

## NBP RIBA FREE 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.**



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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource Committee

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

### Strategy & Business Planning Committee

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

### Trustee

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

### Bankers to the Fund

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



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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



## DIRECTORS' REPORT

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

### Fund's Performance

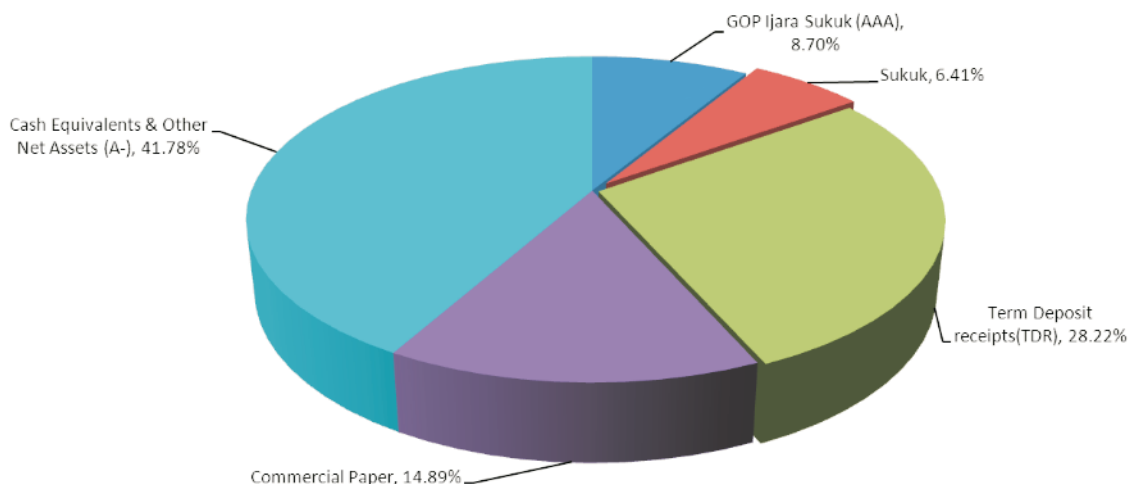
The size of NBP Riba Free Savings Fund has increased from Rs. 5,163 million to Rs. 5,363 million during the period, an increase of 4%. During the period, the unit price of the Fund has increased from Rs. 10.2319 on June 30, 2020 to Rs. 10.5608 on December 31, 2020, thus showing a return of 6.4% p.a. as compared to the benchmark return of 3.9% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to the stock market. The stability rating of the Fund by PACRA is 'A+ (f)', which denotes a strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile.

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. 220.793 million during the period. After deducting total expenses of Rs. 47.271 million, the net income is Rs. 173.522 million.

The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NRFSF.



## 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 ربا فری سیونگز فنڈ (NRFSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

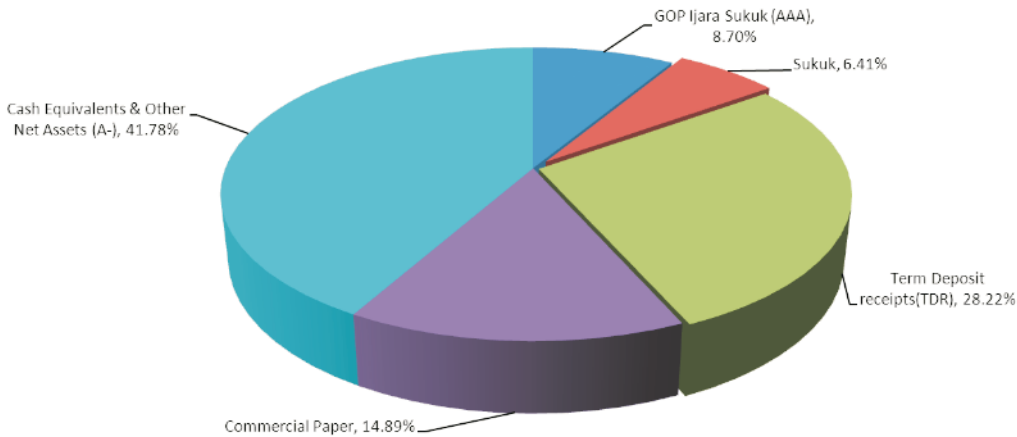
موجودہ مدت کے دوران NBP ربا فری سیونگز فنڈ کا سائز 5,163 ملین روپے سے بڑھ کر 5,363 ملین روپے ہو گیا ہے یعنی 4% کا اضافہ ہوا ہے۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 10.2319 روپے سے بڑھ کر 31 دسمبر 2020ء کو 10.5608 روپے تک ہو گئی ہے، لہذا اسی مدت کے لئے اپنے پنچ مارک منافع 3.9% کے مقابلے میں 6.4% منافع درج کرایا۔ فنڈ کا منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NRFSF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ سے بالواسطہ یا بلاواسطہ کوئی تعلق نہیں ہے۔ فنڈ کو PACRA کی طرف سے A+(f) کی اسٹیٹیلٹی ریٹنگ دی گئی ہے جو منافع جات میں استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامی بینکوں / کمرشل بینکوں کی اسلامی ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے تو اترا سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا 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 اشیائے خورد و نوش کی قیمتوں میں اضافے اور رسد کی فراہمی جیسے مسائل کے باعث CPI افراط زر کی شرح دسمبر 2020 میں 8 فیصد رہی۔

