

NBP ISLAMIC MONEY MARKET FUND



**QUARTERLY REPORT
MARCH 31, 2021**

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
Ms. Mehnaz Salar	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
Mr. Saad Amanullah Khan	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Syed Hasan Irtiza Kazmi	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

Allied Bank Limited
 Askari Bank Limited
 Bank Al Habib Limited
 Faysal Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 JS Bank Limited
 MCB Bank Limited
 Meezan Bank Limited
 Summit Bank Limited
 United Bank Limited

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 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 unaudited financial statements of **NBP Islamic Money Market Fund (NIMMF)** for the period ended March 31, 2021.

Fund's Performance

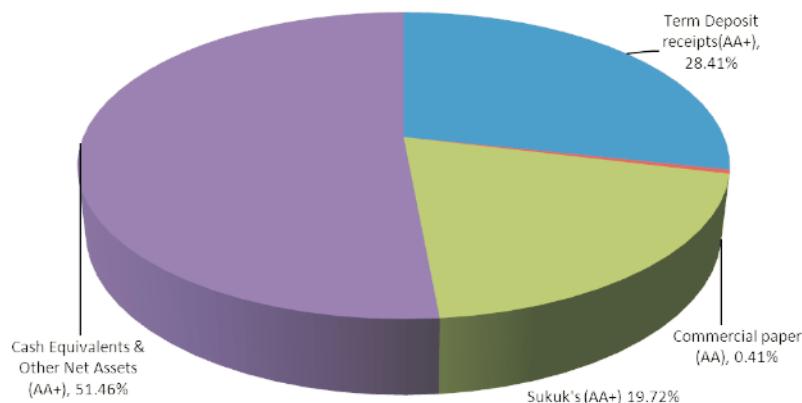
The size of NBP Islamic Money Market Fund has decreased from Rs. 5,886 million to Rs. 4,690 million during the period (a decline of 20%). During the period, the unit price of the Fund has increased from Rs. 10.0355 on June 30, 2020 to Rs. 10.4965 on March 31, 2021, thus showing return of 6.1% as compared to the benchmark return of 3.5% for the same period. The performance of the Fund is net of management fee and all other expenses.

NIMMF is categorized as a Shariah Compliant Money Market Fund. The Fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days while also providing easy liquidity along with a high-quality credit profile.

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 that allowed re-opening of the economy. The economic recovery picked-up steam as reflected by the frequently released economic data such as cement dispatches, retail fuels sales and automobile sales volume. On the policy response fronts, SBP slashed the Policy Rate by a cumulative 6.25% in a short span of time and government announced a Rs. 1.2 trillion stimulus packages, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. External account also remained beneficiary of the Coronavirus pandemic thanks to a robust 24% growth in remittances during 8MFY21. The country posted a current account surplus of USD 881 million during 8MFY21 versus a Current Account Deficit (CAD) of USD 2.7 billion in the comparative period last year. The Extended Fund Facility (EFF) with the International Monetary Fund (IMF) that was put on hold in April last year, finally resumed, and as a result the central bank secured the IMF tranche of around USD 500 million. The resumption of IMF program allowed the country to borrow USD 2.5 billion by issuing Eurobonds in the international debt market.

The Fund has earned a total income of Rs. 254.34 million during the period. After deducting total expenses of Rs. 39.09 million, the net income is Rs. 215.25 million.

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



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: **April 30, 2021**

Place: Karachi.

