



NBP FUNDS

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NBP Pakistan Growth Exchange Traded Fund



HALF YEARLY REPORT
DECEMBER 31, 2020



MISSION STATEMENT

**To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.**



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Habib Metropolitan Bank Limited
JS 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, 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
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

The Board of Directors of **NBP Fund Management Limited** is pleased to present the reviewed condensed financial statements of **NBP Pakistan Growth Exchange Traded Fund (NBP-GETF)** for the period from October 06, 2020 to December 31, 2020.

Fund's Performance

Since inception, the unit price of NBP Pakistan Growth Exchange Traded Fund has increased from Rs.10.00 on October 06, 2020 to Rs.10.8065 on December 31, 2020, thus showing an increase of 8.1%. The Benchmark Index for the same period increased by 9.2%. Thus, the Fund has underperformed its Benchmark by 1.1% during the period under review. This performance is net of management fee and all other expenses. The size of the Fund is Rs.60 million.

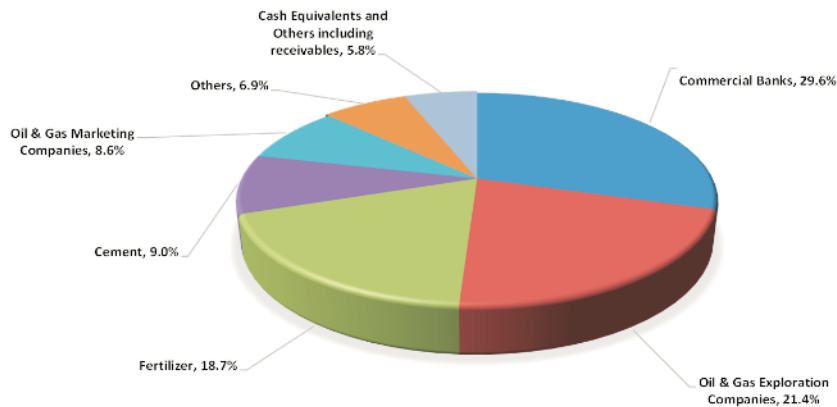
During 1HFY2021, riding on the positive momentum, the stock market delivered robust returns as the benchmark KSE-100 Index surged by around 27%. To recall, the market staged a sharp recovery after Coronavirus-induced sell-off of equities in March 2020. The rally at the local bourse is attributable to the unprecedented monetary and fiscal policy response; gradual lifting of the lockdown; and earlier than expected arrival of the effective vaccines.

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

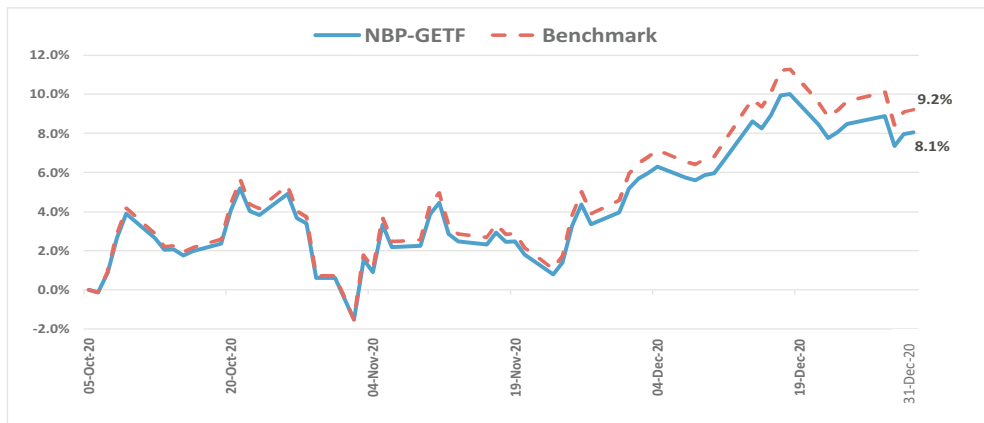
Looking at the sector wise performance of the market, Automobiles, Cable & Elec. Goods, Cements, Engineering, Glass & Ceramics, Paper & Board, Refineries, Technology and Textiles outperformed the market, while Fertilizers, Food & Personal Care, Insurance, Oil & Gas Exploration, Pharmaceuticals, Power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

The Fund has earned a total income of Rs. 4.925 million during the period. After deducting total expenses of Rs. 0.457 million, the net income is Rs. 4.468 million.

