

## NBP ISLAMIC SAVINGS 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.**



## Contents

<b>FUND'S INFORMATION</b>	<b>03</b>
<b>DIRECTORS' REPORT</b>	<b>05</b>
<b>REPORT OF THE TRUSTEE TO THE UNITHOLDERS</b>	<b>09</b>
<b>INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS</b>	<b>10</b>
<b>CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES</b>	<b>11</b>
<b>CONDENSED INTERIM INCOME STATEMENT</b>	<b>12</b>
<b>CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME</b>	<b>13</b>
<b>CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND</b>	<b>14</b>
<b>CONDENSED INTERIM CASH FLOW STATEMENT</b>	<b>15</b>
<b>NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION</b>	<b>16</b>



## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Ms. Mehnaz Salar	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

### Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

### Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Ms. Mehnaz Salar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

### Trustee

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shakra-e-Faisal, Karachi.

### Bankers to the Fund

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



## **Auditors**

Yousuf Adil  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 Pakistan.

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

## DIRECTORS' REPORT

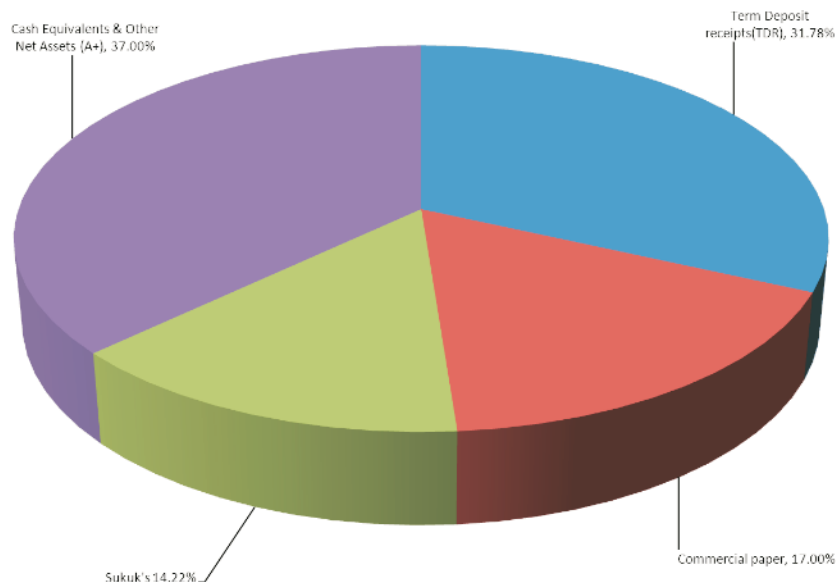
The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Islamic Savings Fund (NBP-ISF)** for the half year ended December 31, 2020.

### Fund's Performance

The size of NBP Islamic Savings Fund has decreased from Rs. 3,968 million to Rs. 2,813 million during the period, a decline of 29%. The unit price of the Fund has increased from Rs. 9.5313 on June 30, 2020 to Rs. 9.8000 on December 31, 2020, thus showing return of 5.6% p.a. as compared to its benchmark return of 3.9% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

NBP-ISF is categorized as Islamic Income Scheme and has been awarded stability rating of 'AA- (f)' by PACRA. During 1HFY21, the SBP held two Monetary Policy Committee (MPC) meetings wherein it left the Policy Rate unchanged at 7%, citing the prevailing accommodative monetary policy stance appropriate for the nascent economic recovery. Inflation as measured by the CPI clocked-in at 8% for December 2020, owing to supply side issues and rise in prices of perishable food items.

The Fund has earned a total income of Rs. 124.14 million during the period. After deducting total expenses of Rs. 28.74 million, the net income is Rs. 95.40 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-ISF.



## **Acknowledgement**

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of  
**NBP Fund Management Limited**

**Chief Executive**

**Director**

Date: February 26, 2021  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک سیونگز فنڈ (NBP-ISF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

