



## NBP SAVINGS FUND

**HALF YEARLY** REPORT  
DECEMBER 31, 2021



# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."



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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Mr. Tauqeer Mazhar	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

Allied Bank Limited  
Bank Islami Pakistan Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Silk Bank Limited  
Soneri Bank Limited  
Telenor Microfinance Bank Limited  
HBL Microfinance Bank Limited  
United Bank Limited  
U Microfinance Bank Limited  
Khushhali Microfinance Bank Limited  
Habib Metropolitan Bank Limited  
Mobilink Microfinance 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.nbp funds.com](http://www.nbp funds.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 financial statements of **NBP Savings Fund (NBP-SF)** for the half year ended December 31, 2021.

### Fund's Performance

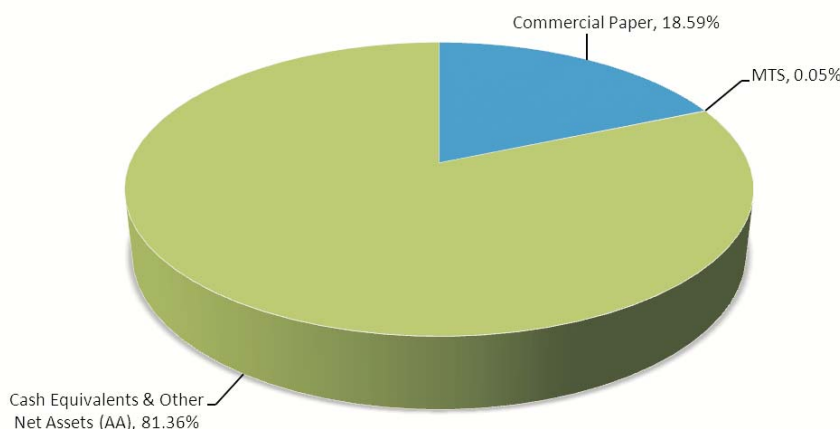
During 1HFY22, the Monetary Policy Committee (MPC) of SBP raised the Policy Rate by 275 basis points to 9.75%; in order to counter the inflationary pressures and ensure economic sustainability. Average inflation during 1HFY22 remained elevated and stood at 9.8%, owing to high global prices and domestic demand growth. SBP expects inflation to average 9% - 11% during the fiscal year due to the rise in utility charges, motor fuel, house rent, milk, and other household consumables. However, in the near-term, MPC expects monetary policy settings to remain broadly unchanged.

During the period, the SBP held thirteen T-Bill auctions, realizing Rs. 7.7 trillion against a target of Rs. 10.2 trillion and maturity of Rs. 9.5 trillion. The T-Bills yields increased by 3.07%, 3.77% and 3.57% for 3-month, 6-month and 12-month tenures, respectively. This uptick in short-term sovereign yields is primarily reflective of demand versus supply side factors. The market interest tilted towards shorter tenors given the market expectation and uncertainty of monetary easing. In the last auction, cut-off yields on T-Bill for 3-month, 6-month, and 12-month tenures were noted at 10.59%, 11.45% and 11.51%, respectively. In the five PIB auctions, the SBP realized an amount of Rs. 697 billion. In the last auction, cut-off yields for 3-year, 5-year and 10-year tenures were noted at 11.50%, 11.57% and 11.76%, respectively.

NBP-SF is categorized as an Income Scheme and has been awarded stability rating of 'A+ (f)' by PACRA.

The size of NBP Savings Fund has decreased from Rs. 1,532 million to Rs. 1,497 million during the period, a fall of 2%. During the period, the unit price of the Fund has increased from Rs. 9.8076 on June 30, 2021 to Rs. 10.2002 on December 31, 2021, thus showing a return of 7.9% p.a. as compared to the benchmark return of 8.7% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses. During August 2021, provisioning against Sindh Workers' Welfare Fund has been reversed. The reversal of provision has contributed towards an unusual increase in NAV of the Fund. This is one-off event and is not likely to be repeated in the future.