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



NBP-GETF Performance versus Benchmark



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: **February 26, 2021**
 Place: Karachi.



ڈائریکٹرز رپورٹ

NBP فنڈ ٹینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ (NBP-GETF) کے جائزہ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

اپنے آغاز سے، NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ کے یونٹ کی قیمت 106 اکتوبر 2020 کو 10.00 روپے سے بڑھ کر 31 دسمبر 2020 کو 10.8065 روپے ہو گئی، لہذا 8.1% کا اضافہ ہوا۔ اسی مدت کے لئے بیچ مارک انڈیکس 9.2% کا اضافہ ہوا۔ لہذا، زبرد جائزہ مدت کے دوران فنڈ نے اپنے بیچ مارک سے 1.1% کی امتزاج کارکردگی دکھائی۔ فنڈ کی یہ کارکردگی ٹینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا سائز 60 بلین روپے ہے۔

اسٹاک مارکیٹ نے مالی سال 2021 کی پہلی ششماہی کے دوران مضبوط کارکردگی کا تاثر دیا جیسا کہ بیچ مارک KSE-100 انڈیکس میں 27 فیصد کا اضافہ ہوا۔ کرونا وائرس کے تناظر میں مارچ 2020 میں ایکویٹی کی فروخت کے بعد مارکیٹیں تیزی سے بحالی کا مظاہرہ کیا۔ مقامی سطح پر ہونے والی بحالی غیر معمولی مالیاتی اور مالی پالیسی کے رد عمل، لاک ڈاؤن کو بتدریج اٹھانے، اور مؤثر ڈیکسٹین کی توقع سے قبل آمد کے باعث پیدا ہوئی ہے۔

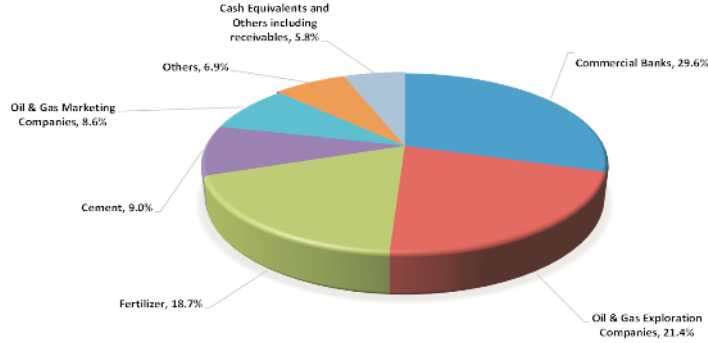
مالی اور مالیاتی محاذوں پر غیر معمولی پالیسی اقدامات نے معیشت کو کرونا وائرس کے خطرات سے تحفظ دیا۔ اسٹیٹ بینک نے پالیسی شرح میں مجموعی طور پر 6.25 فیصد کمی کی اور قرضوں کی ادائیگیوں میں مدد دینے کے لئے احتیاطی ضوابط میں ترمیم کی اور حکومت نے 1.2 ٹریلین روپے کے ایک محرک پیکیج کا آغاز کیا۔ صحت کی دیکھ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

مارکیٹ کی سیکلر وائز کارکردگی کے تناظر میں، آٹوموبائل، کیبل اور الیکٹریک کا سامان، ہیمنٹ، انجینئرنگ، شیشہ اور سرکس، کاغذ اور بورڈ، ریفاٹریز، ٹیکنالوجی اور ٹیکسٹائل نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کھاد، خوراک اور ذاتی نگہداشت، انشورنس، آئل اینڈ گیس ایکسپلوریشن، دواسازی، بجلی پیداوار اور تقسیم کرنے، چینی اور ٹرانسپورٹ کے شعبے پیچھے رہے۔ شریک وارسرگرمی کے لحاظ سے، زبرد جائزہ مدت کے دوران انفرادی سرمایہ کار 159 ملین امریکی ڈالر کی خالص ان فلووز کے ساتھ بڑے خریدار رہے۔ اس کے علاوہ کمپنیز اور انشورنس بھی خالص خریدار تھے، جنہوں نے بالترتیب 91 ملین امریکی ڈالر اور 83 ملین امریکی ڈالر کا اضافہ کیا۔ دوسری طرف، غیر ملکی اور بینک/DFIs مارکیٹ میں بالترتیب 279 ملین امریکی ڈالر اور 69 ملین امریکی ڈالر کے خالص آؤٹ فلووز کے ساتھ بڑے فروخت کنندگان رہے۔