فنڈ نے اس مدت کے دوران 220.793 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 47.271 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 173.522 ملین روپے رہی۔

درج ذیل چارٹ 31 دسمبر 2020 کو NRFSF کی ایسٹ ایلیویشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط ریٹنگ پیش کرتا ہے۔







## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے 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 منجمنٹ 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 Riba Free 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 AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Riba Free 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 and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2020. The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

### Other Matter

The condensed interim financial statements of the Fund for the half year ended December 31, 2019 and the financial statements for the year ended June 30, 2020 were reviewed and audited respectively by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 29, 2020 and September 30, 2020 respectively.

### A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 26, 2021

Karachi



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

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Bank balances	4 2,620,808	2,076,787
Investments	5 3,122,160	3,232,720
Profit receivable	24,541	61,805
Receivable against issuance of units	221,049	12,083
Deposits, prepayments and other receivables	214	437
<b>Total assets</b>	<b>5,988,772</b>	<b>5,383,832</b>
<b>LIABILITIES</b>		
Payable to NBP Fund Management Limited - Management Company	6 25,207	25,646
Payable to Central Depository Company of Pakistan Limited - Trustee	378	380
Payable to the Securities and Exchange Commission of Pakistan	7 557	1,209
Payable against purchase of investments	471,562	21
Payable against redemption of units	95,219	94,496
Accrued expenses and other liabilities	8 33,295	99,408
<b>Total liabilities</b>	<b>626,218</b>	<b>221,160</b>
<b>NET ASSETS</b>	<b>5,362,554</b>	<b>5,162,672</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>5,362,554</b>	<b>5,162,672</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	
	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>507,780,343</b>	<b>504,564,248</b>
	----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>	10 <b>10.5608</b>	10.2319

