

NBP ISLAMIC SARMAYA IZAFI 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

Habib Bank Limited (Islamic)
United Bank Limited (Ameen)
Bank Al Habib Limited (Islamic)
Meezan Bank Limited
Bank Islami (Pakistan) Limited
MCB Bank Limited (Islamic)
Dubai Islamic Bank Limited
Bank Alfalah Limited (Islamic)
Soneri Bank Limited (Mustaqeem)
Habib Metro Bank Limited (Islamic)
Allied Bank Limited (Islamic)
Silk Bank Limited (Emaan)
National Bank of Pakistan
JS Bank Limited
Summit Bank Limited



Auditors

Grant Thornton Anjum Rahman.
1st & 3rd Floor,
Modern Motors House, Beaumont Road,
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.
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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 Sarmaya Izafa Fund** (NISIF) for the half year ended December 31, 2020.

Fund's Performance

The size of NBP Islamic Sarmaya Izafa Fund has increased from Rs. 5,044 million to Rs. 5,929 million during the period, i.e., an increase of 18%. During the period, the unit price of NBP Islamic Sarmaya Izafa Fund has increased from Rs. 14.1851 on June 30, 2020 to Rs. 16.3351 on December 31, 2020, thus showing an increase of 15.2%. The Benchmark increase during the same period was 15.6%. Thus, the Fund has underperformed its Benchmark by 0.4% during the period under review. Since inception the NAV of the Fund has increased from Rs.3.6351 (Ex-Div) on October 26, 2007 to Rs. 16.3351 on December 31, 2020, thus showing an increase of 349.4%. During the said period, the Benchmark increased by 209.9%, translating into outperformance of 139.5%. 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.

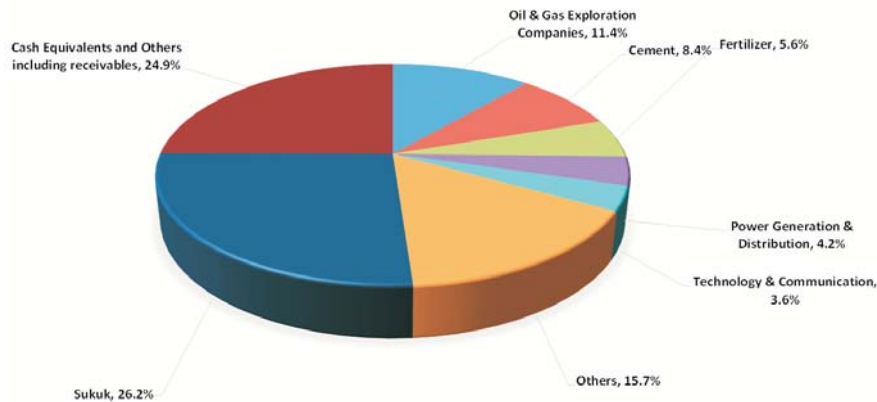
Looking at the sector wise performance of the market, Automobiles, Cable & Elec. Goods, Cements, Engineering, Glass & Ceramics, Paper & Board, Refineries, Technology and Textiles outperformed the market, while Fertilizers, Food & Personal Care, Insurance, Oil & Gas Exploration, Pharmaceuticals, Power 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

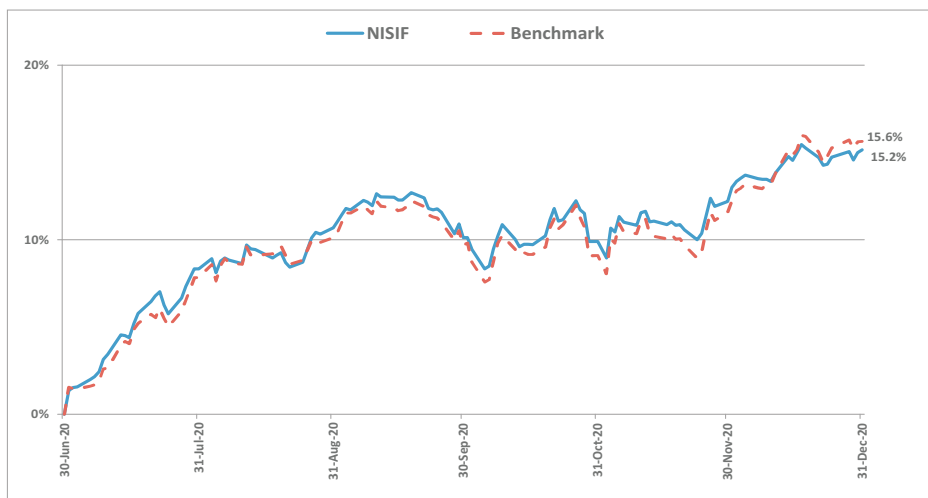
The market saw a decent increase in the issuance of debt securities in the primary market, although it remained under-supplied against the large and growing demand. In the secondary market, the trading activity improved in the Corporate Sukuks with cumulative traded value of around Rs. 10.9 billion compared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

The Fund has earned a total income of Rs. 883.99 million during the period. After deducting total expenses of Rs. 118.51 million, the net income is Rs. 765.48 million.