The Fund has earned a total income of Rs. 73.36 million during the period. After deducting total expenses of Rs. 14.58 million, the net income is Rs. 58.78 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-SF:





## 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 23, 2022**  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے پورٹ فولیو ڈائریکٹرز بصد مسرت 31 دسمبر 2021ء کو ختم ہونے والی ششماہی کے لئے NBP سیونگز فنڈ (NBP-SF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

1HFY22 کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے افراط زر کے دباؤ کو کم کرنے اور اقتصادی استحکام کو یقینی بنانے کے لئے پالیسی شرح میں 275 پیسز کا اضافہ کرتے ہوئے 9.75 فیصد کر دیا۔ 1HFY22 کے دوران اوسط افراط زر عالمی قیمتیں اور مقامی طلب نمو زیادہ ہونے کی وجہ سے 9.8 فیصد پر بلند رہا۔ یٹیلٹی چارجز، موٹر فیول، ہاؤس رینٹ، دودھ اور دیگر گھریلو استعمال کی اشیاء کی قیمتیں بڑھنے کے باعث، SBP کو مالی سال کے دوران افراط زر اوسطاً 11%-9% رہنے کی امید ہے۔ تاہم، قریب مدت میں، MPC کو توقعات ہیں کہ مانیٹری پالیسی بڑے پیمانے پر تبدیل نہیں ہوگی۔

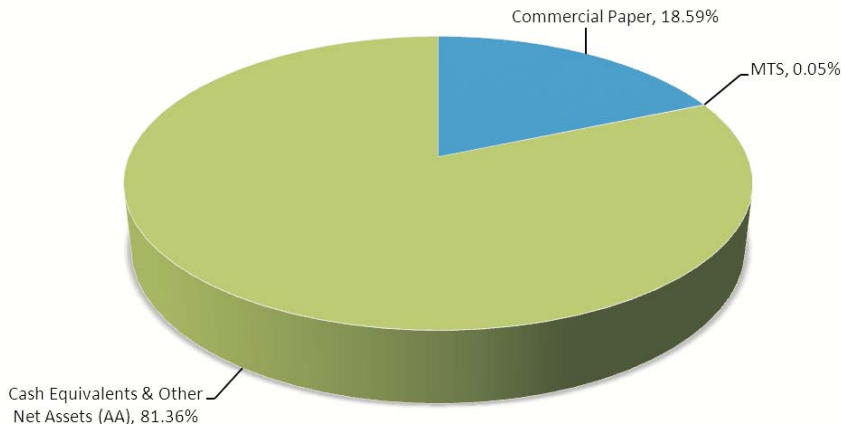
مالی سال 22 کی پہلی ششماہی کے دوران، اسٹیٹ بینک پاکستان نے اس عرصے کے دوران تیرہ ٹی بلز کی تیلائی کی، جس میں 10.2 ٹریلین روپے کے ہدف اور 9.5 ٹریلین روپے کی میچورٹی کے مقابل 7.7 ٹریلین روپے حاصل کئے۔ ٹی بلز کے شرح منافع میں 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے بالترتیب 3.07 فیصد، 3.77 فیصد اور 3.57 فیصد تک اضافہ ہوا۔ مختصر مدتی شرح منافع میں یہ اضافہ بنیادی طور پر رسد بمقابلہ طلب کے عوامل کی عکاسی ہے۔ مارکیٹ توقعات اور مالیاتی آسانی کی غیر یقینی کو دیکھتے ہوئے مارکیٹ کا جھکاؤ مختصر مدتوں کی طرف رہا۔ گزشتہ نیلامی میں 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے شرح منافع بالترتیب 10.59 فیصد، 11.45 فیصد اور 11.51 فیصد درج کی گئی تھی۔ پانچ PIB ٹیلا میوں میں، SBP نے 697 ٹریلین روپے کی رقم حاصل کی۔ گزشتہ نیلامی میں، 3 سالہ، 5 سالہ اور 10 سالہ کی مدت کے لئے کٹ آف آمدنی بالترتیب 11.50 فیصد، 11.57 فیصد اور 11.76 فیصد درج کی گئی تھی۔

