906)	
		(17,073)			(19,572)	
Accounting income available for distribution:						
- Relating to capital gains		16,086			14,533	
- Excluding capital gains		2,086			4,187	
		18,172			18,720	
Undistributed income / (loss) carried forward		1,099			(852)	
Undistributed income / (loss) carried forward						
- Realised		(13,241)			(15,725)	
- Unrealised		14,340			14,873	
		1,099			(852)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			8.4379			8.2777
Net assets value per unit at end of the period			9.8494			9.8102

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

	Six months period ended 31	
	December	
	2020	2019
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from operating activities	18,372	19,270
Adjustments for:		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(14,340)	(14,873)
Preliminary and floatation cost	102	102
	<u>4,134</u>	<u>4,499</u>
Decrease / (increase) in assets		
Investments - net	1,240	135
Dividend and profit receivable	(181)	654
Preliminary and floatation cost	-	-
Advances, deposit and prepayment	(14)	(14)
	<u>1,045</u>	<u>775</u>
(Decrease) / Increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	254	(699)
Payable to Central Depository Company of Pakistan Limited - Trustee	6	3
Payable to Securities and Exchange Commission of Pakistan	(9)	(57)
Accrued expenses and other liabilities	(477)	486
	<u>(226)</u>	<u>(267)</u>
Net cash generated from in operating activities	<u>4,953</u>	<u>5,007</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issue of units	23,746	97,944
Payments against redemption of units	(18,856)	(103,867)
Net cash generated from / (used) in financing activities	<u>4,890</u>	<u>(5,923)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>9,843</u>	<u>(916)</u>
Cash and cash equivalents at beginning of the period	22,096	24,651
Cash and cash equivalents at end of the period	<u>6</u> <u>31,939</u>	<u>23,735</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 THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Islamic Regular Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 07 August 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and accordingly the Trust Deed was executed on 09 August 2018.
- 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 (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as a "Shariah Compliant Asset Allocation Fund" 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 regular monthly payments to investors by investing in Shariah Compliant Debt, Money Market and Equity investment avenues.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned and maintained an asset manager rating of 'AM1' to the Management Company. The Fund has not yet been rated.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

1.7 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 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

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 VIII A 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 VIII A 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 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.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 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.
 - 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.
 - IFRS 17 Insurance Contracts and Amendments to IFRS 17 - In May 2017, the Board issued IFRS 17 Insurance Contracts, which was subsequently amended for clarifications in June 2020. IFRS 17 supersedes IFRS 4 Insurance Contracts. IFRS 17 applies for annual periods beginning on or after 1 January 2023. Early adoption is permitted for entities that apply IFRS 9 Financial Instruments on or before the date of the initial application of IFRS 17. IFRS 4 includes a temporary exemption from IFRS 9 and the overlay approach. From the date of initial application of IFRS 17 - i.e. the beginning of the period in which an entity first applies IFRS 17 - these approaches are no longer available and IFRS 9 is applied, without delay or adjustment.



- 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.
- 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.
- 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.

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.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reformin Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. The Fund shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the condensed interim financial information of the Fund.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the



rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Fund's condensed interim financial information.

The above amendments are effective for annual periods beginning on or after 1 January 2021 and are not likely to have an impact on Fund's condensed interim financial statements.

2.4 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 judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the 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 financial statements as at and for the year ended 30 June 2020.

6 BANK BALANCES

		31 December 2020 Unaudited	30 June 2020 Audited
	<i>Note</i>	(Rupees in '000)	
In current accounts		245	167
In savings accounts	6.1 & 6.2	<u>31,694</u>	<u>21,929</u>
		<u>31,939</u>	<u>22,096</u>

6.1 These carry a rate of return ranging from 4.50% to 7.00% (30 June 2020: 3% to 7.50%) per annum.

6.2 This includes cheques amounting to Rs. 1,000 (30 June 2020: Rs. Nil) received on account of issuance of units as at period / year end.