The annexed notes 1 to 17 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
<b>INCOME</b>				
Income on corporate sukuk certificates	29,502	-	5,321	-
Income on term deposit receipts	42,502	65,668	42,502	-
Income on Islamic commercial papers	26,850	58,396	15,382	32,551
Income on GOP Ijarah sukuk certificates	27,802	-	12,825	-
Income on bai muajjal receivable	10,451	-	4,516	-
Profit on bank deposits	65,418	320,116	16,450	163,549
	202,525	444,180	96,996	196,100
Gain / (loss) on sale of investments - net	16,350	-	(1,870)	-
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	1,918	-	(355)	-
	18,268	-	(2,225)	-
<b>Total income</b>	220,793	444,180	94,771	196,100
<b>EXPENSES</b>				
Remuneration of NBP Fund Management Limited - Management Company	14,781	25,123	6,997	10,938
Sindh Sales Tax on remuneration of the Management Company	1,921	3,266	909	1,422
Selling and marketing expenses	19,491	22,250	9,792	9,969
Allocated expenses	3,031	3,270	1,645	1,424
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,088	2,452	1,049	1,068
Sindh Sales Tax on remuneration of the Trustee	271	319	136	139
Annual fee to the Securities and Exchange Commission of Pakistan	557	654	280	285
Securities transaction cost	59	-	-	-
Settlement and bank charges	390	99	313	74
Auditors' remuneration	387	374	168	152
Annual rating fee	237	216	119	168
Legal and professional charges	66	38	43	31
Annual listing fee	14	14	7	7
Printing charges	99	13	85	13
Shariah advisor fee	338	530	154	481
<b>Total operating expenses</b>	43,730	58,618	21,697	26,171
<b>Net income from operating activities</b>	177,063	385,562	73,074	169,929
Provision for Sindh Workers' Welfare Fund	(3,541)	(7,711)	(1,461)	(3,398)
<b>Net income for the period before taxation</b>	173,522	377,851	71,613	166,531
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	173,522	377,851	71,613	166,531
<b>Earnings per unit</b>				
<b>Allocation of net income for the period:</b>				
Net income for the period after taxation	173,522	377,851	71,613	166,531
Income already paid on units redeemed	(45,075)	(120,845)	(30,662)	(71,105)
	128,447	257,006	40,951	95,426
<b>Accounting income available for distribution</b>				
- Relating to capital gain	18,268	-	-	-
- Excluding capital gain	110,179	257,006	40,951	95,426
	128,447	257,006	40,951	95,426

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	173,522	377,851	71,613	166,531
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>173,522</b>	<b>377,851</b>	<b>71,613</b>	<b>166,531</b>

The annexed notes 1 to 17 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 December 31, 2020			Half year ended December 31, 2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period (audited)	5,119,835	42,837	5,162,672	6,539,757	29,294	6,569,051
Issue of 361,936,724 units (2019: 386,581,922 units)						
- Capital value	3,703,300		3,703,300	3,945,030	-	3,945,030
- Element of income	65,501		65,501	79,036	-	79,036
Total proceeds on issuance of units	3,768,801	-	3,768,801	4,024,066	-	4,024,066
Redemption of 358,720,629 units (2019: 549,267,687 units)						
- Capital value	(3,670,394)		(3,670,394)	(5,605,222)	-	(5,605,222)
- Element of loss	(26,972)	(45,075)	(72,047)	(41,901)	(120,845)	(162,746)
Total payments on redemption of units	(3,697,366)	(45,075)	(3,742,441)	(5,647,123)	(120,845)	(5,767,968)
Total comprehensive income for the period	-	173,522	173,522	-	377,851	377,851
Net assets at end of the period (un-audited)	<u>5,191,270</u>	<u>171,284</u>	<u>5,362,554</u>	<u>4,916,700</u>	<u>286,300</u>	<u>5,203,000</u>
Undistributed income brought forward						
- Realised income		42,837			29,294	
- Unrealised income / (loss)		-			-	
		<u>42,837</u>			<u>29,294</u>	
Accounting income available for distribution						
- Relating to capital gain		18,268			-	
- Excluding capital gain		110,179			257,006	
		<u>128,447</u>			<u>257,006</u>	
Distribution during the period		-			-	
Undistributed income carried forward		<u>171,284</u>			<u>286,300</u>	
Undistributed income carried forward						
- Realised		169,366			286,300	
- Unrealised		1,918			-	
		<u>171,284</u>			<u>286,300</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		<u>10.2319</u>			<u>10.2049</u>	
Net assets value per unit at end of the period		<u>10.5608</u>			<u>10.8165</u>	