NBP-SF کی اکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے 'A+(f)' کی مستحکم ریٹنگ دی گئی ہے۔

موجودہ مدت کے دوران NBP سیونگز فنڈ کا سائز 1,532 ملین روپے سے کم ہو کر 1,497 ملین روپے ہو گیا یعنی 2% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، NBP سیونگز فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 9.8076 روپے سے بڑھ کر 31 دسمبر 2021ء کو 10.2002 روپے ہو گئی۔ لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 8.7% کے مقابلے میں 7.9% منافع درج کیا ہے۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ ورکرز ویلفیئر فنڈ کی پرویشننگ ریورس کر دی گئی۔ اس پرویشن کے ریورسل کے باعث فنڈ کی NAV میں غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

فنڈ نے موجودہ مدت کے دوران 73.36 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 14.58 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 58.78 ملین روپے ہے۔

درج ذیل چارٹ NBP-SF کی ایسٹ ایلیویشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:







## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 منجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 23 فروری 2022ء

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 Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 25, 2022



## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Savings Fund** (the Fund) as at December 31, 2021 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 for the half year ended December 31, 2021, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

### Scope of Review

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

### Conclusion

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

### Other Matter

The condensed interim financial statements of the Fund for the half year ended December 31, 2020 and the financial statements for the year ended June 30, 2021 were reviewed and audited respectively by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 26, 2021 and September 30, 2021 respectively.

**A.F. Ferguson & Co.**

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 28, 2022

Karachi



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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	4	1,216,613	1,439,201
Investments	5	278,158	4,986
Receivable against Margin Trading System (MTS)		802	107,206
Profit receivable		9,448	8,407
Deposits, prepayments and other receivables		1,093	1,042
<b>Total assets</b>		<u>1,506,114</u>	<u>1,560,842</u>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - Management Company	6	7,593	7,412
Payable to Central Depository Company of Pakistan Limited - Trustee		242	134
Payable to Securities and Exchange Commission of Pakistan	7	151	312
Payable against redemption of units		128	4,830
Accrued expenses and other liabilities	8	1,463	16,149
<b>Total liabilities</b>		<u>9,577</u>	<u>28,837</u>
<b>NET ASSETS</b>		<u>1,496,537</u>	<u>1,532,005</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>1,496,537</u>	<u>1,532,005</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
		<b>(Number of units)</b>	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>146,716,062</u>	<u>156,205,928</u>
		<b>(Rupees)</b>	
<b>NET ASSET VALUE PER UNIT</b>		<u>10.2002</u>	<u>9.8076</u>