7 INVESTMENTS

		31 December 2020 Unaudited	30 June 2020 Audited
	<i>Note</i>	(Rupees in '000)	
Financial assets at fair value through profit or loss			
Listed equity securities	7.1	<u>101,543</u>	<u>88,443</u>



7.1

Investment in listed equity securities

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

Name of the Investee Company	As at 01 July 2020	Purchases during the period	Bonus shares issued during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 December 2020	Market value /carrying value as at 31 December 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)					(Rupees in '000)	(%)			
Oil and gas exploration company										
Pakistan Oilfields Limited	31,200	-	-	-	4,700	26,500	10,478	7.89	10.32	0.01
Pakistan Petroleum Limited	68,920	16,900	-	-	13,000	72,820	6,578	4.95	6.48	-
Oil & Gas Development Company Limited	68,600	12,000	-	-	13,800	66,800	6,932	5.22	6.83	-
	168,720	28,900	-	-	31,500	166,120	23,988	18.06	23.63	
Oil and gas marketing company										
Sui Northern Gas Pipelines	15,500	-	-	-	6,600	8,900	395	0.30	0.39	-
Pakistan State Oil Company Limited	23,520	4,600	-	-	1,700	26,420	5,688	4.28	5.60	0.01
Attock Petroleum Limited	10,700	-	-	-	-	10,700	3,581	2.70	3.53	0.01
	49,720	4,600	-	-	8,300	46,020	9,664	7.28	9.52	
Fertilizer										
Engro Corporation Limited	45,760	800	-	-	15,900	30,660	9,424	7.10	9.28	0.01
Engro Fertilizers Limited	123,000	4,000	-	-	53,000	74,000	4,679	3.52	4.61	0.01
	168,760	4,800	-	-	68,900	104,660	14,103	10.62	13.89	
Chemical										
Engro Polymer and Chemicals Limited	8,000	41,500	-	-	-	49,500	2,352	1.77	2.32	0.01
Cement										
Lucky Cement Limited	13,400	400	-	-	1,800	12,000	8,353	6.29	8.23	-
Kohat Cement Company Limited	24,300	-	-	-	1,000	23,300	5,108	3.85	5.03	0.01
D.G. Khan Cement Company Limited	8,700	-	-	-	3,000	5,700	653	0.49	0.64	-
Fauji Cement Company Limited	176,500	-	-	-	6,500	170,000	3,684	2.77	3.63	0.01
Maple Leaf Cement Factory Limited	26,000	-	-	-	2,000	24,000	1,080	0.81	1.06	-
	248,900	400	-	-	14,300	235,000	18,878	14.21	18.59	
Automobile parts & accessories										
Agriauto Industries Limited	4,000	-	-	-	-	4,000	937	0.71	0.92	0.01
Automobile assembler										
Honda Atlas Cars (Pakistan) Limited	6,500	-	-	-	3,200	3,300	1,083	0.82	1.07	-
Indus Motor Company Limited	1,100	-	-	-	150	950	1,138	0.86	1.12	-
Millat Tractors Limited	1,500	3,100	-	-	-	4,600	5,033	3.79	4.96	0.01
	9,100	3,100	-	-	3,350	8,850	7,254	5.47	7.15	
Textile composite										
Nishat Mills Limited	28,500	6,500	-	-	-	35,000	3,562	2.68	3.51	0.01
Interloop Limited	-	9,500	-	-	-	9,500	647	0.49	0.64	-
	28,500	16,000	-	-	-	44,500	4,209	3.17	4.15	
Power generation and distribution										
Saif Power Ltd	29,500	-	-	-	-	29,500	428	0.32	0.40	0.01
The Hub Power Company Limited	161,972	23,500	-	-	12,002	173,470	13,761	10.36	13.55	0.01
	191,472	23,500	-	-	12,002	202,970	14,189	10.68	13.95	
Sugar & allied industries										
Faran Sugar Mills Limited	7,000	-	-	-	-	7,000	296	0.22	0.29	0.03
Habib Sugar Mills Limited	11,500	-	-	-	-	11,500	390	0.29	0.38	0.01
	18,500	-	-	-	-	18,500	686	0.51	0.67	
Transport										
Pakistan National Shipping Corporation	17,000	-	-	-	-	17,000	1,554	1.17	1.53	0.01
Commercial banks										
Meezan Bank Limited	11,500	-	1,050	-	1,000	11,550	1,206	0.91	1.19	-
Engineering										
Agha Steel Industries Limited	-	18,000	-	-	-	18,000	710	0.53	0.70	-