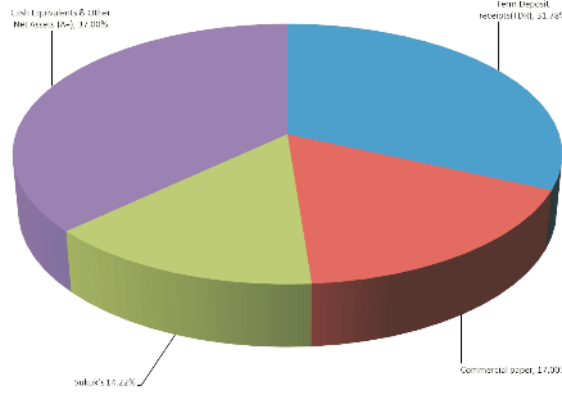
### فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP اسلامک سیونگز فنڈ کا سائز 3,968 ملین روپے سے کم ہو کر 2,813 ملین روپے ہو گیا یعنی 29% کی کمی ہوئی۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.5313 روپے سے بڑھ کر 31 دسمبر 2020ء کو 9.8000 روپے ہو گئی، لہذا گزشتہ اسی مدت کی 3.9% بیچ مارک منافع کے مقابلے میں 5.6% کا منافع درج کیا گیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP-ISF کی اسلامک انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور اسے PACRA کی طرف سے AA-(f) کی مستحکم ریٹنگ دی گئی ہے۔ 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 کی شرح 7% کو تبدیل نہیں کیا۔ خراب ہونے والی ایشیا کی قیمتوں میں اضافے اور رسد کی فراہمی جیسے مسائل کے باعث CPI افراط زر کی شرح دسمبر 2020 میں 8 فیصد رہی۔

فنڈ کو اس مدت کے دوران 124.14 ملین روپے کی کل آمدنی ہوئی۔ 28.74 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 95.40 ملین روپے ہے۔

مندرجہ ذیل چارٹ NBP-ISF کی ایسٹ ایبلویشن اور اس کی ہر ذیلی ایسٹ کلاس کی اوسط کریڈٹ ریٹنگ ظاہر کرتا ہے:



### 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 ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور 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**

ڈائریکٹرز

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 Savings 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 Savings Fund (the Fund) as at December 31, 2020, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to and forming part of the condensed interim financial statements for the half year ended December 31, 2020 (here-in-after referred to as the 'condensed interim financial statements'). NBP Fund Management Limited (the Management Company) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### 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 condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

### Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

### Yousuf Adil

Chartered Accountants

Engagement Partner

**Naresh Kumar**

Date: February 27, 2021

Place: 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 -----	
<b>ASSETS</b>			
Bank balances	4	1,076,838	2,092,481
Investments	5	1,772,253	1,938,519
Mark-up accrued	6	13,423	22,621
Receivable against transfer of units		-	16,135
Deposits, prepayments and other receivables	7	1,354	1,547
<b>Total assets</b>		<b>2,863,868</b>	<b>4,071,303</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - Management Company	8	8,957	13,723
Payable to Central Depository Company of Pakistan Limited - Trustee	9	206	287
Payable to the Securities and Exchange Commission of Pakistan	10	344	653
Payable against redemption of units		14,233	20,660
Accrued expenses and other liabilities	11	27,418	68,330
<b>Total liabilities</b>		<b>51,158</b>	<b>103,653</b>
<b>NET ASSETS</b>		<b>2,812,710</b>	<b>3,967,650</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,812,710</b>	<b>3,967,650</b>
<b>Contingencies and commitments</b>			
	12	----- Number of units -----	
<b>Number of units in issue</b>		<b>287,012,258</b>	<b>416,273,709</b>
----- Rupees -----			
<b>Net asset value per unit</b>		<b>9.8000</b>	<b>9.5313</b>

