

## NBP ISLAMIC INCOME 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 Shahr-e-Faisal, Karachi.

### Bankers to the Fund

Bank Islami Pakistan Limited  
United Bank Limited (Islamic)  
Dubai Islamic Bank Pakistan Limited  
Meezan Bank Limited  
Silk Bank Limited (Emaan Islamic)  
AlBaraka Bank (Pakistan Limited)  
National Bank of Pakistan (Islamic Banking)  
Habib Bank Limited (Islamic)



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 021 (111-111-632),  
(Toll Free): 0800-20002,  
Fax: (021) 35825329  
Website: [www.nbpffunds.com](http://www.nbpffunds.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 Income Fund** (NBP-IIF) for the period from August 13, 2020 to March 31, 2021.

### Fund's Performance

The size of NBP Islamic Income Fund is Rs. 1,938 million as at March 31, 2021. The Fund has earned an annualized return of 6.6% % p.a. since its inception (August 13, 2020) as compared to its benchmark return of 3.5% p.a. The performance of the Fund is net of management fee and all other expenses.

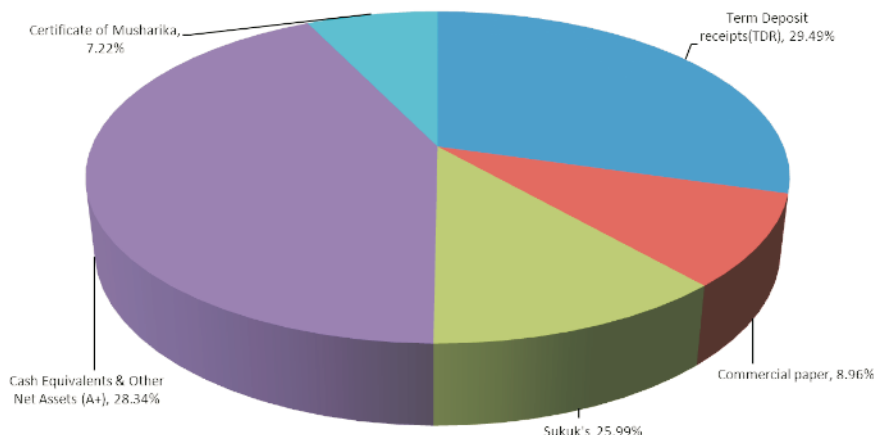
NBP-IIF is categorized as a Shariah Compliant Income Fund. The fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. Minimum eligible rating is AA, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

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.

Trading activity in corporate sukuk remained subdued during the period. The cumulative traded value stood at Rs. 15.5 billion versus Rs. 18.7 billion in the same period last year. During 9MFY21, the State Bank of Pakistan (SBP) held four Monetary Policy Committee (MPC) meetings wherein the benchmark Policy Rate was left unchanged at 7%. Sovereign yields responded to these monetary policy actions, and inflation & interest rate outlook.

The Fund has earned a total income of Rs 48.11 million during the period. After deducting total expenses of Rs 8.13 million, the net income is Rs. 39.98 million.

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





## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 1.121% of the opening ex-NAV (1.121% of the par value) for the period ended March 31, 2021.

## 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.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 13 اگست 2020 تا 31 مارچ 2021ء مدت کے لئے NBP اسلامک انکم فنڈ (NBP-IIF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

31 مارچ 2021ء کو NBP اسلامک انکم فنڈ کا سائز 1,938 ملین روپے ہے۔ فنڈ نے اپنے آغاز (13 اگست 2020) سے بیج مارک منفعت 6.6% سالانہ کے مقابلے 3.5% سالانہ منافع درج کروایا۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