ڈائریکٹر رپورٹ

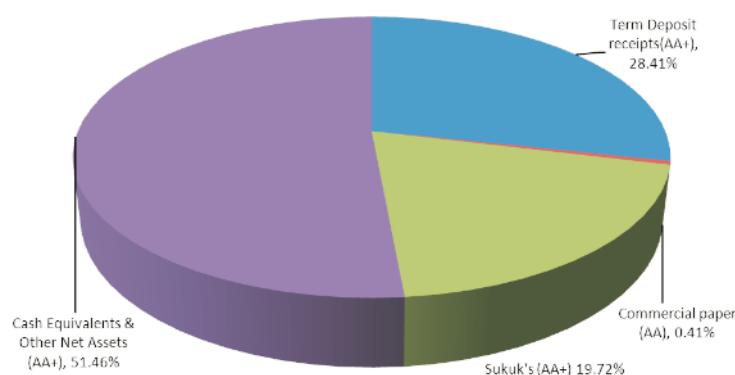
NBP فنڈ مینجنمنٹ لمبینڈ کے بورڈ آف ڈائریکٹر بھدمہ سرت 31 مارچ 2021ء کو ختم ہونے والی نوماہی کے لئے NBP اسلامی مارکیٹ فنڈ (NIMMF) کے غیر جانش شدہ مالیاتی گلوشورے پیش کرتے ہیں۔

فنڈ کی کارکردگی موجودہ مدت کے دوران NBP اسلامی مارکیٹ فنڈ (NIMMF) کا سائز 5,886 ملین روپے سے کم ہو کر 4,690 ملین روپے ہو گیا ہے لیکن 20% کی کمی ہوئی۔ زیرِ جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 55 10.035 روپے (EX-Div) سے بڑھ کر 31 مارچ 2021ء کو 10.4965 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے شرک مارک 3.5% کے مقابلے میں 6.1% منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجنمنٹ فنڈ اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIMMF کی وجہ بندی بطور شریعہ کمپلائنس میں مارکیٹ فنڈ کی گئی ہے۔ اس فنڈ کا مقصد اسلامی بیکوں اتجارتی بیکوں کی اسلامی ونڈ و کمی پیش کر دہ منافع کی شرحوں کے مقابلے میں تو اتر سے بہتر منافع فراہم کرنا ہے۔ ریٹنگ کا کم از کم تقاضا AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد مچھری اولی یکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی مچھری کی پی تی اوس طبق مدت 90 دن سے زائد نہیں ہو سکتی، جبکہ اعلیٰ کواٹی پروفائل کے ساتھ آسان ایکوویڈی یعنی بھی فراہم کرتی ہے۔

جو لوگی میں بلندی پر بچنچے کے بعد کو ویڈ 19 کے نفع کیسے کمی اور نفیکشن تناسب بھی کم ہو کر واحد ہند سے پر آگیا جس نے معیشت کو دوبارہ کوئے کی اجازت دی۔ معاشی بحالت کی تربیل، خودہ ایندھن کی فروخت اور آٹو موبائل کے فروخت جم کے اکثر جاری کردہ معاشی اعداد و شمار سے ظاہر ہوتی ہے۔ پالیسی سازی کے تاثر میں، اسٹیٹ بینک آف پاکستان نے تکمیل مدت میں پالیسی شرح کو بھوئی طور پر 25.6 فیصد تک کم کر دیا اور حکومت نے ایک 1.2 ٹریلیون روپے کے محکم بچکا اعلان کیا، جو جی ڈی پی کے 2.8 فیصد کے مساوی ہے، جس میں معاشرے کے تمام شعبوں کو بریلیف دیا گیا ہے جن میں پسماندہ افراد، کار و بار اور صفتیں شامل ہیں۔ 8MFY21 کے دوران وباً مرض کرونا وائرس کے بدلت یہ ورنی اکاؤنٹ پر شبت اشہروا اور ترسیلات زر میں 24 فیصد اضافہ ہوا۔ ملک نے گذشتہ سال کے قابلی دورانی میں 2.7 ملین امریکی ڈالر کے کرنس اکاؤنٹ خارہ (CAD) کے مقابلے میں 8MFY21 کے دوران 881 ملین امریکی ڈالر کا کرنس اکاؤنٹ سرپلس درج کیا ہے۔ میں الاؤ ای مالیاتی مین (IMF) کے ساتھ تو سیمی فنڈ کی سہولت (EFF) جسے پہلے سال اپریل میں روک دیا گیا تھا، آخر کار دوبارہ شروع ہو گئی، اور اس کے تیجے میں مرکزی بینک نے آئی ایف سے قریباً 500 ملین ڈالر کی رقم حاصل کی۔ آئی ایف پروگرام کے دوبارہ آغاز سے میں الاؤ ای میٹ مارکیٹ میں پورا بانڈز جاری کر کے ملک کو 2.5 ارب ڈالر قرض لینے کا موقع ملا۔