The annexed notes 1 to 20 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 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 -----				
<b>INCOME</b>				
Return / mark-up on:				
- bank balances	54,164	115,011	21,384	55,572
- term deposit	34,615	27,597	16,869	13,799
- sukuk	2,101	15,129	2,101	-
- bai muajjal	11,228	-	5,005	-
- commercial paper	22,034	24,302	9,063	23,899
Capital (loss) / gain on sale of investments - net	-	(383)	-	451
Unrealised (loss) / gain on remeasurement of investments classified as financial asset at fair value through profit or loss - net	-	(674)	-	9
<b>Total income</b>	<b>124,142</b>	<b>180,982</b>	<b>54,422</b>	<b>93,730</b>
<b>EXPENSES</b>				
Remuneration of NBP Fund Management Limited - Management Company	8.1	8,713	10,208	3,846
Sindh Sales Tax on remuneration of the Management Company	8.2	1,133	1,327	500
Reimbursement of operational expenses to the Management Company	8.3	1,858	1,341	912
Selling and marketing expenses	8.4	12,002	9,087	5,379
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,292	1,005	582
Sindh Sales Tax on remuneration of the Trustee	9.2	168	131	76
Annual fee to the Securities and Exchange Commission of Pakistan	10	344	268	155
Settlement and bank charges		83	312	55
Auditors' remuneration		375	321	283
Fund rating fee		207	189	103
Annual listing fee		14	14	7
Printing charges		51	3	51
Securities transaction cost		-	7	-
Shariah advisory fee		219	217	95
Legal and professional charges		336	57	323
<b>Total expenses</b>		<b>26,795</b>	<b>24,487</b>	<b>12,367</b>
<b>Net income from operating activities</b>		<b>97,347</b>	<b>156,495</b>	<b>42,055</b>
Provision for Sindh Workers Welfare Fund		(1,947)	(3,130)	(841)
<b>Net income for the period before taxation</b>		<b>95,400</b>	<b>153,365</b>	<b>41,214</b>
Taxation	13	-	-	-
<b>Net income for the period after taxation</b>		<b>95,400</b>	<b>153,365</b>	<b>41,214</b>
<b>Allocation of income for the period</b>				
Net income for the period after taxation		95,400	153,365	41,214
Income already paid on redemption of units	18	(22,286)	(35,479)	(15,160)
		<b>73,114</b>	<b>117,886</b>	<b>26,054</b>
<b>Accounting income available for distribution:</b>				
- Relating to capital gains		-	-	-
- Excluding capital gains		73,114	117,886	26,054
		<b>73,114</b>	<b>117,886</b>	<b>26,054</b>

The annexed notes 1 to 20 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		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----			
Net income for the period after taxation	<b>95,400</b>	153,365	<b>41,214</b>	79,524
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>95,400</b>	153,365	<b>41,214</b>	79,524

The annexed notes 1 to 20 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

	Half year ended					
	2020			2019		
	Rupees in '000					
Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	
Net assets at beginning of the period	3,907,523	60,127	3,967,650	3,585,988	56,382	3,642,370
Issued 77,409,998 units (2020: 549,810,541)						
- Capital value	737,818	-	737,818	1,720,785	-	1,720,785
- Element of income	6,666	-	6,666	64,210	-	64,210
Total proceeds on issuance of units	744,484	-	744,484	1,784,995	-	1,784,995
Redemption of 206,671,449 units (2019: 269,282,237 units)						
- Capital value	(1,969,848)	-	(1,969,848)	(2,564,267)	-	(2,564,267)
- Element of loss	(2,690)	(22,286)	(24,976)	(15,803)	(35,479)	(51,282)
Total payments on redemption of units	(1,972,538)	(22,286)	(1,994,824)	(2,580,070)	(35,479)	(2,615,549)
Total comprehensive income for the period	-	95,400	95,400	-	153,365	153,365
<b>Net assets at end of the period</b>	<b>2,679,469</b>	<b>133,241</b>	<b>2,812,710</b>	<b>2,790,913</b>	<b>174,268</b>	<b>2,965,181</b>
Undistributed income brought forward						
- Realised		60,127			58,700	
- Unrealised		-			(2,318)	
		60,127			56,382	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		73,114			117,886	
		73,114			117,886	
Distribution during the period		-			-	
<b>Undistributed income carried forward</b>		<b>133,241</b>			<b>174,268</b>	
Undistributed income carried forward						
- Realised		133,241			174,942	
- Unrealised		-			(674)	
		133,241			174,268	
				--- Rupees ---		--- Rupees ---
Net assets value per unit at beginning of the period			9.5313			9.5226
Net assets value per unit at end of the period			9.8000			10.0883

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

	Half year ended	
	December 31, 2020	December 31, 2019
	Note ----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	95,400	153,365
<b>Adjustments:</b>		
Return / mark-up on:		
- bank balances	(54,164)	(115,010)
- term deposit	(34,615)	(27,598)
- sukuks	(2,101)	(15,129)
- bai - muajjal	(11,228)	
- commercial paper	(22,034)	(24,302)
Loss on sale of investment	-	383
Net unrealised loss on re-measurement of investments at fair value through profit or loss	-	674
Provision for Sindh Workers' Welfare Fund	1,947	3,130
	(122,195)	(177,852)
<b>Increase / (decrease) in assets</b>	<b>(26,795)</b>	<b>(27,617)</b>
Investments	166,266	447,042
Deposit, prepayments and other receivables	193	175
	166,459	447,217
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(4,766)	479
Payable to the Trustee	(81)	(109)
Payable to the Securities and Exchange Commission of Pakistan	(309)	(2,015)
Accrued expenses and other liabilities	(42,859)	(16,664)
	(48,015)	(18,309)
Mark-up on bank balances received	65,983	114,548
Mark-up on term deposit received	33,014	27,598
Mark-up on sukuks received	-	14,966
Mark-up on bai - muajjal received	12,310	-
Mark-up on commercial paper	22,034	24,302
<b>Net cash generated from operating activities</b>	<b>224,990</b>	<b>582,705</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issuance of units	760,618	1,777,912
Amounts paid on redemption of units	(2,001,251)	(2,547,619)
<b>Net cash used in financing activities</b>	<b>(1,240,633)</b>	<b>(769,707)</b>
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(1,015,643)</b>	<b>(187,002)</b>
Cash and cash equivalents at the beginning of the period	2,092,481	2,118,188
<b>Cash and cash equivalents at the end of the period</b>	<b>1,076,838</b>	<b>1,931,186</b>