The annexed notes 1 to 17 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	173,522	377,851
<b>Adjustments:</b>		
Income on corporate sukuk certificates	(29,502)	-
Income on term deposit receipts	(42,502)	(65,668)
Income on Islamic commercial papers	(26,850)	(58,396)
Income on GOP Ijarah sukuk certificates	(27,802)	-
Income on bai muajjal receivable	(10,451)	-
Profit on bank deposits	(65,418)	(320,116)
Unrealised appreciation on re-measurement of investments at fair value through profit or loss - net	5.6 (1,918)	-
Provision for Sindh Worker's Welfare Fund	8.1 3,541	7,711
	(200,902)	(436,469)
<b>Decrease in assets</b>		
Investments - net	1,897,519	1,105,748
Deposits, prepayments and other receivables	223	202
	1,897,742	1,105,950
<b>Decrease in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	(439)	(6,627)
Payable to Central Depository Company of Pakistan Limited - Trustee	(2)	(245)
Payable to the Securities and Exchange Commission of Pakistan	(652)	(3,543)
Accrued expenses and other liabilities	(69,654)	(32,351)
	(70,747)	(42,766)
Profit received on bank deposits, term deposit receipts corporate sukuk certificates, Islamic commercial papers, GOP Ijarah sukuk certificates and bai muajjal receivable	239,789	469,671
<b>Net cash generated from operating activities</b>	<b>2,039,404</b>	<b>1,474,237</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received from issuance of units	3,559,835	3,995,785
Amounts paid on redemption of units	(3,741,718)	(5,719,717)
<b>Net cash used in financing activities</b>	<b>(181,883)</b>	<b>(1,723,932)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>1,857,521</b>	<b>(249,695)</b>
Cash and cash equivalents at the beginning of the period	2,276,787	4,208,621
<b>Cash and cash equivalents at the end of the period</b>	<b>4,134,308</b>	<b>3,958,926</b>
	4.3	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



## NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Riba Free Savings Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on June 29, 2010 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Shariah Compliant Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 20, 2010 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in Shariah compliant banks and money market / debt securities.

The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2019: AM1 on December 24, 2019) on June 24, 2020. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has upgraded the stability rating of the Fund to "A+(f)" (2019: "A(f)" on April 17, 2020) on October 16, 2020.

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

#### 1.1 Impact of COVID -19

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



The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the half year ended December 31, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance:**

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

**2.3** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.



**3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.

**3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period:**

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

**3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective:**

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2021. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>4 BANK BALANCES</b>	<b>Note</b>	----- <b>(Rupees in '000)</b> -----	
Balances with banks in:			
Savings accounts	4.1	<b>2,600,351</b>	2,053,048
Current accounts	4.2	20,457	23,739
		<u><b>2,620,808</b></u>	<u>2,076,787</u>

**4.1** These include a balance of Rs 185.158 million (June 30, 2020: Rs 3.871 million) maintained with Bank Islami Pakistan Limited (related party) that carries profit at the rate of 7% (June 30, 2020: 7%) per annum. Other savings accounts of the Fund carry profit at the rate ranging from 6.25% to 7% per annum (June 30, 2020: 7.25% to 8.75% per annum).

**4.2** This includes a balance of Rs 2.583 million (June 30, 2020: Rs 2.758 million) maintained with National Bank of Pakistan (related party).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>4.3 Cash and cash equivalents:</b>	<b>Note</b>	----- <b>(Rupees in '000)</b> -----	
Balances with banks	4	<b>2,620,808</b>	2,076,787
Term deposit receipts	5.3	<b>1,513,500</b>	200,000
		<u><b>4,134,308</b></u>	<u>2,276,787</u>



		(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>5 INVESTMENTS</b>			
<b>Financial assets at 'fair value through profit or loss'</b>			
	Note	----- (Rupees in '000) -----	
GOP Ijarah sukuk certificates	5.1	466,586	1,039,618
Islamic commercial papers	5.2	798,424	218,136
Term deposit receipts	5.3	1,513,500	200,000
Corporate sukuk certificates	5.4	343,650	1,475,000
Bai muajjal receivable	5.5	-	299,966
		<u>3,122,160</u>	<u>3,232,720</u>

## 5.1 GOP Ijarah sukuk certificates

Name of the security	Profit payments	Maturity date	Profit rate	As at July 1, 2020	Purchases during the period	Sales during the period	As at December 31, 2020	Market value as at December 31, 2020	Percentage in relation to	
									Net assets of the Fund	Total market value of the investment
									----- % -----	
								(Rupees in '000)		
				----- Number of certificates -----						
GOP Ijarah sukuk XX (Face value of Rs. 100,000 per certificate)	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	157,500	582,000	642,000	97,500	466,586	8.70%	14.94%
GOP Ijarah sukuk XXI (Face value of Rs. 100,000 per certificate)	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	55,000	-	55,000	-	-	-	-
<b>Total</b>								<u>466,586</u>	<u>8.70%</u>	<u>14.94%</u>