فنڈ نے موجودہ مدت کے دوران 34.34 ملین روپے کی مجموعی آمدنی کی کیا ہے۔ 39.09 ملین روپے کے اخراجات میں کرنے کے بعد خالص آمدنی 215.25 ملین روپے ہے۔ درج ذیل چارٹ NIMMF کی ایسٹ ایمکشن اور اس کے ذیلی اנתاوں کے تام درجوں کی بیانش شدہ اوس طکریٹر ریٹنگ پیش کرتا ہے:





اٹھار تکر

یورڈ اس موقع سے فائدہ اٹھاتے ہوئے میجنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکر یاد کرتا ہے۔ یہ سیکورٹیز اینڈ اچیشن آف پاکستان اور اسٹائٹ بینک آف پاکستان کی سروپتی اور رہنمائی کے لئے ان کے ملخص رویہ کا بھی اعتراف کرتا ہے۔

یورڈ اپنے اسٹاف اور رہنمائی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج ٹسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب یورڈ آف ڈائریکٹر

NBP نیشنل میجنٹ لیمیٹڈ

ڈائریکٹر

چیف ایگزیکیوٹو

تاریخ: 30 اپریل 2021ء

مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021

	Note	Un-Audited March 31, 2021	Audited June 30, 2020 (Rupees in '000)
ASSETS			
Bank balances		2,381,011	3,742,608
Investments	4	2,276,251	2,202,102
Preliminary and floatation costs		415	581
Deposits, prepayments and other receivables		174	263
Receivables against sale of units		2,746	27,032
Markup Accrued		62,589	63,982
Total assets		4,723,186	6,036,568
LIABILITIES			
Payable to Management Company		10,152	10,709
Payable to Trustee		613	298
Payable to the Securities and Exchange Commission of Pakistan		719	693
Payable against redemption of units		4,519	109,581
Accrued expenses and other liabilities		17,267	28,891
Total liabilities		33,270	150,172
NET ASSETS		4,689,916	5,886,396
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		4,689,916	5,886,396
CONTINGENCIES AND COMMITMENTS			
Number of units in issue	6	-	-
NET ASSET VALUE PER UNIT		446,806,413	586,559,970
		10.4965	10.0355

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2021

	Note	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
		(Rupees in '000)			
INCOME					
Return / mark-up on					
- bank balances		130,446	256,997	36,639	72,820
- term deposits		49,132	23,624	23,356	5,486
- sukuk		28,011	30,358	19,339	20,929
- bai maujjal		17,533	-	-	-
- commercial paper		29,214	23,200	982	16,618
Total income		254,336	334,179	80,316	115,853
EXPENSES					
Remuneration of the Management Company		3,597	3,187	1,140	1,075
Sindh sales tax on remuneration of the Management Company		468	414	149	139
Remuneration to the Trustee		2,338	1,614	741	566
Sindh Sales Tax on remuneration of the Trustee		304	210	96	74
Accounting and operational charges to the Management Company	7	4,104	2,483	1,425	871
Selling and marketing expense to the Management Company		21,073	17,223	5,698	6,094
Annual fee - Securities and Exchange Commission of Pakistan		719	497	228	175
Auditors' remuneration		364	463	78	165
Shariah advisory fee		453	347	155	83
Settlement & Bank charges		325	296	61	92
Annual listing fee		23	21	4	6
Fund rating charges		363	145	-	47
Legal and professional charges		292	91	172	23
Amortization of preliminary expenses and floatation costs		166	166	55	55
Printing charges		100	129	8	45
Total Expenses		34,689	27,286	10,010	9,510
Net Income from operating activities		219,647	306,893	70,306	106,343
Provision for Sindh Workers' Welfare Fund	5	(4,393)	(6,138)	(1,406)	(2,127)
Net Income for the period before taxation		215,254	300,755	68,900	104,216
Taxation	8	-	-	-	-
Net Income for the period after taxation		<u>215,254</u>	<u>300,755</u>	<u>68,900</u>	<u>104,216</u>
Allocation of Net (loss) / income for the period:					
Net income for the period		215,254	300,755	68,900	104,216
Income already paid on units redeemed		(83,283)	(194,776)	(42,855)	(142,366)
		<u>131,972</u>	<u>105,979</u>	<u>26,045</u>	<u>(38,150)</u>
Accounting Income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		131,972	105,979	26,045	(38,150)
		<u>131,972</u>	<u>105,979</u>	<u>26,045</u>	<u>(38,150)</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2021