The annexed notes 1 to 20 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 Savings 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 August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as shariah-compliant income scheme as per the criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters. The CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC on November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on July 17, 2014 CDC was re-appointed as the new Trustee of the Fund, after MCBFSL retired on prior day.

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 classified as sharia compliant "income" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units 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.

Management Company has obtained approval of SECP, pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Savings Fund' with effect from March 14, 2017.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on December 24, 2020, and has assigned stability rating of 'AA-(f)' 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

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 period ended December 31, 2020 due to increase in overall credit





risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This 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:

- Interim Accounting Standard (IAS) 34, Interim Financial Reporting issued by International Accounting Standards Board ( IASB ) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Trust deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP.

Wherever provisions of and directives issued under the Companies Act, 2017, the requirements of Trust deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) or the directives issued by the SECP differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017, requirement of the trust deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

**2.1.1** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34 Interim financial reporting. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

**2.1.2** In compliance with Schedule V of the, the Non-Banking Finance Companies and notified entities regulation 2008, the directors of the Management Company hereby declare that this condensed interim financial statements gives a true and fair view of the state of the Fund's affairs as at December 31, 2020.

### **2.2 Basis of measurement**

This condensed interim financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

### **2.3 Functional and presentation currency**

This condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.



### 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2020.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial statements, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2020.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2020.

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- Rupees in '000 -----			
<b>4</b>	<b>BANK BALANCES</b>		
	Current accounts	4.1 29,323	22,104
	Savings accounts	4.2 1,047,515	2,070,377
		<u>1,076,838</u>	<u>2,092,481</u>

4.1 These include a bank balance of Rs.11.990 million (June 30 2020: Rs.9.070 million), which is maintained in current accounts with National Bank of Pakistan, related party.

4.2 These savings accounts carry mark-up at rates ranging from 6.59% to 6.79% per annum (June 30, 2019: 5% to 13.85% per annum). These include a bank balance of Rs.0.0485 million (June 30 2020: Rs.0.043 million), which is maintained with National Bank of Pakistan (related party) and carries average Markup rate of 4.35% and Rs.195.652 million (June 30 2020: Rs.2.033 million), which is maintained with Bank Islami Pakistan (related party) and carries an average Markup rate of 6.29% per annum.

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- Rupees in '000 -----			
<b>5</b>	<b>INVESTMENTS</b>		
<b>Financial assets at fair value through profit or loss</b>			
	Sukuk's	5.1 & 5.2 400,000	-
	Commercial paper	5.3 478,253	414,009
	Term deposit receipt	5.4 894,000	1,210,000
	Bai-muajjal	-	314,510
		<u>1,772,253</u>	<u>1,938,519</u>



## 5.1 Sukuk's certificates- At fair value through profit or loss

Description	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	Issue size

Rupees in '000 ----- (%) -----

All sukuk have a face value of Rs. 5,000 each except for GoP Ijara Sukuk which have face value of Rs. 100,000.

Kot Addu Power Company - Sukuk	-	4,000	-	4,000	400,000	0.14	22.57%	8.00%
Carrying value before mark to market as at December 31, 2020					<u>400,000</u>			

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

Description	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
Kot Addu Power Company	4,000	7.99%	December 8, 2020	June 8, 2021

## 5.2 Non-performing sukuk classified at fair value through profit or loss

Name of the investee company	Note	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	Issue Size

Rupees in '000 ----- (%) -----

All sukuk have a face value of Rs. 5,000 except New Allied Electronics Industries (Private) Limited - 1st, issue which have face value of Rs. 312.5

New Allied Electronics Industries (Private) Limited								
- Sukuk 1	5.2.1	352,000	-	-	352,000	-	-	14.67%
New Allied Electronics Industries (Private) Limited								
- Sukuk 2	5.2.1	1,000	-	-	1,000	-	-	0.65%
					<u>-</u>			
Carrying value as at December 31, 2020					<u>114,905</u>			
Accumulated impairment					<u>114,905</u>			

5.2.1 These represent investment in privately placed sukuk with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 9, 2009. 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.