Carrying value as at December 31, 2020

466,318

Market value as at June 30, 2020

1,039,618

Carrying value as at June 30, 2020

1,062,500

## 5.2 Islamic commercial papers

Name of security	Security rating	Face value (Rupees in '000)				(Rupees in '000)	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2020	Purchased during the period	Disposed off / matured during the period	As at December 31, 2020			
						Market value as at December 31, 2020		
							----- % -----	
<b>Power generation &amp; distribution</b>								
K-Electric Limited CP 8	A-1+, VIS	225,000	-	225,000	-	-	-	-
K-Electric Limited CP 9	A-1+, VIS	-	125,000	-	125,000	123,866	3.97%	2.31%
K-Electric Limited CP 10	A-1+, VIS	-	450,000	-	450,000	444,608	14.24%	8.29%
K-Electric Limited CP 11	A-1+, PACRA	-	30,000	-	30,000	29,569	0.95%	0.55%
K-Electric Limited CP 13	A-1+, VIS	-	205,000	-	205,000	200,381	6.42%	3.74%
<b>Total</b>						<u>798,424</u>	<u>25.58%</u>	<u>14.89%</u>

Carrying value as at December 31, 2020

798,424

Market value as at June 30, 2020

218,136

Carrying value as at June 30, 2020

218,136



5.2.1 These carry profit rates ranging from 7.84% to 8.21% (June 30, 2020: 12.18%) per annum and are due to mature latest by April 20, 2021.

### 5.3 Term deposit receipts

Name of Investee Company	Rating of Investee Company	Placement date	Profit rate	As at July 1, 2020	Amount placed		As at December 31, 2020	Market value as at December 31, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
					Purchased during the period	Matured during the period				
----- (Rupees in '000) ----- % -----										
<b>COMMERCIAL BANKS</b>										
United Bank Limited	AAA, VIS	June 5, 2020	7.35%	200,000	-	200,000	-	-	-	-
United Bank Limited	AAA, VIS	July 6, 2020	6.65%	-	201,000	201,000	-	-	-	-
United Bank Limited	AAA, VIS	July 21, 2020	6.65%	-	200,000	200,000	-	-	-	-
United Bank Limited	AAA, VIS	July 22, 2020	6.65%	-	410,000	410,000	-	-	-	-
United Bank Limited	AAA, VIS	July 24, 2020	6.65%	-	8,500	8,500	-	-	-	-
United Bank Limited	AAA, VIS	July 29, 2020	6.65%	-	12,000	12,000	-	-	-	-
Bank Islami Pakistan Limited	A+, PACRA	July 30, 2020	6.75%	-	150,000	150,000	-	-	-	-
United Bank Limited	AAA, VIS	August 6, 2020	6.65%	-	206,000	206,000	-	-	-	-
United Bank Limited	AAA, VIS	August 21, 2020	6.65%	-	177,500	177,500	-	-	-	-
United Bank Limited	AAA, VIS	August 24, 2020	6.65%	-	200,000	200,000	-	-	-	-
United Bank Limited	AAA, VIS	August 24, 2020	6.65%	-	224,500	224,500	-	-	-	-
United Bank Limited	AAA, VIS	August 31, 2020	6.65%	-	22,000	22,000	-	-	-	-
United Bank Limited	AAA, VIS	September 9, 2020	6.65%	-	10,500	10,500	-	-	-	-
Bank Islami Pakistan Limited	A+, PACRA	September 21, 2020	6.75%	-	830,000	830,000	-	-	-	-
United Bank Limited	AAA, VIS	September 30, 2020	6.65%	-	77,000	77,000	-	-	-	-
Bank Islami Pakistan Limited	A+, PACRA	November 2, 2020	6.75%	-	843,500	843,500	-	-	-	-
Bank Islami Pakistan Limited	A+, PACRA	November 30, 2020	7.00%	-	810,000	810,000	-	-	-	-
Bank Islami Pakistan Limited	A+, PACRA	December 30, 2020	7.10%	-	777,500	-	777,500	777,500	24.90%	14.50%
United Bank Limited	AAA, VIS	November 6, 2020	6.65%	-	136,000	-	136,000	136,000	4.36%	2.54%
United Bank Limited	AAA, VIS	November 24, 2020	6.65%	-	600,000	-	600,000	600,000	19.22%	11.19%
<b>Total</b>							<b>1,513,500</b>	<b>48.48%</b>	<b>28.23%</b>	
Carrying value as at December 31, 2020							<u>1,513,500</u>			
Market value as at June 30, 2020							<u>200,000</u>			
Carrying value as at June 30, 2020							<u>200,000</u>			

5.3.1 These carry profit rates ranging from 6.65% to 7.10% (June 30, 2020: 7.35%) per annum and are due to mature latest by February 24, 2021.