The asset allocation of the Fund as on December 31, 2020 is as follows:



NISIF 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 میٹجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک سرمایہ اضافہ فنڈ (NISIF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔
فنڈ کی کارکردگی

NBP اسلامک سرمایہ اضافہ فنڈ کا سائز اس مدت میں 5,044 ملین روپے سے بڑھ کر 5,929 ملین روپے ہو گیا، یعنی 18% کا اضافہ ہوا۔ اس مدت کے دوران، NBP اسلامک سرمایہ اضافہ فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 14.1851 روپے سے بڑھ کر 31 دسمبر 2020 کو 16.3351 روپے ہو گئی، لہذا 15.2% کا اضافہ دیکھا گیا۔ اسی مدت کے دوران نچ مارک بڑھ کر 15.6% ہو گیا تھا۔ لہذا فنڈ کی کارکردگی زیر جائزہ مدت کے دوران اپنے نچ مارک سے 0.4% بہتر رہی۔ اپنے قیام کے بعد 26 اکتوبر 2007 سے فنڈ کا NAV 3.6351 روپے (EX-Div) سے بڑھ کر 31 دسمبر 2020 کو 16.3351 روپے ہو گئی، یعنی 349.4% کا اضافہ ہوا۔ اس مدت کے دوران نچ مارک 209.9% سے بڑھا۔ لہذا فنڈ نے 139.5% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی میٹجمنٹ 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 سچ مارک 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 چیک 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، سمنٹ 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 چلنی 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 زرنے سالانہ بنیاد پر مالی سال 2021 کی پہلی ششماہی میں 25 فیصد کا نمایاں اضافہ ظاہر کیا ہے۔ نتیجتاً ملک نے مالی سال 2021 کی پہلی ششماہی میں 1.1 ٹریلین امریکی ڈالر کا کرنٹ اکاؤنٹ سرپلس درج کرایا ہے جبکہ گزشتہ سال کے اسی عرصے میں کرنٹ اکاؤنٹ خسارہ 2.0 ٹریلین امریکی ڈالر تھا۔ خوراک کی بلند ترین قیمتوں کے باوجود، اوسط افراط زر میں بھی کسی حد تک کمی آئی ہے۔ صحت کی دیکھ بھال کے محاذ پر حوصلہ افزاء بہتری، معاشی سرگرمیوں میں بہتری، کارپوریٹ آمدنی کے امکانات کا وعدہ، اور مارکیٹ کی پُرکشش قیمتوں نے مارکیٹ کے بڑھنے کو فروغ دیا۔

مارکیٹ کی سیکٹر وائز کارکردگی کے تناظر میں، آٹوموبائل، کبیل اور ایکسٹرا کاسٹنگ کا سامان، سمنٹ، انجینئرنگ، شیشہ اور سٹیل، کاغذ اور بورڈ، ریفاؤنڈری، ہینڈلڈ اور نیٹنگل نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کھاد، خوراک اور ذاتی نگہداشت، انشورنس، آئل اینڈ گیس ایکسپلوریشن، دواسازی، بجلی پیداوار اور تقسیم کرنے، چینی اور ٹرانسپورٹ کے شعبے پیچھے رہے۔ شریک وار سرگرمی کے لحاظ سے، زیر جائزہ مدت کے دوران انفرادی سرمایہ کار 159 ملین امریکی ڈالر کی خالص ان فلوز کے ساتھ بڑے خریدار رہے۔ اس کے علاوہ کمپنیز اور انشورنس بھی خالص خریدار تھے، جنہوں نے بالترتیب 91 ملین امریکی ڈالر اور 83 ملین امریکی ڈالر کا اضافہ کیا۔ دوسری طرف، غیر ملکی اور بینک/DFIs مارکیٹ میں بالترتیب 279 ملین امریکی ڈالر اور 69 ملین امریکی ڈالر کے خالص آؤٹ فلوز کے ساتھ بڑے فروخت کنندگان رہے۔

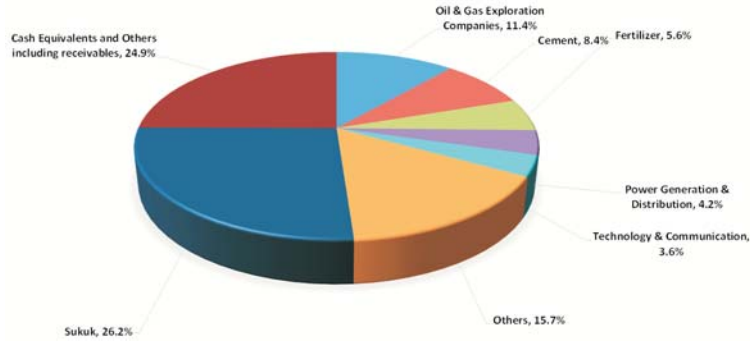
کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمی نمایاں طور پر بہتر ہوئی جس کی مجموعی تجارتی قدر گزشتہ سال کی اس مدت میں 5.8 بلین روپے کے برعکس مالیاتی سال 2021ء کی پہلی ششماہی 14.7 بلین روپے رہی۔ سال 2021 کی پہلی ششماہی میں اسٹیٹ بینک آف پاکستان نے مانیٹری پالیسی کمیٹی (MPC) کے دو اجلاس طلب کئے جس میں موجودہ معاشی بحالی کے لئے موزوں مانیٹری پالیسی کا حوالہ دیتے ہوئے، پالیسی کی شرح 7% کو تیندیل نہیں کیا۔ ایشیائے خورد و نوش کی قیمتوں میں اضافے اور سہولت فراہمی جیسے مسائل کے باعث ICPI افراط زر کی شرح دسمبر 2020 میں 8 فیصد رہی۔

بنیادی مارکیٹ میں ڈیٹ سیکورٹیز کے اجراء میں کافی اضافہ ہوا، اگرچہ مارکیٹ کی زیادہ طلب کے مقابلہ میں رسد کم رہی۔ ثانوی منڈی میں، کارپوریٹ سٹاک کی 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۔