## 5.2.2 Other particulars of sukuks outstanding as at December 31, 2020 are as follows:

Name of the investee company	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
New Allied Electronics Industries (Private) Limited - Sukuk 1	313	3 month KIBOR + 2.60%	July 27, 2007	July 27, 2012
New Allied Electronics Industries (Private) Limited - Sukuk 2	4,905	6 month KIBOR + 2.20%	December 03, 2007	December 03, 2012

## 5.3 Commercial Paper

### 5.3.1

Name of the investee company	Note.	Face value				Carrying Value as at December 31, 2020	Carrying Value as at June 30, 2020
		As at July 01, 2020	Purchases during the period	Sales / Matured during the period	As at December 31, 2020		
----- Rupees in '000 -----							
K Electric		100,000	-	100,000	-	-	98,355
K Electric		100,000	-	100,000	-	-	97,518
K Electric		225,000	-	225,000	-	-	218,136
K Electric	5.3.2	-	150,000	-	150,000	148,639	-
K Electric	5.3.2	-	80,000	-	80,000	79,041	-
K Electric	5.3.2	-	66,000	-	66,000	64,854	-
K-Electric	5.3.2	-	190,000	-	190,000	185,719	-
<b>Total</b>		<b>425,000</b>	<b>486,000</b>	<b>425,000</b>	<b>486,000</b>	<b>478,253</b>	<b>414,009</b>

Carrying value as at December 31, 2020

478,253

### 5.3.2

Particulars	Profit / mark-up rates	Issue date	Maturity Date	Face Value	Amortised Cost	Carrying value as a % of net assets	Carrying value as a % of total investment
----- Rupees in '000 -----							
K Electric	8.21%	August 12, 2020	February 12, 2021	150,000	148,639	5.28%	8.39%
K Electric	8.13%	August 26, 2020	February 26, 2021	80,000	79,041	2.81%	4.46%
K Electric	8.04%	September 24, 2020	March 24, 2021	66,000	64,854	2.31%	3.66%
K-Electric	7.84%	October 20, 2020	April 20, 2021	190,000	185,719	6.60%	10.48%
				<u>486,000</u>	<u>478,253</u>		



## 5.4 Term deposit Receipt

This represent term deposit with Bank Islami Pakistan Limited on a average mark-up rate of 6.87% per annum.

Name of the investee company	Note.	Face value			As at December 31, 2020	Face Value as at June 30, 2020
		As at July 01, 2020	Purchases during the period	Sales / Matured during the period		
----- Rupees in '000 -----						
UBL Ameen Islamic Banking		250,000	-	250,000	-	-
UBL Ameen Islamic Banking		250,000	-	250,000	-	-
UBL Ameen Islamic Banking		120,000	-	120,000	-	-
Bank Islami Pakistan Limited		590,000	-	590,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	96,000	96,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	336,000	336,000	-	-
Bank Islami Pakistan Limited		-	590,000	590,000	-	-
Bank Islami Pakistan Limited		-	500,000	500,000	-	-
Bank Islami Pakistan Limited		-	479,000	479,000	-	-
Bank Islami Pakistan Limited		-	456,500	456,500	-	-
UBL Ameen Islamic Banking	5.4.1	-	250,000	-	250,000	250,000
UBL Ameen Islamic Banking	5.4.1	-	220,000	-	220,000	220,000
Bank Islami Pakistan Limited	5.4.1	-	424,000	-	424,000	424,000
		1,210,000	4,101,500	4,417,500	894,000	894,000

Face Value as at December 31, 2020

### 5.4.1

Particulars	Profit / mark-up rates	Issue date	Maturity Date	Face Value	Face value as a % of net assets	Face value as a % of total investment
----- Rupees in '000 -----						
UBL Ameen Islamic Banking	6.65%	November 06, 2020	February 06, 2021	250,000	8.89%	14.11%
UBL Ameen Islamic Banking	6.65%	November 06, 2020	February 06, 2021	220,000	7.82%	12.41%
Bank Islami Pakistan Ltd.	7.10%	December 30, 2020	January 29, 2021	424,000	15.07%	23.92%
				894,000		