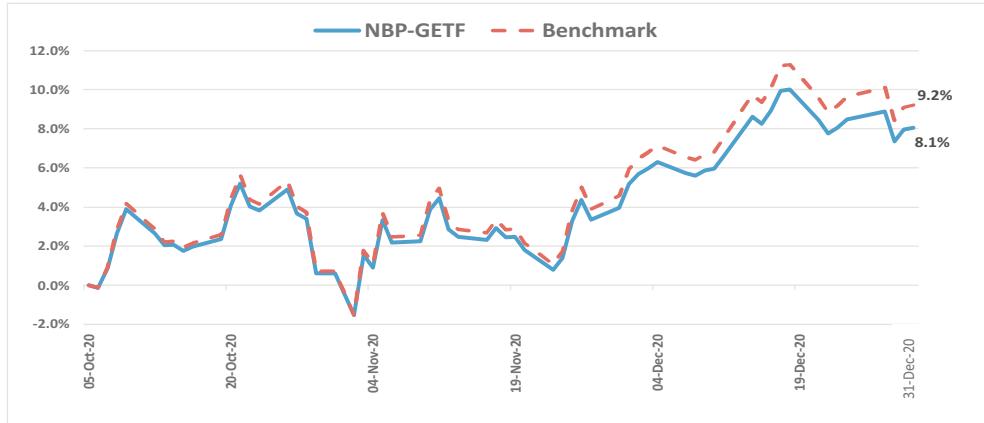
فنڈ نے اس مدت کے دوران 4.925 بلین روپے کی مجموعی آمدنی کمائی۔ 0.457 بلین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 4.468 بلین روپے ہے۔



درج ذیل چارٹ فنڈ کی ایسٹ ایلوکییشن کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



NBP-GETF کی کارکردگی بمقابلہ بیچ مارک



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 26 فروری 2021ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Pakistan Growth Exchange Traded 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 period from October 05, 2020 to 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 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 Pakistan Growth Exchange Traded 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 period from October 6, 2020 to 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.

Scope of Review

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

Conclusion

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

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 26, 2021

Karachi



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

	Note	(Un-audited) December 31, 2020 (Rupees in '000)
ASSETS		
Bank balances	4	3,618
Investments	5	56,373
Dividend receivable		98
Other receivables		63
Total assets		60,152
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	6	63
Payable to Central Depository Company of Pakistan Limited - Trustee		6
Payable to the Securities and Exchange Commission of Pakistan	7	3
Accrued expenses and other liabilities	8	212
Total liabilities		284
NET ASSETS		59,868
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		59,868
CONTINGENCIES AND COMMITMENTS	9	
		Number of units
NUMBER OF UNITS IN ISSUE		5,540,000
		Rupees
NET ASSET VALUE PER UNIT	10	10.8065

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 PERIOD FROM OCTOBER 06, 2020 TO DECEMBER 31, 2020 AND QUARTER ENDED DECEMBER 31, 2020

	Note	For the period from October 06, 2020 to December 31, 2020 (Rupees in '000)
INCOME		
Profit on bank deposits		32
Dividend income		1,282
		1,314
Gain on sale of investments - net		47
Unrealised appreciation on re-measurement of investments classified as financial assets ' at fair value through profit or loss' - net	5.2	3,564
		3,611
Total income		4,925
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company	6.1	101
Sindh Sales Tax on remuneration of the Management Company	6.2	13
Remuneration of Central Depository Company of Pakistan Limited - Trustee		13
Sindh Sales Tax on remuneration of the Trustee		2
Annual fee of the Securities and Exchange Commission of Pakistan	7.1	3
Securities transaction cost		1
Auditors' remuneration		87
Legal and professional charges		7
Settlement and bank charges		53
Printing charges		1
Total operating expenses		281
Net income from operating activities		4,644
Provision against Sindh Workers' Welfare Fund	8.1	(91)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(85)
Net income for the period before taxation		4,468
Taxation	11	-
Net income for the period after taxation		4,468
Earnings per unit	12	
Accounting income available for distribution:		
- Relating to capital gains		3,611
- Excluding capital gains		857
		4,468