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
Note	(Rupees in '000)			
<b>Income</b>				
Income on government securities	7,079	10,446	4,624	7,673
Income from term deposit receipts and bank balances	42,885	37,483	22,191	14,170
Income from Margin Trading System	8,002	18,446	1,409	8,209
Income on commercial papers	5,487	4,521	4,499	2,958
Other income	837	-	327	-
	64,290	70,896	33,050	33,010
Loss on sale of investments - net	(91)	(129)	(84)	(12)
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	-	4	(1)	6
	(91)	(125)	(85)	(6)
<b>Total income</b>	64,199	70,771	32,965	33,004
<b>Expenses</b>				
Remuneration of NBP Fund Management Limited - the Management Company	4,384	4,847	2,242	2,221
Sindh Sales Tax on remuneration of the Management Company	570	630	292	289
Reimbursement of allocated expenses	943	862	469	472
Reimbursement of selling and marketing expenses	5,487	5,528	2,834	2,798
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	566	592	282	299
Sindh Sales Tax on remuneration of the Trustee	74	77	37	39
Annual fee of the Securities and Exchange Commission of Pakistan	151	158	75	80
Settlement and bank charges	1,157	2,055	380	780
Listing fee	14	14	7	7
Auditors' remuneration	413	414	209	305
Legal and professional charges	689	458	560	430
Rating fee	113	222	104	111
Printing and other charges	18	1	18	69
<b>Total expenses</b>	14,579	15,858	7,509	7,900
<b>Net income from operating activities</b>	49,620	54,913	25,456	25,104
Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net	9,160	(1,098)	-	(502)
<b>Net income for the period before taxation</b>	58,780	53,815	25,456	24,602
Taxation	-	-	-	-
<b>Net income for the period</b>	58,780	53,815	25,456	24,602
<b>Earnings per unit</b>				
<b>Allocation of net income for the period</b>				
Net income for the period	58,780	53,815	25,456	24,602
Income already paid on units redeemed	(2,374)	(4,659)	(1,295)	(2,937)
	56,406	49,156	24,161	21,665
<b>Accounting income available for distribution:</b>				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	56,406	49,156	24,161	21,665
	56,406	49,156	24,161	21,665

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

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	(Rupees in '000)			
Net income for the period	58,780	53,815	25,456	24,602
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>58,780</u>	<u>53,815</u>	<u>25,456</u>	<u>24,602</u>

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half year ended December 31, 2021			Half year ended December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period (audited)	1,526,730	5,275	1,532,005	1,691,334	3,236	1,694,570
Issuance of 27,711,327 units (2020: 48,697,292 units)						
- Capital value (at ex - net asset value per unit)	271,782	-	271,782	476,956	-	476,956
- Element of income	5,086	-	5,086	8,751	-	8,751
Total proceeds on issuance of units	276,868	-	276,868	485,707	-	485,707
Redemption of 37,201,193 units (2020: 57,385,284 units)						
- Capital value (at ex - net asset value per unit)	(364,854)	-	(364,854)	(562,049)	-	(562,049)
- Element of loss	(3,888)	(2,374)	(6,262)	(1,602)	(4,659)	(6,261)
Total payments on redemption of units	(368,742)	(2,374)	(371,116)	(563,651)	(4,659)	(568,310)
Total comprehensive income for the period	-	58,780	58,780	-	53,815	53,815
<b>Net assets at end of the period (un-audited)</b>	<b>1,434,856</b>	<b>61,681</b>	<b>1,496,537</b>	<b>1,613,390</b>	<b>52,392</b>	<b>1,665,782</b>
Undistributed income brought forward						
- Realised		5,275			3,195	
- Unrealised		-			41	
		5,275			3,236	
Accounting income available for distribution:						
- Relating to capital gains	-			-		
- Excluding capital gains	56,406			49,156		
	56,406			49,156		
Undistributed income carried forward		61,681			52,392	
Undistributed income carried forward						
- Realised		61,681			52,388	
- Unrealised		-			4	
		61,681			52,392	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		9.8076			9.7943	
Net assets value per unit at end of the period		10.2002			10.1369	