(Un-audited) (Audited)  
December 31, June 30,  
2020 2020

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

## 6

### PROFIT ACCRUED

Profit accrued on:

- Bank balances	6,362	18,180
- TDR	4,960	3,359
- Sukuks	2,101	-
- Bai-Muajjals	-	1,082
	<b>13,423</b>	<b>22,621</b>



		(Un-audited) December 31, 2020	(Audited) June 30, 2020
Note		----- Rupees in '000 -----	
<b>7</b>	<b>DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Security deposit with Central Depository Company of Pakistan	100	100
	Advance Tax	1,240	1,240
	Prepayments	14	207
		<b>1,354</b>	<b>1,547</b>
<b>8</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Remuneration of the Management Company	8.1 <b>1,179</b>	1,959
	Sindh Sales Tax on remuneration of the Management Company	8.2 <b>153</b>	255
	Operational expenses	8.3 <b>912</b>	1,013
	Sales load	<b>1,071</b>	2,430
	Sindh Sales Tax and Federal Excise Duty on sales load	<b>174</b>	971
	Selling and marketing expense payable	8.4 <b>5,379</b>	7,095
	Other to Payable to Management Company	<b>89</b>	
		<b>8,957</b>	<b>13,723</b>

**8.1** Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to an accrued remuneration. During the year, Management Company has charged remuneration as follows:

- 8% per annum on the daily income of the Fund subject to minimum 0.5% as average of NAV and maximum 1.5% of average NAV, applicable from January 10, 2020 onwards.

For the purpose of above calculation, daily net income is equals to gross income minus all expenses of the Fund excluding management remuneration and related sales tax and federal excise duty thereon.

**8.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

**8.3** As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme. Accordingly, the Management Company has charged 0.1% of the average annual net assets, and from October 27, 2020 the rate has been revised to 0.125% of the average annual net assets.

**8.4** The SECP through its Circular No. SCD/PRDD/Circular/394/2018 (Circular No. 5 of 2018) dated June 04, 2018 allowed to charge selling and marketing expenses to all categories of mutual funds (except fund of funds and money market funds) subject to, cap of 0.4% per annum of net assets or actual whichever is lower and Board approval. In prior year, SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now removed cap of 0.4% on all open end funds (except "Fund of Funds"). In addition to the requirement of Board approval, now these expenses to be paid to Management company on reimbursement basis and subject to approval of the Trustee.



		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- Rupees in '000 -----	
<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Remuneration of the Trustee	9.1 182	254
	Sindh Sales Tax on remuneration of the Trustee	9.2 24	33
		<b>206</b>	<b>287</b>

**9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per tariff specified therein, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

This amount represents the Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.065% per annum of average net assets.

**9.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2019: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

## **10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**10.1** Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "shariah compliant" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% of the average annual net assets of the Fund. SECP vide SRO 685(I)/2019 dated June 28, 2019 has revised the rate of annual fee at 0.02% of the net assets of the fund and accordingly such fee has been charged at the rate of 0.02% percent during the year. The fee is paid annually in arrears.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- Rupees in '000 -----	
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration	437	511
	Provision for Sindh Workers' Welfare Fund	11.1 20,588	18,641
	Federal Excise Duty on remuneration of the Management	11.2 3,955	3,955
	Settlement charges	6	3
	Withholding tax	31	40,115
	Capital gains tax	713	3,987
	Legal and professional charges	329	89
	Bank charges	77	48
	Brokerage payable	-	32
	Printing charges	23	68
	Shariah advisor fee	219	477
	Others	1,040	404
		<b>27,418</b>	<b>68,330</b>



- 11.1** The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 17 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

The Fund, being prudent, recognised provision for SWWF amounting to Rs.20.588 million for the half year ended December 31, 2020 in this condensed interim financial statements, Had the provision not been made, net assets value per unit at December 31, 2020 would have been higher by Rs. 0.0717 per unit (June 30, 2020: Rs.0.0448 per unit).

- 11.2** The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 11.1 and 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal, filed by tax authorities against the order in the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to December 31, 2020 aggregating to Rs. 3.955 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2020 would have been higher by Rs.0.0138 per unit (June 30, 2020: Rs.0.0095 per unit).

## **12 CONTINGENCIES AND COMMITMENTS**

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

## **13 TAXATION**

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule of 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 amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2020 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period.