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 PERIOD FROM OCTOBER 06, 2020 TO DECEMBER 31, 2020 AND QUARTER
ENDED DECEMBER 31, 2020

**For the period
from October
06, 2020 to
December 31,
2020**

(Rupees in '000)

Net income for the period after taxation	4,468
Other comprehensive income for the period	-
Total comprehensive income for the period	<u><u>4,468</u></u>

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 PERIOD FROM OCTOBER 06, 2020 TO DECEMBER 31, 2020

For the period from October 06, 2020 to December 31, 2020			
Capital value	Undistributed income	Total	
----- (Rupees in '000) -----			
Issuance of 5,570,000 units			
- Capital value (at net asset value per unit at the commencement of the Fund)	55,700	-	55,700
- Element of loss	(65)	-	(65)
Total proceeds on issuance of units	55,635	-	55,635
Redemption of 30,000 units			
- Capital value (at net asset value per unit at the commencement of the Fund)	(300)	-	(300)
- Element of loss	(20)	-	(20)
Total payments on redemption of units	(320)	-	(320)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	85	-	85
Total comprehensive income for the period	-	4,468	4,468
Net assets at end of the period (un-audited)	55,400	4,468	59,868
Accounting income available for distribution:			
- Relating to capital gains		3,611	
- Excluding capital gains		857	
		4,468	
Undistributed income carried forward		4,468	
Undistributed income carried forward:			
- Realised income		904	
- Unrealised income		3,564	
		4,468	
			(Rupees)
Net assets value per unit at end of the period			10.8065

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 PERIOD FROM OCTOBER 06, 2020 TO DECEMBER 31, 2020

	Note	For the period from October 06, 2020 to December 31, 2020 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		4,468
Adjustments		
Profit on bank deposits		(32)
Dividend income		(1,282)
Unrealised appreciation on re-measurement of investments classified as financial assets ' at fair value through profit or loss' - net	5.2	(3,564)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		85
Provision against Sindh Workers' Welfare Fund	8.1	91
		(4,702)
Increase in assets		
Prepayments and other receivables		(63)
Investments - net		(52,809)
		(52,872)
Increase in liabilities		
Payable to NBP Fund Management Limited - Management Company		63
Payable to Central Depository Company of Pakistan Limited - Trustee		6
Payable to the Securities and Exchange Commission of Pakistan		3
Accrued expenses and other liabilities		121
		193
Dividend income received		1,184
Profit received on bank deposits		32
Net cash used in operating activities		(51,697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units		55,635
Amount paid against redemption of units		(320)
Net cash generated from financing activities		55,315
Net increase in cash and cash equivalents during the period		3,618
Cash and cash equivalents at the end of the period	4	3,618

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 PERIOD FROM OCTOBER 6, 2020 TO DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Pakistan Growth Exchange Traded Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered 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 June 8, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 2, 2020.

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 exchange traded mutual fund that aims to provide investors an opportunity to track the performance of NBP Pakistan Growth Index that has been constituted and is maintained by the Management Company and comprises of 15 equity securities selected with high consideration towards market capitalisation and traded value.

The Fund is a hybrid fund having features of both open ended and close ended funds. A new concept of Authorised Participants (APs) has been introduced who will act as market makers. The Management Company will only have contact with the APs for issuance and redemption of units. The units of the Fund are tradeable in the Pakistan Stock Exchange Limited (PSX). The APs to whom the units are issued may either keep the units with themselves or trade in the PSX. Consequently, upon trading, the holders of the units keep on changing. Moreover, on issuance and redemption of units, the basket of shares will be exchanged between APs and Management Company and cash will be paid / received if there is a difference in the market value of shares and net asset value.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM1 as at June 24, 2020 to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

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

These are the first reviewed condensed interim financial statements of the Fund for the period from October 6, 2020 to December 31, 2020 therefore, comparative figures have not been included.