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

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half year ended December 31,	
	2021	2020
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	58,780	53,815
<b>Adjustments for:</b>		
Income on government securities	(7,079)	(10,446)
Income from term deposit receipts and bank balances	(42,885)	(37,483)
Income from Margin Trading System	(8,002)	(18,446)
Income on commercial papers	(5,487)	(4,521)
Unrealised appreciation on re-measurement of investments at fair value through profit or loss - net	5.5 -	(4)
(Reversal of provision) / provision against Sindh Workers' Welfare Fund- net	8.1 (9,160)	1,098
	(72,613)	(69,802)
<b>(Increase) / decrease in assets</b>		
Investments - net	(278,158)	(243,204)
Receivable against Margin Trading System	106,404	9,896
Deposits, prepayments and other receivables	(51)	1,788
	(171,805)	(231,520)
<b>(Decrease) / increase in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	181	(141)
Payable to Central Depository Company of Pakistan Limited - Trustee	108	30
Payable to Securities and Exchange Commission of Pakistan	(161)	(69)
Accrued expenses and other liabilities	(5,526)	(2,016)
	(5,398)	(2,196)
Profit received on bank deposits, government securities, term deposit receipts and commercial papers	62,412	77,440
<b>Net cash used in operating activities</b>	(128,624)	(172,263)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units - net of refund of capital	276,868	485,707
Net payments against redemption of units	(375,818)	(637,457)
<b>Net cash used in financing activities</b>	(98,950)	(151,750)
<b>Net decrease in cash and cash equivalents during the period</b>	(227,574)	(324,013)
Cash and cash equivalents at beginning of the period	1,444,187	1,414,360
<b>Cash and cash equivalents at end of the period</b>	4.2 1,216,613	1,090,347

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

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

Chief Financial Officer

Chief Executive Officer

Director





## NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2021

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NBP Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed on 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 18, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** 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 the 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 a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by the Securities and Exchange Commission of Pakistan (SECP) and the Fund is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5** The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2021: AM1) on June 23, 2021. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has updated the stability rating of the Fund at "A+(f)" (2021: "A(f)" on October 16, 2020) dated October 18, 2021.
- 1.6** Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.7** The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unit holders of the Fund as stated in the Offering Document.

The cost of premium is borne by the investor (where applicable). Such premium cost is deducted from the unit holder's investment on a monthly basis in case of life insurance and annual basis in case of health insurance and deposited with the Insurance Company / Takaful Operator by the Management Company as per the terms and conditions of the Insurance / Takaful coverage defined in the Insurance / Takaful policy document signed between the Insurance Company / Takaful Operator and Management Company.

### 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 Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.
- 2.3** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at and for the half year ended December 31, 2021.

### **3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN**

- 3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.
- 3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2021.
- 3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period:**

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the



Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2022. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>4 BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	1,216,613	1,437,760
Current accounts		-	1,441
		<u>1,216,613</u>	<u>1,439,201</u>

- 4.1** These include balances amounting to Rs 0.827 million, Rs 0.022 million, Rs 0.006 million and Rs 0.135 million (2021: Rs 0.644 million, 168.702 million, Rs 0.104 million and Rs 0.134 million respectively) maintained with BankIslami Pakistan Limited, Khushhali Microfinance Bank Limited, Telenor Microfinance Bank Limited and National Bank of Pakistan (related parties) respectively, that carry profit at the rates 10.2%, 11%, 7.25% and 7.25% per annum respectively (2021: 6.8%, 8.5%, 5.5% and 4.5% per annum). Other savings accounts of the Fund carry profits at the rates ranging from 7.25% to 10.98% per annum (2021: 5.5% to 8.5% per annum).

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>4.2 Cash and cash equivalents</b>			
Balances with banks	4	1,216,613	1,439,201
Government securities - Market Treasury Bills	5.3	-	4,986
		<u>1,216,613</u>	<u>1,444,187</u>

## 5 INVESTMENTS

### At fair value through profit or loss

Term finance certificates - non-performing securities	5.1	-	-
Corporate sukuk certificates - non-performing securities	5.2	-	-
Government securities - Market Treasury Bills	5.3	-	4,986
Commercial papers	5.4	278,158	-
		<u>278,158</u>	<u>4,986</u>



## 5.1 Term finance certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions during the period	As at December 31, 2021	Market value as at December 31, 2021	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
					----- Number of certificates-----				rupees in '00-----	%-----	

### Leasing companies

Saudi Pak Leasing Company Limited - TFC II (Face value of Rs. 2,755 per certificate)	Unrated	-	March 13, 2025	6.87%	15,000	-	-	15,000	-	-	-
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### Technology & communication