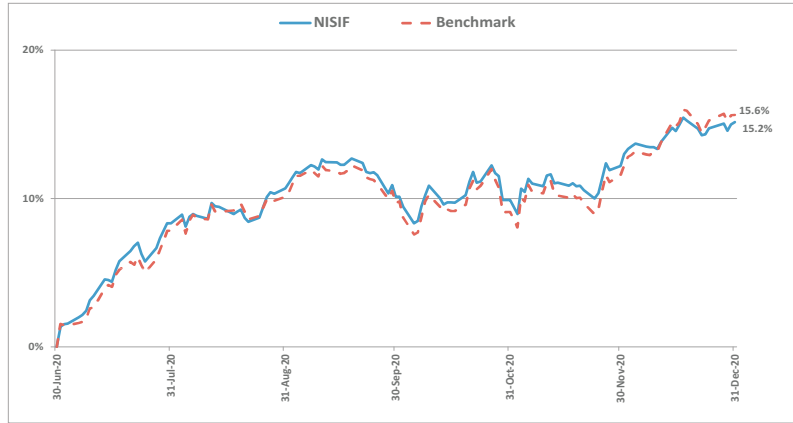


NBP اسلامک سرمایہ اضافہ فنڈ کو اس مدت کے دوران 883.99 ملین روپے کی آمدنی ہوئی۔ 118.51 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 765.48 ملین روپے ہے۔

31 دسمبر 2020 کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



NISIF کی کارکردگی بمقابلہ بیچ مارک



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 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 Sarmaya Izafa Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Sarmaya Izafa 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 unitholders' fund and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the interim financial statements). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of the interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

- 1) The figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the three months' period ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2020; and
- 2) The condensed interim financial statements for the half year ended December 31, 2019 and the annual financial statements for the year ended June 30, 2020 of the Fund were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated February 27, 2020 and audit report dated September 17, 2020 expressed an unmodified conclusion and an unmodified opinion, on the aforementioned financial statements.

The engagement partner on the review resulting in this independent auditors' review report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman
Chartered Accountants
Date: February 26, 2021
Karachi



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

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- Rupees in '000 -----	
ASSETS			
Bank balances	5	2,456,583	622,432
Investments	6	4,450,897	4,586,516
Mark-up accrued and dividend receivable	7	32,299	34,678
Receivable against sale of Investments		-	798
Receivable against transfer of units		3,384	-
Deposits, prepayments and other receivables	8	5,967	6,076
Total assets		6,949,130	5,250,500
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	9	79,352	65,626
Payable to Central Depository Company of Pakistan Limited - Trustee	10	653	563
Payable to the Securities and Exchange Commission of Pakistan	11	574	1,069
Payable against redemption of units		11,261	17,700
Payable against purchase of investment		832,987	-
Accrued expenses and other liabilities	12	95,277	121,572
Total liabilities		1,020,104	206,530
NET ASSETS		5,929,026	5,043,970
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,929,026	5,043,970
Contingencies and commitments	13	-----Number of units-----	
Number of units in issue		362,961,511	355,582,420
		-----Rupees-----	
Net asset value per unit		16.3351	14.1851

The annexed notes from 1 to 23 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		Quarter ended		
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	
Note ----- Rupees in '000 -----					
INCOME					
Return / mark-up on:					
-bank balances	29,632	86,327	16,513	29,950	
-sukuks	81,109	47,721	39,689	27,903	
Dividend income	63,886	135,595	51,494	84,007	
Gain / (loss) on sale of investments - net	108,634	(65,634)	8,472	(1,418)	
Unrealized appreciation on remeasurement of investments classified as financial asset 'at fair value through profit or loss' - net	600,728	707,006	195,031	917,011	
Total income	883,989	911,015	311,199	1,057,453	
EXPENSES					
Remuneration of NBP Fund Management Company Limited - Management Company	9.1	43,082	42,189	21,699	20,627
Sindh Sales Tax on remuneration of the Management Company		5,601	5,485	2,821	2,682
Allocation of operational expenses to the Management Company	9.3	3,391	2,744	1,965	1,375
Selling and marketing expenses	9.4	43,082	30,504	21,699	16,302
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	3,376	3,247	1,698	1,627
Sindh Sales Tax on remuneration of the Trustee		439	422	221	211
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	574	549	289	275
Securities transaction cost		1,571	2,002	305	1,250
Settlement and bank charges		351	1,185	33	586
Auditors' remuneration		416	388	409	194
Fund rating fee		124	110	9	55
Legal and professional charges		62	37	-	19
Annual listing fee		14	14	10	7
Printing charges		268	53	-	49
Shariah advisor fee		535	455	507	28
Total expenses		102,886	89,384	51,665	45,287
Net income from operating activities		781,103	821,631	259,534	1,012,166
Provision for Sindh Workers' Welfare Fund	12.1	(15,622)	(16,433)	(5,191)	(16,433)
Net income for the period before taxation		765,481	805,198	254,343	995,733
Taxation	14	-	-	-	-
Net income for the period after taxation		765,481	805,198	254,343	995,733
Earning / (loss) per unit	17				
Allocation of net income for the period					
Net Income for the period after taxation		765,481	805,198		
Income already paid on units redeemed		(113,787)	(51,638)		
		651,694	753,560		
Accounting income available for distribution:					
Relating to capital gain		598,931	594,659		
Excluding capital gain		52,763	158,901		
		651,694	753,560		

The annexed notes from 1 to 23 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 ENDED DECEMBER 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- Rupees in 000 -----			
Net income for the period after taxation	765,481	805,198	254,343	995,733
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	765,481	805,198	254,343	995,733