	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
(Rupees in '000)				
Net Income for the period after taxation	215,254	300,755	68,900	104,216
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	<u>215,254</u>	<u>300,755</u>	<u>68,900</u>	<u>104,216</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**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 NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Nine Months Ended March 31, 2021			Nine Months Ended March 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period	5,877,657	8,739	5,886,396	748,808	1,685	750,493
Issue of 636,417,035 units (March 31, 2020: 797,692,788 units)						
- Capital value	6,386,763	-	6,386,763	7,994,956	-	7,994,956
- Element of income	122,055	-	122,055	246,762	-	246,762
Total proceeds on issuance of units	6,508,818	-	6,508,818	8,241,717	-	8,241,717
Redemption of 776,170,592 units (March 31, 2020: 663,003,149 units)						
- Capital value	(7,789,260)	-	(7,789,260)	(6,645,015)	-	(6,645,015)
- Element of loss	(48,010)	(83,283)	(131,293)	(152,363)	(194,776)	(347,139)
Total payments on redemption of units	(7,837,270)	(83,283)	(7,920,553)	(6,797,379)	(194,776)	(6,992,155)
Total comprehensive income for the period	-	215,254	215,254	-	300,755	300,755
Net assets at end of the period	4,549,205	140,711	4,689,916	2,193,147	107,663	2,300,810
Undistributed income brought forward						
- Realised		8,739			1,685	
- Unrealised		-			-	
		8,739			1,685	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		131,972			105,979	
		131,972			105,979	
Distribution during the period	-	-	-	-	-	-
Undistributed income carried forward		140,711			107,664	
Undistributed income carried forward						
- Realised		140,711			107,664	
- Unrealised		-			-	
		140,711			107,664	
			-- (Rupees) --			-- (Rupees) --
Net assets value per unit at beginning of the period			10.0355			10.0226
Net assets value per unit at end of the period			10.4965			10.9787

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		(Rupees in '000)
Net Income for the period before taxation	215,254	300,755
Adjustments		
Return / mark-up on		
- bank balances	(130,446)	(256,997)
- term deposits	(49,132)	(23,624)
- sukuk	(28,011)	(30,358)
- bai mauijal	(17,533)	-
- commercial paper	(29,214)	(23,200)
Amortization of preliminary expenses and floatation costs	166	166
Provision for Sindh Workers' Welfare Fund	4,393	6,138
	<u>(34,523)</u>	<u>(27,120)</u>
(Increase) in assets		
Investments	(74,149)	(1,112,079)
Markup Accrued	255,729	292,378
Deposits, prepayments and other receivables	89	52
	<u>181,669</u>	<u>(819,649)</u>
Increase in liabilities		
Payable to Management Company	(557)	6,001
Payable to Trustee	315	92
Payable to the Securities and Exchange Commission of Pakistan	26	(431)
Accrued expenses and other liabilities	(16,017)	920
	<u>(16,233)</u>	<u>6,582</u>
Net cash generated from operating activities	<u>130,913</u>	<u>(840,187)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	6,533,105	8,241,698
Net payments on redemption of units	(8,025,615)	(6,941,076)
Net cash (Used in) / generated from financing activities	<u>(1,492,510)</u>	<u>1,300,622</u>
Cash and cash equivalents at the Beginning of the period	3,742,608	747,089
Cash and cash equivalents at the end of the period	<u>2,381,011</u>	<u>1,207,524</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on January 09, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 04, 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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

The Fund is an open-ended mutual fund and classified as sharia compliant "money market scheme" by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorised instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned stability rating AA(f) to the fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan limited (CDC) as trustee of the Fund.