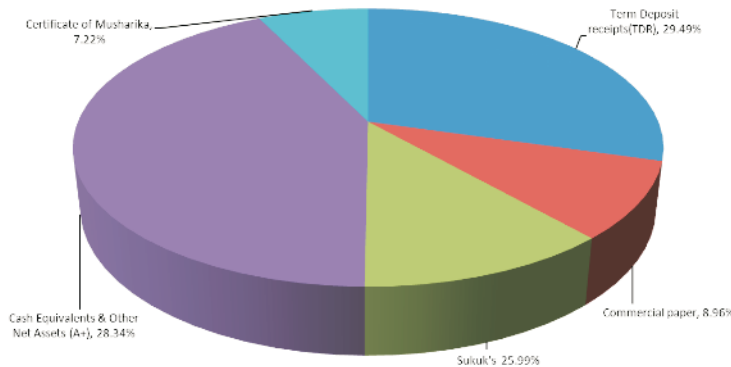
NBP-IIF کی درجہ بندی بطور شریعہ مکمل انکم فنڈ کی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سیکورٹیز اور مٹی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز / ونڈوز میں آسانی سے لیکویڈیٹی فراہم کرنے والے AA یا بالا درجہ کے اسلامی بینکوں کے ساتھ سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق A یا اس سے بالا درجہ بندی کے مٹی مارکیٹ کے آلات اور ڈیپٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکویٹی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سیکورٹیز کے علاوہ فنڈ کی بیچورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

جولائی میں بلندی پر پہنچنے کے بعد کوویڈ 19 کے فعال کیسز میں نمایاں کمی؛ اموات کی شرح میں تیزی سے کمی اور انفیکشن تناسب بھی کم ہو کر واحد ہندسے پر آ گیا جس نے معیشت کو دوبارہ کھولنے کی اجازت دی۔ معاشی بحالی کی رفتار سیمینٹ کی ترسیل، خوردہ ایندھن کی فروخت اور آٹوموبائل کے فروخت حجم کے اکثر جاری کردہ معاشی اعداد و شمار سے ظاہر ہوتی ہے۔ پالیسی سازی کے تناظر میں، اسٹیٹ بینک آف پاکستان نے قلیل مدت میں پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کر دیا اور حکومت نے ایک 1.2 ٹریلین روپے کے محرک پیکیج کا اعلان کیا، جو جی ڈی پی کے 2.8 فیصد کے مساوی ہے، جس میں معاشرے کے تمام شعبوں کو ریلیف دیا گیا ہے جن میں پیمانہ افراد، کاروبار اور صنعتیں شامل ہیں۔ 8MFY21 کے دوران وبائی مرض کرونا وائرس کے بدولت بیرونی اکاؤنٹ پر مثبت اثر ہوا اور ترسیلات زر میں 24 فیصد اضافہ ہوا۔ ملک نے گزشتہ سال کے تقابلی دورانیہ میں 2.7 ٹریلین امریکی ڈالر کے کرنٹ اکاؤنٹ خسارہ (CAD) کے مقابلے میں 8MFY21 کے دوران 881 ملین امریکی ڈالر کا کرنٹ اکاؤنٹ سرپلس درج کیا ہے۔ بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ توسیعی فنڈ کی سہولت (EFF) جسے پچھلے سال اپریل میں روک دیا گیا تھا، آخر کار دوبارہ شروع ہو گئی، اور اس کے نتیجے میں مرکزی بینک نے آئی ایم ایف سے قریباً 500 ملین ڈالر کی رقم حاصل کی۔ آئی ایم ایف پروگرام کے دوبارہ آغاز سے بین الاقوامی ڈیٹ مارکیٹ میں یورو بانڈز جاری کر کے ملک کو 2.5 ارب ڈالر قرض لینے کا موقع ملا۔

اس عرصہ کے دوران کارپوریٹ سکوک میں تجارتی سرگرمی کم رہی۔ مجموعی تجارت کی مالیت پچھلے سال کے اسی عرصے میں 18.7 ملین روپے کے مقابلے میں 15.5 ملین روپے رہی۔ مالی سال 21 کی نو ماہی کے دوران، اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے چار اجلاس منعقد کئے جن میں بیج مارک پالیسی شرح 7 فیصد پر برقرار رکھا۔ ان مانیٹری پالیسی کارروائیوں، اور افراط زر اور سود کی شرح کے نقطہ نظر پر سوچ بچن پیداوار میں اضافہ ہوا۔