Worldcall Telecom Limited - TFC III (Face value of Rs. 1,666 per certificate)	D, PACRA	Quarterly	September 20, 2026	6 months KIBOR plus base rate of 1.6%	14,000	-	-	14,000	-	-	-
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### Chemical

Agri-tech Limited TFC II (Face value of Rs. 4,996 per certificate)	Unrated	-	July 14, 2025	6 months KIBOR plus base rate of 1.75%	30,000	-	-	30,000	-	-	-
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Agri-tech Limited TFC V (Face value of Rs. 5,000 per certificate)	Unrated	-	January 1, 2025	11% fixed rate	4,436	-	-	4,436	-	-	-
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### Total

-	-	-
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Carrying value as at December 31, 2021

-
---

Market value as at June 30, 2021

-
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Carrying value as at June 30, 2021

-
---

**5.1.1** The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 236.193 million (2021: Rs. 236.703 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

During the period, the Fund has received Rs 0.510 million (including a mark-up of Rs 0.327 million) against recovery of provided term finance certificate of Worldcall Telecom Limited.



## 5.2 Corporate sukuk certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions during the period	As at December 31, 2021	Market value as at December 31, 2021	Percentage in relation to	
					Number of certificates			Rupees in '000	Net assets of the Fund	Total market value of the investment	
											%
MISCELLANEOUS											
New Allied Electronic Industries (Private) Limited - Sukuk II (Face value of Rs. 4,905 per certificate)	Unrated	-	December 3, 2025	6 months KIBOR plus base rate of 2.2%	10,000	-	-	10,000	-	-	-
Eden Housing Limited Sukuk (2nd Issue) (Face value of Rs. 984 per certificate)	D, VIS	-	September 29, 2025	6 months KIBOR plus base rate of 2.5%	20,000	-	-	20,000	-	-	-
Total									-	-	-
Carrying value as at December 31, 2021									-	-	-
Market value as at June 30, 2021									-	-	-
Carrying value as at June 30, 2021									-	-	-

- 5.2.1** The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by the Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 68.742 million (2021: Rs. 68.742 million) against investee companies has been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

## 5.3 Government securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at December 31, 2021	Percentage in relation to	
		As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021		Net assets of the Fund	Total market value of the investment
----- Rupees in '000 -----						----- % -----		
April 22, 2021	3	5,000	-	5,000	-	-	-	-
June 3, 2021	6	-	275,000	275,000	-	-	-	-
June 3, 2021	3	-	93,000	93,000	-	-	-	-
May 6, 2021	6	-	275,000	275,000	-	-	-	-
July 15, 2021	3	-	50,000	50,000	-	-	-	-
May 20, 2021	3	-	150,000	150,000	-	-	-	-
October 21, 2021	3	-	50,000	50,000	-	-	-	-
September 23, 2021	3	-	275,000	275,000	-	-	-	-
March 25, 2021	6	-	115,000	115,000	-	-	-	-
August 27, 2020	12	-	290,000	290,000	-	-	-	-
July 29, 2021	3	-	125,000	125,000	-	-	-	-
<b>Total</b>						-	-	-
Carrying value as at December 31, 2021						-		
Market value as at June 30, 2021						4,986		
Carrying value as at June 30, 2021						4,986		



## 5.4 Commercial papers

Name of the security	Rating	Face value				Market value as at December 31, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2021	Purchased during the period	Disposed off / matured during the period	As at December 31, 2021			
----- (Rupees in '000) ----- % -----								
Power generation & distribution								
K-Electric Limited CP 1	A-1+, PACRA	-	130,000	-	130,000	128,573	46.22%	8.59%
Lucky Electric Power Company Limited ICP-1	A-1, PACRA	-	125,000	-	125,000	120,975	43.49%	8.08%
Securities companies								
JS Global Capital Limited CP	A-1+, VIS	-	30,000	-	30,000	28,610	10.29%	1.91%
Total						278,158	100.00%	18.59%
Carrying value as at December 31, 2021						278,158		
Market value as at June 30, 2021						-		
Carrying value as at June 30, 2021						-		