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 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the 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.

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

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2021.

These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

- 3.2** The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

(Un-audited)	(Audited)
March 31,	June 30,
2021	2020

4 INVESTMENTS Note -----Rupees in '000-----

Fair value through profit or loss

Commercial papers	4.1	19,251	570,770
Sukuk	4.2	925,000	-
Term deposits receipts	4.3	1,332,000	1,133,000
Bai Maujjal		-	498,332.00
		2,276,251	2,202,102

4.1 Commercial papers

Name of the investee company	Note.	Face value				Carrying value as at March 31, 2021	Investment as a % of	
		As at July 01, 2020	Purchases during the period	Sales / matured during the period	As at March 31, 2021		Net assets	Market value of total investments
Rupees in '000								
K-Electric Limited	5.1.1	-	35,000	35,000	-	-	0.00%	0.00%
K-Electric Limited	5.1.2	-	550,000	550,000	-	-	0.00%	0.00%
K-Electric Limited	5.1.2	20,000	-	-	20,000	19,251	0.41%	0.85%
		20,000	585,000	585,000	20,000	19,251	0.41%	0.85%

Market value as at March 31, 2020 **19,251**

- 4.1.1** This represents commercial paper from K- electric Limited issued on 14 February 2020 having face value of Rs. 35 million. This carry profit at the rate of 10.90% and having maturity date of 14 August 2020.

- 4.1.2** This represents commercial paper from K- electric Limited issued on 10 March 2020 having face value of Rs. 550 million. This carry profit at the rate of 10.87% and having maturity date of 10 September 2020.

4.2 Sukuk

Name of the investee company	Number of certificates			Market value as at March 31, 2021	Investment as a percentage of		
	As at July 01, 2020	Purchases during the year	Disposals / matured during the year		Net assets	Market value of total investments	Issue size
Rupees '000 ----- % -----							
HUB Power Company Limited - Sukuk	-	6,750	-	6,750	675,000	14.39%	29.65%
Kot Addu Power Compnay Limited - Sukuk	-	2,500	-	2,500	250,000	5.33%	10.98%
Carrying value before fair value adjustment as at March 31, 2020					<u>925,000</u>		

4.3 Term deposit receipts

Name of the investee company	Note.	Face value			Face Value as at June 30, 2020
		As at July 01, 2020	Purchases during the period	Sales / matured during the period	
Rupees in '000 -----					
UBL Ameen Islamic Banking	4.3.1	-	200,000	-	200,000
UBL Ameen Islamic Banking	4.3.1	-	261,000	-	261,000
UBL Ameen Islamic Banking	4.3.1	-	166,000	-	166,000
Dhabi Islamic Bank Limited	4.3.1	-	670,000	-	670,000
Dhabi Islamic Bank Limited	4.3.1	-	35,000	-	35,000
		<u>1,133,000</u>	<u>5,228,500</u>	<u>5,029,500</u>	<u>1,332,000</u>
Face value as at March 31, 2021					<u>1,332,000</u>

4.3.1

Particulars	Profit / mark-up rates	Issue date	Maturity Date	Face Value	Face value as a % of net assets	Face value as a % of total investment
Dhabi Islamic Bank Limited	7.00%	March 01, 2021	April 01, 2021	670,000	14.29%	29.43%
Dhabi Islamic Bank Limited	7.00%	March 26, 2021	April 26, 2021	35,000	0.75%	1.54%
UBL Ameen Islamic Banking	6.85%	March 01, 2021	April 01, 2021	200,000	4.26%	8.79%
UBL Ameen Islamic Banking	6.85%	March 01, 2021	April 01, 2021	261,000	5.57%	11.47%
UBL Ameen Islamic Banking	6.85%	March 08, 2021	April 08, 2021	166,000	3.54%	7.29%
				<u>1,332,000</u>	<u>28%</u>	<u>59%</u>

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 14.596 million for the period ended March 31, 2021 in this condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2021 would have been higher by Rs. 0.0327 per unit (June 30, 2019: Rs. 0.0408 per unit).