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

	December 31, 2020			December 31, 2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in 000)			(Rupees in 000)		
Net assets at beginning of the period	5,544,770	(500,800)	5,043,970	7,451,921	(596,548)	6,855,373
Issue of 134,072,636 units (2019: 80,749,089)						
- Capital value	1,901,842	-	1,901,842	1,109,575	-	1,109,575
- Element of income	197,521	-	197,521	101,221	-	101,221
Total proceeds on issue of units	2,099,363	-	2,099,363	1,210,796	-	1,210,796
Redemption of 126,693,545 units (2019: 177,381,455)						
- Capital value	(1,797,161)	-	(1,797,161)	(2,934,332)	-	(2,934,332)
- Element of income / (loss)	(68,840)	(113,787)	(182,627)	48,234	(51,638)	(3,404)
Total payments on redemption of units	(1,866,001)	(113,787)	(1,979,788)	(2,886,098)	(51,638)	(2,937,736)
Total comprehensive income for the period	-	765,481	765,481	-	805,198	805,198
Net assets at end of the period (Un-audited)	5,778,132	150,894	5,929,026	5,776,619	157,012	5,933,631
Undistributed income brought forward						
- Realized		(570,849)			373,476	
- Unrealized		70,049			(970,024)	
		(500,800)			(596,548)	
Accounting income available for distribution:						
- Relating to capital gains		598,931			594,659	
- Excluding capital gains		52,763			158,901	
		651,694			753,560	
Undistributed income carried forward		150,894			157,012	
Undistributed income carried forward						
- Realized		(449,834)			(549,994)	
- Unrealized		600,728			707,006	
		150,894			157,012	
		(Rupees) -			(Rupees) -	
Net assets value per unit at the beginning of the period		14.1851			13.7410	
Net assets value per unit at the end of the period		16.3351			16.2076	

The annexed notes from 1 to 23 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

	December 31,	
	2020	2019
	Note ----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	765,481	805,198
Adjustments for non cash items:		
Unrealized appreciation on remeasurement of investments classified as financial asset 'at fair value through profit or loss' - net	(600,728)	(707,006)
	164,753	98,192
Working Capital Changes		
(Increase) / decrease in assets		
Receivable against transfer of units	(3,384)	123,522
Investments - net	736,347	(209,140)
Receivable against sale of Investments	798	-
Mark-up accrued and dividend receivable	66,265	7,000
Deposits, prepayments and other receivables	(63,777)	2,149
	736,249	(76,469)
(Decrease) / increase in liabilities		
Payable to Asset Management Limited - Management Company	13,726	(8,138)
Payable to Central Depository Company of Pakistan Limited - Trustee	90	(125)
Payable to the Securities and Exchange Commission of Pakistan	(495)	(8,945)
Payable against purchase of investment	832,988	-
Payable against redemption of units	(6,439)	-
Accrued expenses and other liabilities	(26,296)	17,628
	813,574	420
Net cash generated from operating activities	1,714,576	22,143
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	2,099,363	1,199,542
Payments on redemption of units	(1,979,788)	(2,890,754)
Net cash used in financing activities	119,575	(1,691,211)
Net increase / (decrease) in cash and cash equivalents during the period	1,834,151	(1,669,068)
Cash and cash equivalents at the beginning of the period	622,432	2,798,299
Cash and cash equivalents at the end of the period	2,456,583	1,129,231

The annexed notes from 1 to 23 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

- 1.1 NBP Islamic Sarmaya Izafa Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 03, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on October 07, 2013 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund and categorized as an Islamic Asset Allocation Scheme and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on June 24, 2020, and has assigned performance ranking of 4-star to the Fund.

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

1.2 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended June 30, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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



2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSCATIONS

Except for the transactions mentioned in note 19, there were no significant events and transactions that have affected the Fund's financial position and performance.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting , issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Wherever provisions of and directives issued under the Companies Act , 2017 ,the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or the directives issued by the SECP differ with the requirements of the IFRS, the provisions of and directives issued under the Companies Act, 2017, requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

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 gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

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

4.1 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.

4.2 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.



4.3 Standards, Amendments And Interpretations To Approved Accounting Standards

Standards, amendments and interpretations to the published standards that may be relevant to the Fund and adopted in the current period

The Fund has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

New or Revised Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8)	January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2020

Adoption of the above standards have no effect on the amounts for the period ended December 31, 2020.

Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Fund

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
"IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform Phase 2"	January 1, 2021
IAS 37 Onerous Contracts- Cost of Fulfilling a contract	January 1, 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 Annual Improvements to IFRS Standards 2018-2020 cycle	January 1, 2022

The Fund is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the condensed interim financial statements of the Fund.

	Note	(Un-audited)	(Audited)
		December 31, 2020	June 30, 2020
		-----Rupees in '000-----	
5 Bank Balances			
Current accounts		46,174	37,517
Savings accounts	5.1	2,410,409	584,915
		<u>2,456,583</u>	<u>622,432</u>

5.1 These include a bank balances of Rs. 7.827 million and Rs. 188.238 million (June 30, 2020: Rs. 8.107million and Rs. 45.427 million), which are maintained with National Bank of Pakistan and BankIslami Pakistan, (related parties), and all parties carry mark-up at the rate of 3.5% to 8% and 13.35% (June 30, 2020: 3.5% to 8.75%) per annum respectively.



6 INVESTMENTS	Note	(Un-audited)	(Audited)
		December 31, 2020	June 30, 2020
Financial assets at 'fair value through profit or loss' (FVTPL)			
Listed equity securities	6.1	2,896,899	2,686,257
Government securities - Ijarah sukuks	6.2	753,716	974,225
Sukuks	6.3	800,282	926,034
		4,450,897	4,586,516

6.1 Listed equity securities

All shares have a nominal face value of Rs. 10 each except for shares of K-Electric Limited, Thal limited and Agriaautos Industries Company Limited. which have a face value of Rs. 5 .All shares have a nominal face value of Rs. 10 each except for shares of K-Electric Limited which have a face value of Rs. 5 .