فنڈ نے موجودہ مدت کے دوران 48.11 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 8.13 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 39.98 ملین روپے ہے۔

درج ذیل چارٹ NBP-IIF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیکائش شدہ اوسط کریڈٹ رینٹنگ پیش کرتا ہے:







## آمدنی کی تقسیم

میتھمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 31 مارچ 2021 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 1.121% (مساوی قدر کا 1.121%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے میتھمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ 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 ٹرسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تشہین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ میتھمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 30 اپریل 2021ء

مقام: کراچی



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

		(Un-audited) March 31, 2021 Rupees in '000
<b>ASSETS</b>	<b>Note</b>	
Bank balances		891,770
Investments	4	1,112,119
Profit receivable		9,955
Prepayment, deposit and other receivable		450
Receivable against transfer sales		805
Preliminary expenses and floatation costs		687
<b>Total assets</b>		<b>2,015,786</b>
<b>LIABILITIES</b>		
Payable to NBP Fund Management Limited - Management Company		2,979
Payable to Central Depository Company of Pakistan Limited - Trustee		131
Payable to the Securities and Exchange Commission of Pakistan		125
Payable against redemption of units		72,794
Accrued expenses and other liabilities		1,567
<b>Total liabilities</b>		<b>77,596</b>
<b>NET ASSETS</b>		<b>1,938,190</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,938,190</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
		<b>Number of units</b>
<b>NUMBER OF UNITS IN ISSUE</b>		<b>188,175,218</b>
		<b>Rupees</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>10.2999</b>

The annexed notes 1 to 12 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 AUGUST 13, 2020 TO MARCH 31, 2021

	For the period from August 13, 2020 to March 31, 2021	For the Quarter ended March 31, 2021
Rupees in '000		
<b>INCOME</b>		
Profit on bank balances	20,922	10,315
Income on Term Deposit	9,556	5,025
Income on sukuk certificates	11,604	5,710
Income on certificate of Musharika	1,808	1,808
Income on Islamic commercial papers	3,860	2,278
Gain on investment	187	187
Net unrealised appreciation /(diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	177	(210)
<b>Total income</b>	<b>48,114</b>	<b>25,113</b>
<b>EXPENSES</b>		
Remuneration of NBP Fund Management Limited - Management Company	3,211	1,656
Sindh sales tax on remuneration of the Management Company	417	215
Allocated expenses	745	410
Selling and marketing expense	1,337	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	469	246
Sindh sales tax on remuneration of the Trustee	61	32
Annual fee of the Securities and Exchange Commission of Pakistan	125	66
Amortisation of preliminary expenses and floatation costs	90	34
Auditors' remuneration	262	62
Legal and professional charges	58	23
Listing fee	19	8
Shariah advisor fee	107	72
Settlement and bank charges	194	152
Printing expenses	37	15
Rating fee	178	69
<b>Total operating expenses</b>	<b>7,310</b>	<b>3,060</b>
<b>Net income from operating activities</b>	<b>40,804</b>	<b>22,053</b>
Provision against Sindh Workers' Welfare Fund	5 (816)	(441)
<b>Net income for the period before taxation</b>	<b>39,988</b>	<b>21,612</b>
Taxation	-	-
<b>Net income for the period after taxation</b>	<b>39,988</b>	<b>21,612</b>
<b>Earnings per unit</b>		
<b>Allocation of net income for the period</b>		
- Net income for the period after taxation	39,988	21,612
- Income already paid on units redeemed	(9,697)	(4,333)
	<b>30,291</b>	<b>17,279</b>
<b>Accounting income available for distribution:</b>		
- Relating to capital gains	364	-
- Excluding capital gains	29,927	17,279
	<b>30,291</b>	<b>17,279</b>