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 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

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 the 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 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declared that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2020.

2.3 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.

2.4 Critical accounting estimates and judgements

The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.



The estimates and judgments that have a significant effect on these condensed interim financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5), provision for SWWF (notes 3.5 and 8.1) and taxation (notes 3.13 and 11).

2.5 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

2.6 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Fund operates. These condensed interim financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below.

3.1 Cash and cash equivalents

These comprise bank balances in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at 'fair value through profit or loss'. Financial assets carried at 'fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of assets and liabilities at fair value, with gains and losses recognised in the Income Statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment at 'fair value through other comprehensive income' (FVOCI). Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

3.2.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:



- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.2.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.2.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

3.3.1 Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

3.3.2 Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'statement of assets and liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net Asset Value per unit

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year / period end.

3.7 Issue and redemption of units

Authorized Participant can purchase the units at the offer price and redeemed at the redemption price at any of the authorized distribution offices during business hours.



The offer price shall be equal to the sum of:

- The Net Asset Value (NAV) as of the close of the previous business day (historical pricing);
- Such amount as the Management Company may consider an appropriate provision for duties and charges

Units of the Fund may be acquired or redeemed directly from the Fund only in Creation Units lot size or multiples thereof as mentioned in the offering document. Investors can sell the units at market prices on PSX which may be above or below actual NAV of the Fund.

3.8 Distributions to unit holders

Distributions to unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the condensed interim financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net asset value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period.

As clarified by the SECP vide its letter no. SCD/AMCW/ETF/240/2020 dated March 2, 2020 that element of income in case of Exchange Traded Funds shall be taken to income statement both at the time of issuance and redemption of units to the extent it pertains to income statement.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Profit on bank deposits is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

3.11 Expenses

All expenses including management fee and trustee fee are recognised in the income statement on an accrual basis.

3.12 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.



3.13 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed as cash dividend to the unit holders.

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

3.14 Earnings per unit

Earnings per unit is calculated by dividing the net income of the period before taxation of the Fund by the weighted average number of units outstanding during the period. The determination of earning per unit is not practicable as disclosed in note 12.

	Note	(Un-audited) December 31, 2020 (Rupees in '000)
4 BANK BALANCES		
Savings accounts	4.1	<u>3,618</u>
4.1 These balances in savings accounts carry profit at the rate of 5.50% per annum.		
5 INVESTMENTS		
At fair value through profit or loss		
Quoted equity securities	5.1	<u>56,373</u>

5.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless otherwise stated.

Name of the Investee Company	----- Number of shares held -----				Market value	Market value as a percentage of			Holding as a percentage of paid-up capital of investee company
	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2020		Net assets of the Fund	Total market value of investments		
----- % -----									
OIL AND GAS MARKETING COMPANIES									
Pakistan State Oil Company Limited	23,951	-	129	23,822	5,129	8.57%	9.10%	0.01%	
					5,129	8.57%	9.10%		
OIL AND GAS EXPLORATION COMPANIES									
Oil and Gas Development Company Limited *	49,016	-	264	48,752	5,059	8.45%	8.97%	-	
Pakistan Oilfields Limited *	6,684	-	36	6,648	2,629	4.39%	4.66%	-	
Pakistan Petroleum Limited *	56,814	-	306	56,508	5,104	8.53%	9.05%	-	
					12,792	21.37%	22.68%		
FERTILIZERS									
Engro Corporation Limited *	17,267	-	93	17,174	5,279	8.82%	9.36%	-	
Engro Fertilizer Limited *	40,661	-	219	40,442	2,557	4.27%	4.54%	-	
Fauji Fertilizer Company Limited *	31,192	-	168	31,024	3,366	5.62%	5.97%	-	
					11,202	18.71%	19.87%		