Name of the investee company	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
OIL AND GAS MARKETING COMPANIES									
	Number of shares				Rupees in '000		%		
Attock Petroleum Limited	111,280	-	-	(40,600)	70,680	23,652	0.40	0.53	9%
Pakistan State Oil Company Limited (6.1.1) & (6.1.2)	349,526	113,587	-	(75,500)	387,613	83,453	1.41	1.87	14%
Hascol Petroleum Limited	3,424	-	-	-	3,424	50	-	-	0%
Sui Northern Gas Pipelines Limited	527,500	-	-	(113,000)	414,500	18,412	0.31	0.41	39%
	991,730	113,587	-	(229,100)	876,217	125,567	2.12	2.81	62%
OIL AND GAS EXPLORATION COMPANIES									
Oil and Gas Development Company Limited	1,720,900	170,000	-	(125,000)	1,765,900	183,247	3.09	4.12	4%
Pakistan Oilfields Limited (6.1.1)	82,732	7,500	-	-	90,232	35,679	0.60	0.80	4%
Pakistan Petroleum Limited (6.1.1)	2,015,313	98,000	-	(150,000)	1,963,313	177,346	2.99	3.98	10%
Mari Petroleum Company Limited	213,065	-	-	(6,200)	206,865	277,161	4.67	6.23	19%
	4,032,010	275,500	-	(281,200)	4,026,310	673,433	11.35	15.13	37%
REFINERY									
National Refinery Limited	84,900	-	-	(84,900)	-	-	-	-	0%
	84,900	-	-	(84,900)	-	-	-	-	0%
CHEMICALS									
Dynea Pakistan Limited	21,500	-	-	(19,000)	2,500	515	0.01	0.01	0%
Engro Polymer & Chemicals Limited (6.1.1)	2,706,000	-	-	(575,500)	2,130,500	101,220	1.71	2.27	277%
	2,727,500	-	-	(594,500)	2,133,000	101,735	1.72	2.28	277%
PAPERS AND BOARD									
Cherat Packaging Limited	151,250	-	-	(151,250)	-	-	-	-	0%
Roshan Packages Limited	-	220,000	-	(20,500)	199,500	8,479	0.14	0.19	14%
	151,250	220,000	-	(171,750)	199,500	8,479	0.14	0.19	14%
FOOD AND PERSONAL CARE PRODUCTS									
Al Shaheer Corporation Limited	1,566,335	-	-	(655,500)	910,835	14,154	0.24	0.32	64%
Al Shaheer Letter of Right	-	-	455,417	-	455,417	2,523	0.04	0.06	0%
	1,566,335	-	455,417	(655,500)	1,366,252	16,677	0.28	0.38	64%
ENGINEERING									
International Steels Limited	640,912	-	-	(640,912)	-	-	-	-	0%
International Industries Limited	56,370	-	-	(56,370)	-	-	-	-	0%
Mughal Iron And Steel Industries Limited	1,273,043	123,500	-	(593,500)	803,043	60,814	1.03	1.37	32%
Agha Steel Industries Limited	-	816,000	-	-	816,000	32,159	0.54	0.72	18%
	1,970,325	939,500	-	(1,290,782)	1,619,043	92,973	1.57	2.09	50%
CEMENT									
D.G. Khan Cement Company Limited	414,000	53,500	-	(189,000)	278,500	31,911	0.54	0.72	24%
Lucky Cement Limited	532,350	25,700	-	(139,645)	418,405	291,248	4.91	6.54	13%
Maple Leaf Cement Factory Limited	-	817,500	-	(20,500)	797,000	35,873	0.61	0.81	15%
Kohat Cement Company Limited	367,810	-	-	(8,500)	359,310	78,775	1.33	1.77	179%
Fauji Cement Company Limited	2,920,000	289,000	-	(813,500)	2,395,500	51,910	0.88	1.17	174%
FECTO Cement Limited	239,200	-	-	-	239,200	8,207	0.14	0.18	48%
	4,473,360	1,185,700	-	(1,171,145)	4,487,915	497,924	8.41	11.19	453%