The annexed notes 1 to 12 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 AUGUST 13, 2020 TO MARCH 31, 2021

	For the period from August 13, 2020 to March 31, 2021	For the Quarter ended March 31, 2021
	Rupees in '000	
<b>Net income for the period after taxation</b>	39,988	21,612
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>39,988</u>	<u>21,612</u>

The annexed notes 1 to 12 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 AUGUST 13, 2020 TO MARCH 31, 2021

For the period from August 13, 2020 to March 31, 2021			
	Capital value	Undistributed income	Total
----- Rupees in '000 -----			
Issuance of 350,916,096 units			
- Capital value	3,509,161	-	3,509,161
- Element of income	51,067	-	51,067
Total proceeds on issuance of units	3,560,228	-	3,560,228
Redemption of 162,740,878 units			
- Capital value	(1,627,409)	-	(1,627,409)
- Element of loss	(16,740)	(9,697)	(26,437)
Total payments on redemption of units	(1,644,149)	(9,697)	(1,653,846)
Total comprehensive income for the period	-	39,988	39,988
Cash distribution on October 14, 2020 @ Re 0.1121 per unit	(3,253)	(4,927)	(8,180)
<b>Net assets at end of the period</b>	<b>1,912,826</b>	<b>25,364</b>	<b>1,938,190</b>
Accounting income available for distribution:			
- Relating to capital gains		364	
- Excluding capital gains		29,927	
		<b>30,291</b>	
Cash distribution on October 14, 2020 @ Re 0.1121 per unit		(4,927)	
<b>Undistributed income carried forward</b>		<b>25,364</b>	
Undistributed income carried forward:			
- Realised income		25,187	
- Unrealised income		177	
		<b>25,364</b>	
			(Rupees)
Net assets value per unit at end of the period			10.2999

The annexed notes 1 to 12 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 AUGUST 13, 2020 TO MARCH 31, 2021

For the period from  
August 13, 2020 to  
March 31, 2021

### CASH FLOWS FROM OPERATING ACTIVITIES

Rupees in '000

Net income for the period before taxation

39,988

#### Adjustments

Net Gain on sale of investment

(187)

Net unrealised appreciation /(diminution) on re-measurement of investments  
classified as financial assets 'at fair value through profit or loss'

(177)

Provision against Sindh Workers' Welfare Fund

(816)

Amortisation of preliminary expenses and floatation costs

(90)

(1,270)

#### (Increase) / Decrease in assets

Prepayments, deposits and other receivables

(450)

Profit accrued

(9,955)

Investments - net

(1,111,755)

Preliminary expenses and floatation costs

(597)

(1,122,757)

#### Increase / (decrease) in liabilities

Payable to NBP Fund Management Limited - Management company

2,979

Payable to Central Depository Company of Pakistan Limited - Trustee

131

Payable to the Securities and Exchange Commission of Pakistan

125

Accrued expenses and other liabilities

2,383

5,618

#### Net cash flows used in operating activities

(1,078,421)

### CASH FLOWS FROM FINANCING ACTIVITIES

Amount received against issuance of units

3,559,423

Amount paid against redemption of units

(1,581,052)

Distributions paid

(8,180)

#### Net cash flows generated from financing activities

1,970,191

#### Net increase in cash and cash equivalents during the period

891,770

Cash and cash equivalents at the beginning of the period

-

#### Cash and cash equivalents at the end of the period

891,770

The annexed notes 1 to 12 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 STATEMENTS (UN-AUDITED) FOR THE PERIOD FROM AUGUST 13, 2020 TO MARCH 31, 2021

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 16, 2020 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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

The Fund has been categorised as an open ended 'Shari'ah compliant income fund' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 14, 2020 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide competitive returns by investing in Shariah compliant debt securities and money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM1 as at December 24, 2019 to the Management Company.