### 5.4 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2020	Purchases during the period	Matured / disposed off during the period	As at December 31, 2020	Market value as at December 31, 2020	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
----- Number of certificates -----									(Rupees in '000)	----- % -----	
<b>POWER GENERATION AND DISTRIBUTION</b>											
Hub Power Company Limited (traded) (related party) (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	03 Months KIBOR plus base rate of 1.9%	7,000	-	7,000	-	-	-	-
K-Electric Limited Sukuk (traded) (Face value of Rs. 5,000 per certificate)	AA+, VIS	Quarterly	August 3, 2027	03 Months KIBOR plus base rate of 1.7%	100,000	-	100,000	-	-	-	-
Pakistan Energy Sukuk-II (traded) (Face value of Rs. 5,000 per certificate)	AAA, PACRA	Semi-annually / At maturity	May 20, 2030	6 months KIBOR plus base rate of 0.10%	55,000	-	-	55,000	276,650	5.16%	8.86%
Kot Addu Power Company Limited (Face value of Rs. 100,000 per certificate)	A-1+, VIS	Quarterly / At maturity	June 08, 2021	03 Months KIBOR plus base rate of 0.7%	-	670	-	670	67,000	1.25%	2.15%
<b>Total</b>									<b>343,650</b>	<b>6.41%</b>	<b>11.01%</b>
Carrying value as at December 31, 2020									<u>342,000</u>		
Market value as at June 30, 2020									<u>1,475,000</u>		
Carrying value as at June 30, 2020									<u>1,475,000</u>		



## 5.5 Bai muajjal receivable

Name of the Investee Company	Security rating	Amount placed (Rupees in '000)				Market value as at December 31, 2020	Market value as a percentage of	
		As at July 1, 2020	Purchased during the period	Matured during the period	As at December 31, 2020		Net assets	Total investments
						(Rupees in '000)	----- (%) -----	
<b>Development Finance Institution</b>								
Pak Brunei Investment Company Limited	AA+, VIS	299,966	-	299,966	-	-	-	-
<b>Total</b>						-	-	-
Carrying value as at December 31, 2020						-		
Market value as at June 30, 2020						299,966		
Carrying value as at June 30, 2020						299,966		

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>5.6 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net</b>	<b>Note</b>	------(Rupees in '000)-----	
Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	3,122,160	3,232,720
Less: carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	(3,120,242)	(3,255,602)
		<u>1,918</u>	<u>(22,882)</u>

## 6 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY

Remuneration of the Management Company	6.1	2,235	2,760
Sindh Sales Tax on remuneration of the Management Company	6.2	291	360
Federal excise duty on remuneration of the Management Company	6.3	10,657	10,657
Federal excise duty on sales load	6.3	334	334
Sales and transfer load payable		150	147
Sindh Sales Tax on sales load payable		20	19
Allocated expenses payable	6.4	1,646	1,422
Selling and marketing expenses	6.5	9,792	9,947
Other payable		82	-
		<u>25,207</u>	<u>25,646</u>

**6.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration under the following rates:



Rate applicable from July 1, 2020 to December 31, 2020	Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020
6% on net income, subject to floor and capping of 0.5% and 1.25% per annum of the average annual net assets.	7% on net income, subject to floor and capping of 0.5% and 1.25% per annum of the average annual net assets.	6% on net income, subject to floor and capping of 0.5% and 1.25% per annum of the average annual net assets.

The remuneration is payable to the Management Company in arrears.