Name of the investee company	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
----- Number of shares ----- Rupees in '000 ----- % -----									
TRANSPORT									
Pakistan National Shipping Corporation	152,200	-	-	(152,200)	-	-	-	-	0%
	152,200	-	-	(152,200)	-	-	-	-	0%
TEXTILE COMPOSITE									
Nishat Mills Limited	1,475,800	57,500	-	(338,000)	1,195,300	121,646	2.05	2.73	34%
Kohinoor Textile Mills Limited	826,780	-	-	(436,900)	389,880	26,598	0.45	0.60	292%
Interloop Limited	761,377	93,500	-	-	854,877	58,191	0.98	1.31	192%
Synthetic Products Limited	546	-	-	-	546	24	-	-	0%
	3,064,503	151,000	-	(774,900)	2,440,603	206,459	3.48	4.64	519%
FERTILIZER									
Engro Corporation Limited (6.1.1)	1,156,520	57,500	-	(368,600)	845,420	259,848	4.38	5.84	16%
Engro Fertilizers Limited	1,231,000	95,500	-	(213,500)	1,113,000	70,375	1.19	1.58	8%
	2,387,520	153,000	-	(582,100)	1,958,420	330,223	5.57	7.42	24%
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited (6.1.1)	3,347,011	180,000	-	(430,558)	3,096,453	245,642	4.14	5.52	27%
Lalpir Power Limited	407,000	-	-	(37,000)	370,000	4,743	0.08	0.11	10%
	3,754,011	180,000	-	(467,558)	3,466,453	250,385	4.22	5.63	37%
COMMERCIAL BANKS									
Meezan Bank Limited (Refer 6.1.2)	2,495,090	-	165,312	(842,000)	1,818,402	189,914	3.20	4.27	18%
	2,495,090	-	165,312	(842,000)	1,818,402	189,914	3.20	4.27	18%
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	47,200	-	-	-	47,200	51,641	0.87	1.16	11%
Honda Atlas Cars (Pakistan) Limited	154,800	-	-	(81,400)	73,400	24,083	0.41	0.54	5%
	202,000	-	-	(81,400)	120,600	75,724	1.28	1.70	16%
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	234,500	-	-	-	234,500	20,636	0.35	0.46	176%
Thal Limited	1	-	-	-	1	-	-	-	0%
Agriautos Industries Co. Ltd.	1,400	-	-	-	1,400	328	0.01	0.01	5%
	235,901	-	-	-	235,901	20,964	0.36	0.47	181%
PHARMACEUTICALS									
Ferozsons Laboratories Limited	4,500	-	-	(4,500)	-	-	-	-	0%
The Searle Company Limited	68,817	58,500	28,450	(20,000)	135,767	33,837	0.57	0.76	10%
AGP Limited	109,000	74,000	-	(109,000)	74,000	8,427	0.14	0.19	26%
GlaxoSmithKline Pakistan Limited	28400	-	-	(28,400)	-	-	-	-	0%
	210,717	132,500	28,450	(161,900)	209,767	42,264	0.71	0.95	36%
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	10,850	1,085	-	-	11,935	1,108	0.02	0.02	1%
Netsol Technologies Limited	676,200	-	-	(676,200)	-	-	-	-	0%
Systems Limited	509,300	-	-	(43,500)	465,800	195,277	3.29	4.39	44%
TPL Trakker Limited	-	1,598,500	-	-	1,598,500	16,225	0.27	0.36	133%
	1,196,350	1,599,585	-	(719,700)	2,076,235	212,610	3.58	4.77	178%
GLASS AND CERAMICS									
Tariq Glass Industries Limited	857,700	-	-	(300,500)	557,200	48,911.02	0.82	1.57	76%
Shabbir Tiles and Ceramics Limited	851,000	-	-	(851,000)	-	-	-	-	0%
Ghani Value Glass Limited	68,100	-	-	(7,000)	61,100	2656.017	0.04	0.06	105%
	1,776,800	-	-	(1,158,500)	618,300	51,567	0.86	1.63	181%
					27,652,918	2,896,899	48.85	65.55	
Carrying value before mark to market as at December 31, 2020						2,296,239			

- 6.1.1** Investments include shares with market value amounting to Rs 109.667 million (June 30, 2020: Rs 107.93 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan, the breakup of which is as follows:

Name of Investee Company	Shares pledged	Market value ---Rs in '000---
Engro Corporation Limited	200,000	61,472
The Hub Power Company	62,000	4,918
Pakistan Oilfields Limited	29,000	11,467
Pakistan Petroleum Limited	345,000	31,164
Pakistan State Oil Company	30,000	646
		109,667

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

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

During the year ended June 30, 2018, the Honourable Supreme Court of Pakistan (HSC) passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the prior year. During the prior period, the CISs have filed a fresh constitutional petition vide CP 4653 dated July 11, 2019.

In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares, issued to the Funds in lieu of their investments, be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

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

As at December 31, 2020, the following bonus shares of the Fund have been withheld by a company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.



Name of the Company	December 31, 2020		June 30, 2020	
	Bonus shares		Bonus shares	
	Number	Market value	Number	Market value
	Rs in '000'		Rs in '000'	
Al Shaheer Corporation Limited	11,788	183	11,788	135
Avanceon Limited	11,935	1,108	11,935	422
Hascol Petroleum Limited	3,424	50	3,424	47
Kohinoor Textile Mills Limited	12,255	836	12,255	435
Mughal Iron and Steel Limited	46,707	352	46,707	188
Pakistan State Oil Company Limited	12,438	2,678	12,438	1,967
Synthetic Product Enterprise Limited	546	24	546	23
		5,231		3,216

6.2 Government securities - Ijarah sukuku

Description	Period	Number of certificates				Market value as at December 31, 2020	Investment as a percentage of	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020		Net assets	Market value of total investments
All certificates have a face value of Rs.100,000 each						Rupees in '000'	----- % -----	
Ijarah sukuku	April 30, 2020 to April 30, 2025	97,500	353,500	293,500	157,500	753,716	12.71	16.93
Ijarah sukuku	May 29, 2020 to May 29, 2025	100,000	-	100,000	-	-	-	-
						753,716		
						753,283		

Carrying value before mark to market as at December 31, 2020

6.3 Sukuku

Name of the investee company	Number of certificates				Market value as at December 31, 2020	Market value as at June 30, 2020	Investment as a percentage of	
	As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020			Net assets	Market value of total investments
All sukuku have a face value of Rs. 5,000, 100,000 and 1,000,000 each respectively.						Rupees in '000	----- % -----	
Dubai Islamic Bank Pakistan Limited - unlisted	129	-	-	129	132,608	131,413	2.24	2.98%
Engro Powergen Thar (Pvt) Limited - unlisted	60,000	-	-	60,000	299,638	-	5.05	6.73%
The Hub Power Company Limited - listed	3,000	-	-	3,000	306,746	-	5.17	6.89%
Engro Polymer Chemicals Limited - listed	850	-	250	600	61,290	-	1.03	1.38%
Pak Energy	20,000	-	20,000	-	-	-	-	-
Market value as at December 31, 2020					800,282			
Carrying value before mark to market as at December 31, 2020					800,647			

6.3.1 Other particulars of sukuk outstanding as at December 31, 2020 are as follows

Name of the investee company	Face value	Mark-up rate per annum	Rating	Issue date	Maturity date
Dubai Islamic Bank Pakistan Limited-unlisted	1,000,000	6 months KIBOR offer rate + 0.50% Spread	AA-	14-Jul-17	14-Jul-27
Engro Powergen Thar (Pvt) Limited-unlisted	5,000	3 months KIBOR offer rate + 1.10% Spread	A	2-Aug-19	2-Aug-24
The HUB Power Company Limited-listed	100,000	3 months KIBOR offer rate + 1.90% Spread	AA+	22-Aug-19	22-Aug-23
Engro Polymer Chemical Limited-listed	100,000	3 months KIBOR offer rate + 0.90% Spread	AA	11-Jan-19	11-Jul-26

6.4 Non-performing Sukuk

Name of the investee company	Note	Number of certificates				Market value as at December 31, 2020	Investment as a percentage of	
		As at July 1, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020		Net assets	Market value of total investments

All sukuk have a face value of Rs. 5,000 each.