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

## **14 TOTAL EXPENSE RATIO**

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 1.67% including 0.21% representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date 20 June, 2019, total expense ratio has been limited to 2.5% for Income Funds.

## **15 DETAILS OF NON-COMPLIANT INVESTMENTS**

The Securities and Exchange Commission of Pakistan (SECP) vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to categorize funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'income scheme'.

The SECP vide Circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.





Following is the detail of non-compliant investments :

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Value of investment after provision	Value of investment after provision
New Allied Electronics Industries (Private) Limited - Sukuk 1	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of circular 7 of 2009	Sukuks (5.2)	110,000	(110,000)	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk 2	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of circular 7 of 2009	Sukuks (5.2)	4,905	(4,905)	-	-	-

15.1 At the time of purchase, these sukuk were in compliance with the aforementioned circular. However, they either subsequently defaulted or were downgraded to non investment grade.

## 16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

16.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

16.2 The transactions with connected persons and related parties are carried out at agreed terms.

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

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

16.5 Details of transactions with connected persons and related parties are as follows:

	(Unaudited) Half year ended	
	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	8,713	10,208
Sindh Sales Tax on remuneration of the Management Company	1,133	1,327
Reimbursement of operational expenses to the Management Company	1,858	1,341
Sales load including Sindh Sales Tax and Federal Excise Duty	2,074	8,605
Selling and marketing expenses	12,002	9,087
Others	89	-
Units issued / transferred in 1,038 units (2019: Nil units)	10	-



	(Unaudited) Half year ended	
	December 31.2020	December 31, 2019
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,292	1,005
Sindh Sales Tax on remuneration of the Trustee	168	131
Settlement charges	4	4
<b>Employees of the Management Company</b>		
Units issued / transferred in 680,561 units (2019: 99,923 units)	6,574	976
Units redeemed / transferred out 2,073,694 units (2019: 562,967 units)	19,939	5,444
<b>*Portfolio managed by mangement company</b>		
Units redeemed / transferred out 1,495,228 units (2019 2,836,900 Units)	14,589	27,182
<b>Pakistan Stock Exchange (Fund under the same management company)</b>		
Listing fees paid	14	25
<b>NBP Islamic Sarmaya Izafa Fund (Fund under the same management company)</b>		
Selling of Sukuk (Engro Polymer Chemical Limited)	-	82,457
<b>NBP Financial Sector Income Fund (Fund under the same management company)</b>		
Purchase of Commercial paper (k-Electric)	-	82,441
<b>Mr. Khalid Mehmood (Chief Financial Officer of the Management Company)</b>		
Units redeemed / transferred out Nil units (2019:296,264 units)	-	2,946
<b>*The Hub Power Company limited (Common directorship with the management company)</b>		
Purchase of Sukuk certificate	-	377,000
Income from Sukuk	-	6,348
<b>Bank Islami Pakistan Limited (Common directorship)</b>		
Profit on Saving accounts	4,075	38,528
Profit on Term deposit receipt	15,928	27,597
Placement of Term deposit receipt	2,449,500	2,181,000

\* Prior period balances with these parties have not been disclosed as they were not connected persons and related parties during prior periods.



	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- Rupees in '000 -----	
<b>16.6 Amounts outstanding as at period / year end are as follows :</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	1,179	1,959
Sindh Sales Tax on remuneration of the Management Company	153	255
Operational expenses	912	1,013
Sales load	1,071	2,430
Sindh Sales Tax and Federal Excise Duty on sales load	174	971
Selling and marketing expense payable	5,379	7,095
Other payable to Management Company	89	
Investment held in the Fund: 1,038 units (June 30, 2020: Nil)	10	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	182	254
Sindh sales tax on remuneration of the Trustee	24	33
Security deposit	100	100
Settlement Charges	6	-
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balance	12,038	9,119
<b>Employees of the Management Company</b>		
Investment held in the Fund: 1,238,444 units (June 30, 2020: 2,633,581 units)	12,137	25,101
<b>Mr. Khalid Mehmood (Chief Financial Officer of the Management)</b>		
Investment held in the Fund: 5877 units (June 30, 2020: 5,877 units)	58	56
<b>Bank Islami Pakistan Limited (Common directorship)</b>		
Balance in savings accounts	195,652	2,058
Term deposit receipt	424,000	590,000
Profit Receivable on Bank Balances	3,718	1,060
Profit Receivable on Term deposit receipt	165	113

\* Prior period balances with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

\*\* Current period transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the period.