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at March 31, 2021 and as at June 30, 2020.

7 SELLING AND MARKETING EXPENSE

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 0.5% per annum of the net assets of the Fund.

8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains 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, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

Mutual Funds are exempt from income tax on their Income if they distribute at least 90% of their accounting income as per clause 99 of Part 1 of the Second Schedule of the Income Tax Ordinance 2001 (Ordinance). Distribution of income by collective investment schemes includes (a) the income already distributed upon redemption of units and (b) the remaining amount of income distributed by way of cash dividend.

In assessment for Tax Year 2018 in respect of NBP Islamic Money Market Fund, the said exemption has been denied by The Additional Commissioner – Audit (AC), on the ground that the amount paid as income on units redeemed by investors during the tax year cannot be treated as distribution of income as per criteria envisaged under Clause 99 of Part 1 of the Second Schedule of the Ordinance and AC due to commented that the distribution by the Fund fell short of 90% distribution threshold.

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

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

Further, the issue of distribution of income is also being contested by MUFAP on behalf of the mutual funds industry at various regulatory and Government levels and are very hopeful that the matter will be resolved soon as the matter has merely arisen due to incorrect interpretation by the relevant commissioners. SECP also agrees

with MUFAPs interpretation and is also actively following up with FBR to resolve the matter at the earliest.

9 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2020 is 1.09 (2020: 1.34%) which includes 0.17% (2020: 0.20%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.0% (as amended by S.R.O 639 dated June 20, 2019) prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Shari'ah compliant money market schemes'.

10 TRANSACTIONS WITH CONNECTED PERSONS

- 10.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 10.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.
- 10.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 10.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
10.5 Details of the transactions with connected persons are as follows:	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	3,597	3,187
Sindh sales tax on remuneration of the Management Company	468	414
Accounting and operational charges to the Management Company	4,104	2,483
Selling and marketing expense to the Management Company	21,073	17,223
Sales Load charged	1,744	1,002
ADC Share charges	104	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	2,338	1,614
Sindh Sales Tax on remuneration of the Trustee	304	210
CDS Charges	5	-

Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
	(Rupees in '000)

CDC Trustee NAFA Islamic Capital Preservation Plan - I

Units issued during the period: 1,525,315 units (March 31, 2020: 10,749,712 units)	15,600	116,433
Units redeemed during the period: 8,924,469 units (March 31, 2020: 62,695,893 units)	90,790	651,716

CDC Trustee NAFA Islamic Capital Preservation Plan - II

Units issued during the period: 6,116,994 units (March 31, 2020: Nil units)	63,500	-
Units redeemed during the period: 1,570,878 units (March 31, 2020: Nil units)	16,400	-

CDC Trustee NAFA Islamic Capital Preservation Plan - III

Units issued during the period: 6,253,265 units (March 31, 2020: Nil units)	64,900	-
Units redeemed during the period: 464,543 units (March 31, 2020: Nil units)	4,851	-

CDC Trustee NAFA Islamic Capital Preservation Plan - IV

Units issued during the period: 4,963,909 units (March 31, 2020: Nil units)	51,496	-
Units redeemed during the period: 702,514 units (March 31, 2020: Nil units)	7,314	-

CDC Trustee NAFA Islamic Capital Preservation Plan - V

Units issued during the period: 5,637,674 units (March 31, 2020: Nil units)	58,495	-
Units redeemed during the period: 1,136,092 units (March 31, 2020: Nil units)	11,841	-