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

Eden Housing Limited	6.4.1	5,000	-	-	5,000	-	-	-
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Carrying value as at December 31, 2020

4,922

Accumulated impairment

4,922

6.4.1 This represents investment in privately placed sukuk with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.4.2 The sukuk held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

6.4.3 Other particulars of sukuk outstanding as at December 31, 2020 are as follows:

Name of the investee company	Face value	Mark-up rate per annum	Rating	Issue date	Maturity date
------------------------------	------------	------------------------	--------	------------	---------------

-----Rupees-----

Eden House Limited	984	6 Month KIBOR	Not rated	31-Mar-08	31-Mar-13
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(Un-audited)	(Audited)
December 31,	June 30,
2020	2020

7 MARK-UP ACCRUED AND DIVIDEND RECEIVABLES

Note

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

Mark-up accrued on bank balances	7.1	7,149	6,378
Mark-up accrued on debt securities		21,151	28,300
Dividend receivable		3,999	-
		32,299	34,678



- 7.1 These include an amount of Rs. 0.319 million and Rs. 0.005 million (June 30, 2020: Rs. 2.938 million and Rs. 0.008 million), which are maintained with BankIslami Pakistan and National Bank of Pakistan, (related parties).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	-----Rupees in '000-----	
8	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Security deposits with:		
	-National Clearing Company of Pakistan Limited	2,500	2,500
	-Central Depository Company of Pakistan limited	100	100
	Prepayment	28	137
	Advance tax	3,339	3,339
		<u>5,967</u>	<u>6,076</u>
9	PAYABLE TO NBP ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Remuneration of the Management Company	9.1 7,403	6,242
	Sindh Sales Tax on remuneration of the Management Company	962	811
	Federal Excise Duty on remuneration of the Management Company	9.2 18,406	18,406
	Operational expenses	9.3 2,011	1,233
	Selling and marketing expenses	9.4 21,699	17,717
	Sales and transfer load	8,415	1,666
	Sindh Sales Tax and Federal Excise Duty on sales load	20,456	19,551
		<u>79,352</u>	<u>65,626</u>

- 9.1 The Management Company has charged its remuneration at the rate of 1.5% per annum of the average annual net assets from July 1, 2020 to December 31, 2020 (June 30, 2020: 1.5% per annum of the average annual net assets). The remuneration is payable to the Management Company monthly in arrears.

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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



In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from April 19, 2016 till June 30, 2016 amounting to Rs 0.583 million (June 30, 2019: Rs 0.583 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2020 would have been higher by Rs 0.0507 (June 30, 2020: Rs 0.0295) per unit.

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

'Accordingly, the Management Company based on its own discretion has currently fixed a maximum capping of 0.1% per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.'

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

Effective dates	Applicable rates
From July 1, 2019 till July 11, 2019	0.4% per annum of average daily net assets
From July 12, 2019 till December 16, 2019	1.15% per annum of average daily net assets
From December 17, 2019 till December 31, 2019	1.35% per annum of average daily net assets
From July 1, 2020 till October 30, 2020	1.5% per annum of average daily net assets
From September 1, 2020 till December 31, 2020	1.9% per annum of average daily net assets

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
		Note -----Rupees in '000-----	
	Remuneration of the Trustee	10.1 578	498
	Sindh Sales Tax on remuneration of the Trustee	75	65
		<u>653</u>	<u>563</u>

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs 1,000 million 0.20% p.a. of net assets
- on an amount exceeding Rs 1,000 million Rs 2.0 million plus 0.10% p.a. of net assets, on amount

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
11	PAYABLE TO THE SECURITIES AND EXCHANGE -COMMISSION OF PAKISTAN		
		Note ----- Rupees in 000 -----	
	Annual fee payable	11.1 <u>574</u>	<u>1,069</u>



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

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)	(Audited)
			December 31, 2020	June 30, 2020
			-----Rupees in '000-----	
	Auditors' remuneration		500	533
	Provision for Sindh Workers' Welfare Fund	12.1	83,436	67,814
	Bank charges		329	385
	Settlement charges		234	184
	Printing charges		17	4
	Brokerage fee		387	473
	Charity payable		6,751	9,811
	Withholding tax		1,784	40,667
	Capital gain tax		1,072	235
	Others		767	1,466
			95,277	121,572

- 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 two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

As at December 31, 2020, the provision in relation to SWWF amounted to Rs. 83.436 million (June 30, 2020 : 67.814). Had the provision not being made, the net asset value per unit as at December 31, 2020 would have been higher by Rs.0.2299 per unit (June 30, 2020: Rs. 0.1907 per unit) .

13 CONTINGENCIES AND COMMITMENTS

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

14 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% 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. Since the Management Company intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these condensed interim financial statements.

15 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
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-----Rupees in '000-----

Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks	4,922	(4,922)	-	-	-
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- 15.1 At the time of purchase, these sukuks were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

16 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 period / year end.