The title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

### 2 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 Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at March 31, 2021.



## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 first set of the condensed interim financial information for the period from August 13, 2020 to December 31, 2020.

- 3.1** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the condensed interim financial information for the period from August 13, 2020 to December 31, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the condensed interim financial information for the period from August 13, 2020 to December 31, 2020

		Note	(Un-audited) March 31, 2021
			Rupees in '000
<b>4 INVESTMENTS</b>			
Commercial paper	4.1	173,703	
Sukuk certificate	4.2	226,916	
Term Deposits	4.3	571,500	
Certificate of Musharika	4.4	140,000	
			<b>1,112,119</b>

### 4.1 Commercial paper

Name of the security	Issue date	Maturity date	Profit rate (%)	Purchased during the period	Matured during the period	As at Macrh 31, 2021	Carrying value as at Macrh 31, 2021	Market value as at Macrh 31, 2021	Market value as a percentage of
									Net assets of the Fund
----- Rupees in '000 -----									--Percentage--
K-Electric Limited	March 2, 2021	September 2, 2021	8.25						
				110,000	-	110,000	106,324	106,324	5.49
K-Electric Limited	September 9, 2020	March 9, 2021	8.15	23,000	23,000	-	-	-	-
K-Electric Limited	March 16, 2021	September 16, 2021	8.48	70,000	-	70,000	67,380	67,379	3.48
K-Electric Limited	September 24, 2020	March 24, 2021	8.04	29,000	29,000	-	-	-	-
K-Electric Limited	August 26, 2020	February 26, 2021	8.13	59,000	59,000	-	-	-	-
				291,000	111,000	180,000	173,704	173,703	8.96





## 4.2 Sukuk certificate

Name of the security	Issue date	Profit rate (%)	Purchased during the period	Matured during the period	As at March 31, 2021	Carrying value as at March 31, 2021	Market value as at March 31, 2021	Market value as a % of Net assets of the Fund
					Face Value			
					Rupees in '000		%	
Hub Power Company Limited	Aug 19, 2020	14.18%	50,000	-	50,000	51,473	51,100	2.64
Hub Power Holding Limited	Nov 12, 2020	9.85%	70,000	-	70,000	60,265	60,266	3.11
KotAddu Power Company Limited	Dec 08, 2020	7.99%	65,000	-	65,000	65,000	65,000	3.35
K-Electric Limited	Aug03, 2020	8.85%	50,000	-	50,000	50,000	50,550	2.61
			<b>235,000</b>	<b>-</b>	<b>235,000</b>	<b>226,738</b>	<b>226,916</b>	<b>11.71</b>

4.3 This represents term deposit placed with Bank Islami Pakistan Limited & Dubai Islamic Bank Pakistan Limited at the rate of 7.15% & 6.90% respectively per annum.

4.4 This represents Certificate of Musharika placed with Fisrt Habib Mudarba at the rate of 7.25% per annum.

## 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 9.1 to the condensed interim financial information for the period from August 13, 2020 to December 31, 2020.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value per unit of the Fund as at March 31, 2021 would have been higher by Re. 0.0043 per unit.

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2021.

## 7 SELLING AND MARKETING EXPENSES

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 based on its own discretion has charged selling and marketing expenses at the rate of 0.7% per annum of the average annual net assets for the period from August 13, 2020 till November 19, 2020, since then no selling and marketing has been charged.

## 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, 2021 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.



## 9 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2021 is 1.14% which includes 0.19% 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 2.5% (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 income scheme'.