Name of the Investee Company	As at 01 July 2020	Purchases during the period	Bonus shares issued during the period	Right shares purchased/subscribed during the period	Sales during the period	As at 31 December 2020	Market value /carrying value as at 31 December 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)						(Rupees in '000)	(%)		
Pharmaceuticals										
AGP Limited	-	6,500	-	-	-	6,500	740	0.56	0.73	-
The Searle Company Limited	-	2,600	-	-	-	2,600	648	0.49	0.64	-
	-	9,100	-	-	-	9,100	1,388	1.05	1.37	
Glass & Ceramics										
Shabbir Tiles and Ceramics Limited.	-	20,000	-	-	-	20,000	425	0.32	0.42	0.01
Total - 31 December 2020	924,172	169,900	1,050	-	139,352	955,770	101,543	76.46	100.00	

Carrying value before fair value adjustment as at 31 December 2020

87,203

7.2 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

31 December 2020 **31 December 2019**
Unaudited
(Rupees in '000)

	<i>Note</i>	31 December 2020	31 December 2019
Market value of investments	7.1	101,543	96,118
Less: carrying value of investments	7.1	<u>(87,203)</u>	<u>(81,245)</u>
		<u>14,340</u>	<u>14,873</u>

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

31 December 2020 **30 June 2020**
Unaudited **Audited**
(Rupees in '000)

Opening Balance	674	877
Less: amortisation for the period	<u>(102)</u>	<u>(203)</u>
Balance at end of the period	<u>572</u>	<u>674</u>

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

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

31 December 2020 **30 June 2020**
Unaudited **Audited**
(Rupees in '000)

	<i>Note</i>	31 December 2020	30 June 2020
Sales load and others		142	24
Sales tax payable on sales and transfer load		18	3
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.2	44	27
Selling and marketing	9.3	488	384
Other payable		180	180
		<u>872</u>	<u>618</u>



- 9.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. The Management Company charged remuneration at the rate of 2% till 11 July 2019 and with effective from 12 July 2019 the Management Company revised its rates and entitled to charge remuneration at the rate of 1.5 % of the average annual net assets of the Fund. However, the Management Company has waived and not charged remuneration amounted to Rs 0.957 million (31 December 2019: 0.828 million) during the period.
- 9.2** In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O 639(I)/2019, has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. The Management Company charged 0.1% of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services upto 26 October 2020, thereafter increasing the charges to 0.15%.
- 9.3** As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. Subsequently, the Management Company has revised selling and marketing expenses and charged 1.50% per annum of average net assets of the Fund or actual expenses whichever is lower during the period.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	31 December	30 June
			2020	2020
			Unaudited	Audited
			(Rupees in '000)	
	Trustee Remuneration	10.1	23	18
	Sindh Sales Tax on Trustee remuneration	10.2	3	2
			26	20

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund which is as follows:

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

The remuneration is paid to the Trustee monthly in arrears.

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the 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 an equity scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.02% per annum of the average net assets of the Fund. The fee is paid annually in arrears.



12 ACCRUED EXPENSES AND OTHER LIABILITIES

		31 December 2020	30 June 2020
		Unaudited	Audited
	<i>Note</i>	(Rupees in '000)	
Provision for SWWF	12.1	543	168
Auditors' remuneration		220	272
Bank charges		8	-
Settlement charges		4	5
Charity payable	12.2	409	255
Shariah advisor fee		8	16
Legal fees		10	100
Printing charges		4	15
Withholding tax		14	866
		1,220	1,697

12.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to 2% of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act.

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the current period the net asset value of the Fund as at 31 December 2020 would be higher by Rs 0.0403 per unit (30 June 2020: Rs 0.0129 per unit).