17 EARNINGS / (LOSS) PER UNIT

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

18 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 4.13% (2019: 3.49%) per annum including 0.78% (2019: 0.36%) representing government levies on collective investment scheme such as sales tax and Securities and Exchange Commission of Pakistan fee for the period.

19 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 19.1 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 sponsor, NAFA Pension Fund, NAFA Provident Fund Trust being associates Management Company and other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the fund.

- 19.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.



19.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

19.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

	(Un-audited) December 31, 2020	(Audited) December 31 2019
	----- Rupees in '000' -----	
19.5 Details of transaction with connected persons and related parties are as follows:		
NBP Fund Management Limited		
- Management Company		
Remuneration of the Management Company	43,082	42,189
Sindh Sales Tax on remuneration of the Management Company	5,601	5,485
Reimbursement of operational expenses to the Management Company	3,391	2,744
Selling and marketing expenses	43,082	30,504
Sales and transfer load	22,161	11,344
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	3,376	3,247
Sindh Sales Tax on remuneration of the Trustee	439	422
Settlement charges	71	116
Employees of the Management Company		
Units issued / transferred in:		
2,285,265 units (2019: 42,279 units)	35,693	599
Units redeemed / transferred out:		
2,144,806 units (2019: 41,763 units)	33,670	566
Taurus Securities Limited		
-Subsidiary of Parent of the Management Company		
Brokerage charges	58	136
NBP Islamic Stock Fund		
Purchase of 671,500 shares	47,740	-
NBP Riba Free Savings Fund		
Purchase of Sukuks	297,813	-
Bank Islami Pakistan Limited		
-Common directorship with the Management Company		
Mark-up on bank balances	1,694	14,931
Sale of Sukuks	761,153	-
Purchase of Sukuks	761,756	-



(Un-audited) (Audited)
December 31, December 31
2020 2019
----- Rupees in '000' -----

International Steel Limited

-Common directorship with the Management Company

Shares purchased Nil (2019: 560,000)	-	28,297
Shares sold 640,912 (2019: 308,888)	44,853	9,641
Dividend income	-	446

The Hub power Company Limited

-Common directorship with the Management Company

Ordinary Shares sold 430,500 (2019: 589,000)	34,287	42,362
Ordinary Shares purchased 180,000 (2019: Nil)	15,062	-
Dividend income	11,464	-
Purchase of Sukuk	-	300,000
Sukuk Income	14,141	19,943

NBP Islamic Savings Fund

-Fund Managed by Management Company

Purchase of Sukuks	-	88,457
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National Clearing Company of Pakistan Limited

-Common Directorship with the Management Company

NCCPL Charges	195	550
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Pakistan Stock Exchange Limited

-Common Directorship with the Management Company

Listing fee paid	25	25
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Portfolio managed by Management Company

Units issued / transferred in:		
760,144 units (2019: Nil)	12,400	-
Units redeemed / transferred out		
-152,578 units (2019: 1,210,978 units)	-	2,016

19.6 Amounts outstanding as at period / year end are as follows:

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	7,403	6,242
Sindh Sales Tax on remuneration of the Management Company	962	811
Operational expenses	2,011	1,233
Sales load	8,415	1,666
Sindh Sales Tax and Federal Excise Duty on sales load	20,456	19,551
Selling and marketing expenses	21,699	17,717
Federal Excise Duty on remuneration of the Management Company	18,406	18,406



	(Un-audited) December 31, 2020	(Audited) December 31 2019
	----- Rupees in '000' -----	
Central Depository Company of Pakistan Limited- Trustee		
Remuneration of the Trustee	578	498
Sindh Sales Tax on remuneration of the Trustee	75	65
Settlement charges	234	184
Security deposit	100	100
National Bank of Pakistan -Parent of the Management Company		
Bank balances	7,827	8,107
International Steel Limited -Common directorship with the Management Company		
Ordinary shares held Nil shares (2019: 640,912 shares)	-	33,103
Bank Islami Pakistan Limited -Common directorship with the Management Company		
Bank balances	188,238	45,427
Mark-up accrued	319	763
Employees of the Management Company		
Units held - 420,423 units (June 30, 2020: 74,444 units)	6,868	6,994
Bayer Pakistan (Private) Limited- Employees Gratuity Fund		
Units held - 760,144 units (June 30, 2020: Nil units)	12,417	-
The Hub power Company Limited -Common directorship with the Management Company		
Ordinary shares held 3,096,455 shares (2019: 3,347,011 shares)	245,642	242,658
Investment in sukuk	306,746	306,434
Profit receivable	2,870	3,301
National Clearing Company of Pakistan Limited -Common Directorship with the Management Company		
NCCPL charges payable	387	403
Security deposit	2,500	2,500



20 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.

20.1 Fair value hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

----- Un-audited -----				
----- As at December 31, 2020 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in 000 -----				
ASSETS				
Investments - financial assets 'at fair value through profit or loss'				
- Listed equity securities	2,896,899	-	-	2,896,899
- Government securities - Ijarah sukuks	753,716	-	-	753,716
- Sukuks	-	800,282	-	800,282
----- Audited -----				
----- As at June 30, 2020 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in 000 -----				
ASSETS				
Investments - financial assets 'at fair value through profit or loss'				
- Listed equity securities	2,686,257	-	-	2,686,257
- Government securities - Ijarah sukuks	974,225	-	-	974,225
- Sukuks	-	926,034	-	926,034

21 GENERAL

21.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.



21.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

21.3 These condensed interim financial statements are unaudited and have been reviewed by the auditors. Furthermore, the figures for the quarter ended December 31, 2020 in these condensed interim financial statements, wherever appearing, have not been reviewed by the auditors.

22 RECLASSIFICATION

Corresponding figures have been re arranged and re classified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

23 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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Scheme No.5, Clifton, Karachi.

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