## 10 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

- 10.1** Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, Funds under management of the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.
- 10.2** Transactions with related parties / connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to related parties / connected persons. The transactions with related parties / connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.
- 10.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the Trust Deed and Offering Document.
- 10.4** Details of transactions with related parties / connected persons during the period are as follows:

**For the period  
from August  
13, 2020 to  
March 31, 2021**

**Rupees in '000'**

### **NBP Fund Management Limited - Management Company**

Remuneration of NBP Fund Management Limited - Management Company	3,211
Sindh sales tax on remuneration of the Management Company	417
Allocated expenses	745
Selling and marketing expense	1,337
Amortization of preliminary expenses & floatation cost	90
Other expenses borne by the Management Company	184
Sale Load included sindh sales tax	773

### **Central Depository Company of Pakistan Limited - Trustee**

Remuneration of Central Depository Company of Pakistan Limited - Trustee	469
Sindh sales tax on remuneration of the Trustee	61

### **Employees of NBP Fund Management Limited**

Dividend Re-invest Units Issued 50	1
Units issued - 3,138,019	31,818
Units redeemed - 2,570,998	26,128

### **Pakistan Stock Exchange Limited**

Listing fee Paid	25
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### **Portfolio Managed by Management Company**

Dividend Re-invest Units Issued 120,921	1,210
Units issued - 44,585,337	447,866



**For the period  
from August  
13, 2020 to  
March 31, 2021**

**Rupees in '000'**

## **NBP RIBA FREE SAVINGS FUND**

Sukuk Purchased 104,597

## **Bank Islami Pakistan Limited**

Term Deposit Placed 1,025,000

Income on Bank Deposit 5,438

Income on Term deposit 5,595

## **Hub Power Holding Limited**

Sukuk Purchased 57,721

Profit on Sukuk 2,544

## **Hub Power Company Limited**

Sukuk Purchased 54,417

Profit on Sukuk 4,318

## **NBP ISLAMIC MONEY MARKET FUND**

Commercial Paper Purchased 39,428

Commercial Paper Sold 18,573

## **NAVEENA EXPORTS LIMITED**

Units issued / transferred in 19,421,058 200,000

## **IGI Life Insurance Limited-TBF**

Units issued / transferred in: 43,478,589 441,560

Units redeemed / transferred out: 23,255,519 236,011

**As at**

**March 31, 2021**

**Rupees in '000'**

## **10.5 Amounts / balances outstanding as at period end are as follows**

### **NBP Fund Management Limited - Management Company**

Remuneration of the Management Company 744

Sindh sales tax on remuneration of the Management Company 91

Allocated expenses payable 409

Sales load payable to Management Company 684

Sindh sales tax payable on sales load 89

Preliminary expenses and floatation costs payable 778

ADC charges payable 29

Other payable to Management Company 155

### **Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable to the Trustee 111

Sindh sales tax payable on Trustee remuneration 20



**As at**  
**March 31, 2021**  
**Rupees in '000'**

**Employees of NBP Fund Management Limited**

Units outstanding - 567,071 5,841

**Portfolio Managed by Management Company**

Units outstanding - 29,393,982 302,755

**Bank Islami Pakistan Limited**

Bank balances 179,721

Term Deposit 299,500

Profit receivable on Bank deposit 1,264

Profit receivable on Term Deposit 1,175

**National Bank of Pakistan (Management Company)**

Bank Balances 114

**Hub Power Holding Limited**

Sukuk Held 60,265

**Hub Power Company Limited**

Sukuk Held 51,100

**Unit holder with more than 10% holding**

Naveena Exports Limited- (Units held: 19,421,058) 200,035

IGI Life Insurance Limited-TBF (Units held: 20,223,071) 208,296

**11 GENERAL**

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

**12 DATE OF AUTHORISATION FOR ISSUE**

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

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

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

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

\_\_\_\_\_  
Director

## Head Office

7th Floor, Clifton Diamond Building, Block No.4,  
Scheme No.5, Clifton, Karachi.

**UAN:** 021-111-111-632

**Toll Free:** 0800-20002

**Sms:** INVEST to 9995

**Fax:** 021-35825335

**Email:** [info@nbpfunds.com](mailto:info@nbpfunds.com)

**Website:** [www.nbpfunds.com](http://www.nbpfunds.com)

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