- 6.2** During the period, an amount of Rs. 1.921 million (2019: Rs. 3.266 million) was charged on account of sales tax on management fee levied through the Sindh Sales tax on Services Act, 2011 at the rate of 13%.
- 6.3** 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 till June 30, 2016 amounting to Rs 10.991 million (June 30, 2020: Rs 10.991 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 Re 0.0216 (June 30, 2020: Re 0.0218) per unit.

- 6.4** 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).

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%.

Accordingly, the Management Company based on its discretion has charged accounting and operational charges under the following rates:

Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to December 31, 2020	Rate applicable from July 1, 2019 to June 30, 2020
0.1% of average annual net assets	0.125% of average annual net assets	0.1% of average annual net assets

- 6.5** The SECP has allowed an asset management company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.





During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company based on its own discretion has determined a capping of 0.7% (June 30, 2020: 0.7%) of the average annual net assets of the Fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board of Directors of the Management Company.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>7</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>----- (Rupees in 000) -----</b>
	Annual fee payable	7.1	<u>557</u> <u>1,209</u>

7.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

As per the guideline issued by the SECP vide its SRO No. 685(I)/2019 dated June 28, 2019, the Fund has charged the SECP fee at the rate of 0.02% (June 30, 2020: 0.02%) of average annual net assets of the fund.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
<b>8</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>----- (Rupees in '000) -----</b>
	Auditors' remuneration payable		451      551
	Provision for Sindh Workers' Welfare Fund	8.1	31,514      27,973
	Bank charges payable		79      58
	Settlement charges payable		7      12
	Withholding tax payable		81      60,447
	Capital gain tax payable		743      9,376
	Legal and professional charges payable		50      80
	Shariah advisor fee payable		339      882
	Printing charges payable		31      29
			<u>33,295</u> <u>99,408</u>

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



Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund for the period ended December 31, 2020, the net asset value per unit of the Fund as at December 31, 2020 would have been higher by Re 0.062 (June 30, 2020: 0.055) per unit.

## 9 CONTINGENCIES AND COMMITMENTS

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

## 10 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.

## 11 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2021 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these condensed interim financial statements during the period.

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

## 12 EARNINGS PER UNIT

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

## 13 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 1.70% (December 31, 2019: 2.03%) which includes 0.23% (December 31, 2019: 0.36%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2019: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "income" scheme.

## 14 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

**14.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, 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, directors and their close family members and key management personnel of the Management Company.

**14.2** Transactions with connected persons / related parties are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.



- 14.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 14.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 14.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 14.6** The details of transactions with related parties / connected persons during the period are as follows:

	----- (Un-audited) ----- 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	14,781	25,123
Sindh Sales Tax on remuneration of the Management Company	1,921	3,266
Selling and marketing expenses	19,491	22,250
Allocated expenses	3,031	3,270
Sales load and Sindh Sales Tax on sales load	3,032	547
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	2,088	2,452
Sindh Sales Tax on remuneration of the Trustee	271	319
Settlement charges	54	11
<b>Employees of the Management Company</b>		
Units issued / transferred in: 2,812,922 units (2019: 1,213,305 units)	29,308	12,942
Units redeemed / transferred out: 2,386,631 units (2019: 2,582,551 units)	24,909	27,418
<b>National Fullerton Asset Management Employee Provident Fund - Provident Fund of the Management Company</b>		
Units redeemed / transferred out: 436,294 units (2019: 171,102 units)	4,530	1,797
<b>Portfolio Managed By Management Company</b>		
Units issued / transferred in: 2,390,665 units (2019: 12,205,942 units)	24,582	130,628
Units redeemed / transferred out: 9,202,030 units (2019: 15,569,847 units)	95,665	165,460
Sale of sukuk certificates - K-Electric	33,620	-
<b>Mr. Khalid Mehmood - Chief Financial Officer</b>		
Units issued / transferred in: Nil units (2019: 38,846 units)	-	400
Units redeemed / transferred out: Nil units (2019: 441,969 units)	-	4,722
<b>Bank Islami Pakistan Limited - common directorship</b>		
Profit on bank balance	5,068	144,727
Profit on term deposit receipts	16,665	65,669
Placement in term deposit receipts	3,411,000	5,363,000
Term deposit receipts matured	2,633,500	-
Purchase of sukuk certificates - GOP Ijarah sukuk certificates	471,563	-
Sale of sukuk certificates - GOP Ijarah sukuk certificates	954,974	-
<b>Hub Power Company Limited - common directorship</b>		
Sale of sukuk	761,838	-