## 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 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 prices 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 Measurements' 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 or indirectly (level 2).
- Unobservable inputs for the asset or liability (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:

	Note	Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
<b>December 31, 2020</b>		Rupees in '000						
<b>Financial assets measured at fair value</b>								
Sukuk's	5	400,000	-	400,000	-	400,000	-	400,000
Term deposit receipt	5	894,000	-	894,000	-	894,000	-	894,000
Commercial paper	5	478,253	-	478,253	-	478,253	-	478,253
		<b>1,772,253</b>	<b>-</b>	<b>1,772,253</b>	<b>-</b>	<b>1,772,253</b>	<b>-</b>	<b>1,772,253</b>
<b>Financial assets not measured at fair value</b>								
Bank balances	4	-	1,076,838	1,076,838	-	-	-	-
Accrued interest and dividend receivable	6	-	13,423	13,423	-	-	-	-
Deposits and other receivables	7	-	1,354	1,354	-	-	-	-
		<b>-</b>	<b>1,091,615</b>	<b>1,091,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	8	-	8,957	8,957	-	-	-	-
Remuneration payable to the Trustee	9	-	206	206	-	-	-	-
Payable against redemption of units		-	14,233	14,233	-	-	-	-
Net assets attributable to redeemable units		-	2,812,710	2,812,710	-	-	-	-
Accrued expenses and other liabilities	11	-	2,546	2,546	-	-	-	-
		<b>-</b>	<b>2,838,652</b>	<b>2,838,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



	Note	Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020		Rupees in '000						
<b>Financial assets measured at fair value</b>								
Sukuk's	5	-	-	-	-	0	-	
Term deposit receipt	5	1,210,000	-	1,210,000	-	1,210,000	-	
Commercial paper	5	414,009	-	414,009	-	414,009	-	
Bai- Muajjal	5	314,510	-	314,510	-	314,510	-	
		<u>1,938,519</u>	<u>-</u>	<u>1,938,519</u>	<u>-</u>	<u>1,938,519</u>	<u>1,938,519</u>	
<b>Financial assets not measured at fair value</b>								
Bank balances	4	-	2,092,481	2,092,481	-	-	-	
Receivable against Transfer of Shares		-	16,135	16,135	-	-	-	
Profit Accrued	6	-	22,621	22,621	-	-	-	
Deposits	7	-	1,547,000	1,547,000	-	-	-	
		<u>-</u>	<u>2,131,237</u>	<u>2,131,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	8	-	12,497	12,497	-	-	-	
Remuneration payable to the Trustee	9.	-	254	254	-	-	-	
Payable to Securities and Exchange Commission of Pakistan		-	653	653	-	-	-	
Payable against redemption of units		-	20,660	20,660	-	-	-	
Net assets attributable to redeemable units		-	3,967,650	3,967,650	-	-	-	
Accrued expenses and other liabilities	11	-	68,330	68,330	-	-	-	
		<u>-</u>	<u>4,070,044</u>	<u>4,070,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	

## 18 INCOME ALREADY PAID ON REDEMPTION OF UNITS

Mutual Funds are exempt from income tax on their Income if they distribute at least 90% of their accounting income as per clause 99 of Part 1 of the Second Schedule of the Income Tax Ordinance 2001 (Ordinance). Distribution of income by collective investment schemes includes (a) the income already distributed upon redemption of units and (b) the remaining 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 assessment for Tax Year 2018 in respect of NBP Islamic Saving Fund, 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 commented that the distribution by the Fund fell short of 90% distribution threshold.



In response to the order, the Fund has filed appeal with commissioner dated December 10, 2020, which is pending before commissioner appeal inland revenue.

Meanwhile, these Funds filed petition for stay in High Court of Sindh (SHC), and stay order dated December 14, 2020 has been granted by SHC. In its judgment, SHC held that since the subject matter is pending before commissioner appeal inland revenue, therefore, the recovery of impugned demand will not be enforced till the final decision of appeal.

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 are very 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. Further, we have been given to understand by management that SECP agrees with MUFAPs interpretation and is also actively following up with FBR to resolve the matter at the earliest.

Based on the above, the management believes that the Funds have 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 enclosed condensed interim financial information of these Funds.

## **19 GENERAL**

**19.1** Figures have been rounded off to the nearest thousand rupees.

**19.2** This condensed interim financial information are unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 have not been reviewed.

## **20 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial statements was 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

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