12.2 This represents the haram portion of the dividend income determined on the rates specified by Shariah advisor.

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 90% 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 require 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 year divided by average net asset value for the year) is 3.29% per annum. Total expense ratio (excluding government levies) is 2.65% 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 of 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 and balances with connected persons at period end except those disclosed elsewhere in these financial statements are as follows:



16.5 Transactions during the period:

-----Unaudited-----
Six months period ended 31
2020 2019
------(Rupees in '000)-----

NBP Fund Management Limited - Management Company

Units issued: Nil (2019: 12,209,553 units)	-	97,893
Units redeemed: Nil (2019: 12,209,553 units)	-	97,893
Allocation of expenses related to registrar services, accounting, operation and valuation services	76	54
Sales load and others	133	2
Selling and marketing expense	957	595

Employees of the Management Company

Units issued: 232,522 (2019: Nil units)	2,227	-
Units redeemed: 197,318 (2019: Nil units)	1,891	-

Bank Islami Pakistan Limited

Markup on bank balances	210	399
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Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration	128	108
Sales tax on remuneration to Trustee	17	14
CDC charges	3	6

Pakistan Stock Exchange Limited (Common Directorship)

Listing fee paid	25	20
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Taurus Securities Limited

Brokerage charges	6	5
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The Hub Power Company Limited

Shares purchased: 23,500 (2019: 14000)	1,916	1,151
Shares sold: 12,002 (2019: Nil)	972	-

16.6 Amounts outstanding as at period end:

31 December 30 June
2020 2020
Unaudited Audited
(Rupees in '000)

NBP Fund Management Limited - Management Company

Units held: 12,784,520 (2020: 12,784,520 units)	125,920	107,874
Allocation of expenses related to registrar services, accounting, operation and valuation services	44	27
Sales load and others	160	24
Selling and Marketing	488	384
Other payable	180	180

National Bank of Pakistan Limited - Islamic Banking

Bank Balance	14	14
Markup on bank balance	2	2



	31 December 2020 Unaudited (Rupees in '000)	30 June 2020 Audited
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	23	18
Sindh Sales Tax on Trustee remuneration	3	2
CDC charges	4	5
Security deposit	100	100
Bank Islami Pakistan Limited		
Bank balance	749	19,320
Markup on bank balance	20	119
The Hub Power Company Limited		
Shares held : 173,470 (2020:161,972 shares)	13,761	11,743
Employees of the Management Company		
Units held: 51,651 (2020:16,448 units)	509	139

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.



		(Unaudited)						
		31 December 2020						
		Carrying amount			Fair value			
		At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities								
		101,543	-	101,543	101,543			101,543
		<u>101,543</u>	<u>-</u>	<u>101,543</u>				
Financial assets not measured at fair value								
	17.1							
Bank balances								
		-	31,939	31,939				
Dividend and profit receivable								
		-	339	339				
Security deposit								
		-	100	100				
		<u>-</u>	<u>32,378</u>	<u>32,378</u>				
Financial liabilities not measured at fair value								
	17.1							
Payable to NBP Fund Management Limited - Management Company								
		-	872	872				
Payable to Central Depository Company of Pakistan								
		-	26	26				
Accrued expenses and other liabilities								
		-	663	663				
		<u>-</u>	<u>1,561</u>	<u>1,561</u>				
		Audited						
		30 June 2020						
		Carrying amount			Fair value			
		At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities								
		88,443	-	88,443	88,443			88,443
		<u>88,443</u>	<u>-</u>	<u>88,443</u>				
Financial assets not measured at fair value								
	17.1							
Bank balances								
		-	22,096	22,096				
Dividend and profit receivable								
		-	158	158				
Security deposit								
		-	100	100				
		<u>-</u>	<u>22,354</u>	<u>22,354</u>				
Financial liabilities not measured at fair value								
	17.1							
Payable to NBP Fund Management Limited - Management Company								
		-	618	618				
Payable to Central Depository Company of Pakistan								
		-	20	20				
Accrued expenses and other liabilities								
		-	663	663				
		<u>-</u>	<u>1,301</u>	<u>1,301</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 statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 26, 2021 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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