	----- (Un-audited) -----	
	Half year ended	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
<b>NBP Islamic Money Market Fund</b>		
Sale of Commercial Paper	-	201,131
<b>NBP Islamic Daily Dividend Fund</b>		
Sale of commercial paper	-	38,311
<b>NBP Islamic Income Fund</b>		
Sale of sukuk certificates	104,597	-
<b>NBP Islamic Sarmaya Izafa Fund</b>		
Sale of sukuk certificates - GOP Ijarah sukuk certificates	297,813	-
<b>NBP Islamic Mahana Amdani Fund</b>		
Sale of sukuk certificates	1,125,418	-
<b>Pakistan Stock Exchange Limited - common directorship</b>		
Listing Fee paid	25	25
<b>National Clearing Company of Pakistan Limited - common directorship</b>		
Settlement charges	153	-
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2020</b>	<b>2020</b>
	----- (Rupees in '000) -----	
<b>14.7 Amounts outstanding as at period / year end are as follows :</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	2,235	2,760
Sindh Sales Tax on remuneration of the Management Company	291	360
Federal excise duty on remuneration of the Management Company	10,657	10,657
Federal excise duty on sales load	334	334
Sales and transfer load payable	150	147
Sindh Sales Tax on sales load payable	20	19
Allocated expenses payable	1,646	1,422
Selling and marketing expenses	9,792	9,947
Other payable	82	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	335	337
Sindh Sales Tax on remuneration of the Trustee	43	43
CDS charges	4	13
Security deposit	200	200
<b>National Bank of Pakistan - parent company</b>		
Bank Balance	2,583	2,758
<b>Bank Islami Pakistan Limited - common directorship</b>		
Bank balance	185,158	3,871
Term deposit placements	777,500	-
Profit accrued on bank deposits	976	49
Profit accrued on term deposit placements	302	-

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>Employees of the Management Company</b>		
Investment held in the Fund: 1,084,980 units (June 30, 2020: 833,335 units)	11,458	8,527
<b>National Fullerton Asset Management Employee Provident Fund - Provident Fund of the Management Company</b>		
Investment held in the Fund: Nil units (June 30, 2020: 436,294 units)	-	4,464
<b>Portfolio Managed by the Management Company</b>		
Units held: 179 units (June 30, 2020: 6,811,544 units)	2	69,695
<b>National Clearing Company of Pakistan Limited - common directorship</b>		
Settlement charges payable	3	-

## 15 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 tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

----- Un-audited -----			
----- As at December 31, 2020 -----			
Level 1	Level 2	Level 3	Total
----- Rupees in 000-----			

### At fair value through profit or loss

GOP Ijarah sukuk certificates	-	466,586	-	466,586
Islamic commercial papers*	-	798,424	-	798,424
Term deposit receipts**	-	1,513,500	-	1,513,500
Corporate sukuk certificates	-	343,650	-	343,650
Bai muajjal receivable	-	-	-	-
	-	3,122,160	-	3,122,160



----- Audited -----			
----- As at June 30, 2020 -----			
Level 1	Level 2	Level 3	Total
----- Rupees in 000-----			

**At fair value through profit or loss**

GOP Ijarah sukuk certificates	-	1,039,618	-	1,039,618
Islamic commercial papers*	-	218,136	-	218,136
Term deposit receipts**	-	200,000	-	200,000
Corporate sukuk certificates**	-	1,475,000	-	1,475,000
Bai muajjal receivable*	-	299,966	-	299,966
	-	<u>3,232,720</u>	-	<u>3,232,720</u>

\* The valuation of Islamic commercial papers and bai muajjal receivable have been done based on amortisation of Islamic commercial papers and the sale price under bai muajjal to their fair value as per the guidelines given in Circular 33 of 2012 by the SECP as the residual maturity of these investments is less than six months and are placed with counterparties which have high credit rating.

\*\* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

**16 GENERAL**

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

**17 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on **February 26, 2021**.

For NBP Fund Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## Head Office

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