Name of the Investee Company	----- Number of shares held -----				Market value	Market value as a percentage of			Holding as a percentage of paid-up capital of investee company
	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2020		Net assets of the Fund	Total market value of investments	%	
CEMENT									
Lucky Cement Limited *	8,354	-	598	7,756	5,399	9.02%	9.58%	-	
					5,399	9.02%	9.58%		
POWER GENERATION & DISTRIBUTION									
The Hub Power Company Limited *	52,358	-	282	52,076	4,131	6.90%	7.33%	-	
					4,131	6.90%	7.33%		
COMMERCIAL BANKS									
Meezan Bank Limited *	20,052	-	108	19,944	2,083	3.48%	3.70%	-	
Habib Bank Limited *	37,319	-	201	37,118	4,910	8.20%	8.71%	-	
MCB Bank Limited *	18,938	-	102	18,836	3,490	5.83%	6.20%	-	
Bank Alfalah Limited *	49,016	-	264	48,752	1,722	2.88%	3.05%	-	
Bank ALHabib Limited *	27,293	-	147	27,146	1,889	3.16%	3.35%	-	
United Bank Limited *	28,964	-	156	28,808	3,626	6.06%	6.43%	-	
					17,720	29.61%	31.44%		
Total - December 31, 2020					56,373	94.18%	100.00%		
Carrying value as at December 31, 2020					52,809				

* Nil figure due to rounding off difference.

	Note	(Un-audited) December 31, 2020 (Rupees in '000)
5.2 Unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net		
Market value of investments	5.1	56,373
Less: carrying value of investments	5.1	(52,809)
		<u>3,564</u>
6 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Remuneration of the Management Company	6.1	38
Sindh Sales Tax on remuneration of the Management Company	6.2	5
Other payable to the Management Company		20
		<u>63</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 its remuneration at the rate of 0.75% per annum of average net assets of the Fund during the period from October 6, 2020 to December 31, 2020. The remuneration is payable to the Management Company monthly in arrears.		
6.2		
During the period, an amount of Rs. 0.013 million was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13%.		



	Note	(Un-audited) December 31, 2020 (Rupees in '000)
7 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
Annual fee payable	7.1	<u>3</u>

7.1 In accordance with the NBFC Regulations 2008, 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(1)/2019 dated June 28, 2019, the Fund has charged the SECP fee at the rate of 0.02% of net assets of the fund.

	Note	(Un-audited) December 31, 2020 (Rupees in '000)
8 ACCRUED EXPENSES AND OTHER LIABILITIES		
Provision for Sindh Workers' Welfare Fund	8.1	91
Auditors' remuneration payable		87
Legal fee payable		7
Settlement charges payable		25
Payable against printing charges		1
Bank charges payable		<u>1</u>
		<u>212</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 from October 6, 2020 to December 31, 2020, the net asset value per unit of the Fund as at December 31, 2020 would have been higher by Re 0.016 per unit.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 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 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 period 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, 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 2.78% which includes 0.81% representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "Index" scheme.

14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / 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 Details of transactions with related parties / connected persons during the period are as follows:



(Un-audited)

For the period
from October 06,
2020 to December
31, 2020

(Rupees in '000)

NBP Fund Management Limited - Management Company

Remuneration of NBP Fund Management Limited - Management Company	101
Sindh Sales Tax on remuneration of the Management Company	13
Payments made by the Management Company on behalf of Fund	20

Central Depository Company of Pakistan Limited - Trustee

Remuneration of Central Depository Company of Pakistan Limited - Trustee	13
Sindh Sales Tax on remuneration of the Trustee	2
Settlement charges	52

The Hub Power Company Limited - common directorship*

Purchase of 52,358 shares	3,976
Sale of 282 shares	23
Dividend income	209

Fauji Fertilizer Company Limited - common directorship*

Purchase of 31,192 shares	3,303
Sale of 168 shares	17
Dividend income	80

JS Global Capital Limited - unit holder with more than 10% holding*

Units purchased during the period: 5,070,000	50,711
Units redeemed during the period: 30,000	320

(Un-audited)

As at
December 31,
2020

(Rupees in '000)

14.6 Amounts / balances outstanding as at period end are as follows

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	38
Sindh Sales Tax on remuneration of the Management Company	5
Other payable to Management Company	20

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable to the Trustee	5
Sindh Sales Tax payable on Trustee remuneration	1
Settlement charges payable	25

The Hub Power Company Limited - common directorship*

Shares held - 52,076 shares	4,131
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Fauji Fertilizer Company Limited - common directorship*

Shares held - 31,024 shares	3,366
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JS Global Capital Limited - unit holder with more than 10% holding*

Units held: 5,040,000 units	54,465
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* These are transactions involving shares of related parties held as part of portfolio of the Fund.