Employees of the Management Company

Units issued during the period: 13,484,773 units (March 31, 2020: 13,484,773 units)	388,752	143,208
Units redeemed during the period: 12,459,183 units (March 31, 2020: 12,459,183 units)	423,418	132,765

Shafi Gluco Chemicals (Pvt) Limited - More than 10% holding*

Units issued during the period: Nil units (March 31, 2020: 34,651,260 units)	-	379,871
Units redeemed during the period: Nil units (March 31, 2020: 2,004,519 units)	-	22,000

Sadia Rashid - More than 10% holding

Units issued during the period: Nil units (March 31, 2020: 39,970,392 units)	-	405,000
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Hub Power Company Limited

Purchase of Sukuk	675,000	560,000
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CDC Trustee NBP Islamic Income Fund

Purchase of K-Electric Commercial Paper	18,573	-
Sale of K-Electric Commercial Paper	39,428	-

	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
(Rupees in '000)		
CDC Trustee NBP Islamic Daily Dividend Fund		
Sale of K-Electric Commercial Paper	240,174	-
CDC Trustee NBP Islamic Mahana Amdani Fund		
Sale of K-Electric Commercial Paper	342,518	-
CDC Trustee NBP Riba-Free Savings Fund		
Purchase of K-Electric Commercial Paper	-	201,131
CDC Trustee NBP Financial Sector Income Fund		
Purchase of K-Electric Commercial Paper	-	305,515
Portfolio Managed by the Management Company **		
Units issued during the period: 35,107,818 units (March 31, 2020: Nil units)	358,047	-
Units redeemed during the period: 32,646,715 units (March 31, 2020: Nil units)	335,294	-
Fauji Fertilizers Company Limited		
Units issued during the period: 819 units (March 31, 2020: 37,529,312 units)	8	380,042
Units redeemed during the period: Nil units (March 31, 2020: 37,525,416 units)	-	384,335
	As at March 31, 2021	As at June 30, 2020
10.6 Amounts outstanding as at period end		(Rupees in '000)
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	835	406
Sindh Sales Tax on remuneration of the Management Company	109	53
Operational expenses	1,425	981
Selling and marketing expense to the Management Company	5,698	5,783
Sales load	1,621	1,978
Sindh Sales Tax and FED on Sales load	211	257
ADC Share charges payable	104	-
Other payable	151	1,251
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	543	264
Sindh sales tax on remuneration of the Trustee	71	34
CDS Charges	-	1
Security deposit	100	100

	As at March 31, 2021	As at June 30, 2020
	(Rupees in '000)	
CDC Trustee NAFA Islamic Capital Preservation Plan - I		
Investment held in the Fund: 5,787,242 units (June 30, 2020: 13,186,397 units)	60,746	132,332
CDC Trustee NAFA Islamic Capital Preservation Plan - II		
Investment held in the Fund: 4,546,115 units (June 30, 2020: Nil units)	47,718	-
CDC Trustee NAFA Islamic Capital Preservation Plan - III		
Investment held in the Fund: 5,788,722 units (June 30, 2020: Nil units)	60,761	-
CDC Trustee NAFA Islamic Capital Preservation Plan - IV		
Investment held in the Fund: 4,261,394 units (June 30, 2020: Nil units)	44,730	-
CDC Trustee NAFA Islamic Capital Preservation Plan - V		
Investment held in the Fund: 4,501,582 units (June 30, 2020: Nil units)	47,251	-
Fauji Fertilizer Company Limited **		
Investment held in the Fund: 819 Units (June 30, 2020: Nil units)	9	-
Employees of the Management Company		
Investment held in the Fund: 3,833,796 Units (June 30, 2020: 718,454 units)	40,241	7,210
Portfolio Managed by the Management Company		
Investment held in the Fund: 19,628,097 Units (June 30, 2020: 16,615,027 units)	206,026	166,740

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

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

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on April 30, 2021 by the Board of directors of the Management Company.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

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

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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