- 14.7 Other balances due to / from related parties / connected persons are included in the respective notes to these condensed interim financial statements.

15 FINANCIAL INSTRUMENTS BY CATEGORY

	----- December 31, 2020 -----		
	(Unaudited)		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	3,618	-	3,618
Investments	-	56,373	56,373
Dividend receivable	98	-	98
	<u>3,716</u>	<u>56,373</u>	<u>60,089</u>
	----- December 31, 2020 -----		
	(Unaudited)		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----		
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	-	63	63
Payable to Central Depository Company of Pakistan Limited - Trustee	-	6	6
Payable to the Securities and Exchange Commission of Pakistan	-	3	3
Accrued expenses and other liabilities	-	121	121
	<u>-</u>	<u>193</u>	<u>193</u>

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies:

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by the SECP.

16.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and the regulations laid down by the SECP.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.



(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of December 31, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the period from October 6, 2020 to December 31, 2020 and net assets of the Fund would have been higher / lower by Rs. 0.036 million.

b) Sensitivity analysis for fixed rate instruments

As at December 31, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at December 31, 2020 can be determined as follows:

December 31, 2020					
(Unaudited)					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- (Rupees in '000) -----					
Financial assets					
Bank balances	5.50%	3,618	-	-	3,618
Investment		-	-	56,373	56,373
Dividend receivable		-	-	98	98
		3,618	-	56,471	60,089
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	63	63
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	6	6
Accrued expenses and other liabilities		-	-	121	121
		-	-	190	190
On-balance sheet gap (a)		3,618	-	56,281	59,899
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		3,618	-	-	-
Cumulative profit rate sensitivity gap		3,618	3,618	3,618	3,618



(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the period end are concentrated in the sectors given in note 5.1.

In case of 1% increase / decrease in NBPPGI on December 31, 2020, with all other variables held constant, the total comprehensive income of the Fund for the period from October 6, 2020 to December 31, 2020 would increase / decrease by Rs. 0.5637 million and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index has increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the NBPPGI, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the NBPPGI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the NBPPGI.

16.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the period from October 6, 2020 to December 31, 2020.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:



December 31, 2020						
(Unaudited)						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
Financial assets						
Bank balances	3,618	-	-	-	-	3,618
Investments	-	-	-	-	56,373	56,373
Dividend receivable	98	-	-	-	-	98
	3,716	-	-	-	56,373	60,089
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company	63	-	-	-	-	63
Payable to Central Depository Company of Pakistan Limited - Trustee	6	-	-	-	-	6
Accrued expenses and other liabilities	-	-	121	-	-	121
	69	-	121	-	-	190
Net assets	3,647	-	-	-	56,373	59,899

16.3 Credit risk

16.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

December 31, 2020	
(Unaudited)	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
(Rupees in '000)	
Bank balances	3,618
Investments	56,373
Dividend receivable	98
Other receivables	63
	60,152
	3,681

16.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements with banks and profit accrued on bank balances and dividend receivable. The credit rating profile of balances with banks is as follows:



Rating	(Unaudited) % of financial assets exposed to credit risk December 31, 2020
AA+	0.22
AA-	99.78
	<u>100.00</u>

16.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

17 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

17.1 Fair value hierarchy

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

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

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

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

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

	----- Unaudited -----			
	----- As at December 31, 2020 -----			
	Level 1	Level 2	Level 3	Total
	----- ((Rupees in '000)) -----			
At fair value through profit or loss				
Quoted equity securities	56,373	-	-	56,373
	<u>56,373</u>	<u>-</u>	<u>-</u>	<u>56,373</u>



18 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 16, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

19 GENERAL

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

20 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

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