5.4.1 These carry yield ranging from 8.01% to 12.03% and are due to mature latest by May 30, 2022.

## 5.5 Unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss' - net

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees in '000) -----			
Market value of investments	5.1, 5.2, 5.3 & 5.4	278,158	4,986
Less: carrying value of investments	5.1, 5.2, 5.3 & 5.4	<u>(278,158)</u>	<u>(4,986)</u>
		<u>-</u>	<u>-</u>

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

Remuneration of the Management Company	6.1	862	666
Sindh Sales Tax on remuneration of the Management Company	6.2	112	87
Federal Excise Duty on remuneration of the Management Company	6.3	2,808	2,808
Sindh Sales Tax on sales and transfer load		54	90
Reimbursement of allocated expenses payable	6.4	470	475
Reimbursement of selling and marketing expenses payable	6.5	2,835	2,659
Sales and transfer load payable		405	601
ADC charges payable including Sindh Sales Tax		<u>47</u>	<u>26</u>
		<u>7,593</u>	<u>7,412</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 8% of net income of the Fund subject to floor and capping



of 0.5% and 1.5% per annum of average annual net assets (2021: 8% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets).

**6.2** During the period, an amount of Rs. 0.570 million (December 31, 2020: Rs. 0.630 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (December 31, 2020: 13%).

**6.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.808 million (2021: Rs 2.808 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2021 would have been higher by Re 0.0191 (2021: Re 0.0179) per unit.

**6.4** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Accordingly the Management Company based on its discretion has charged allocated expenses under the following rates:

Rate applicable from July 1, 2021 to December 31, 2021	Rate applicable from October 27, 2020 to June 30, 2021	Rate applicable from July 1, 2020 to October 26, 2020
0.125% of average annual net assets	0.125% of average annual net assets	0.1% of average annual net assets

**6.5** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.



Rate applicable from November 12, 2021 to December 31, 2021	Rate applicable from July 1, 2021 to November 11, 2021	Rate applicable from July 1, 2020 to June 30, 2021
0.8% per annum of average daily net assets	0.7% per annum of average daily net assets	0.7% per annum of average daily net assets

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>7 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	

Annual fee payable	7.1	<u>151</u>	<u>312</u>
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- 7.1 Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	

Provision against Sindh Workers' Welfare Fund	8.1	-	9,160
Auditors' remuneration		273	431
Printing charges payable		41	69
Settlement charges payable		25	217
Bank charges payable		98	59
Withholding tax payable		116	5,428
Capital gain tax payable		54	91
Legal and professional charges payable		832	509
Laga and levy charges payable		5	165
Others		19	20
		<u>1,463</u>	<u>16,149</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, is 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 the Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds





do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 9.16 million recognised in these condensed interim financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## **9 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2021 and June 30, 2021.

## **10 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2022 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 provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## **11 EARNINGS PER UNIT**

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

## **12 TOTAL EXPENSE RATIO**

The annualised total expense ratio (TER) of the Fund based on the current period is 1.86% (December 31, 2020: 2.15%) which includes 0.10% (December 31, 2020: 0.24%) representing Government Levies on the Fund such as sales taxes and the annual fee to the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2020: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "income" scheme.

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

The SECP vide Circular no. 7 of 2009 dated March 6, 2009, required all asset management companies to categorise funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

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



Following is the detail of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
----- (Rupees in '000) -----							
Agritech Limited TFC II	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,876	(149,876)	-	-	-
Agritech Limited TFC V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	22,180	(22,180)	-	-	-
Eden Housing Limited Sukuk (2nd Issue)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	19,688	(19,688)	-	-	-
New Allied Electronic Industries (Private) Limited - Sukuk II	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	49,054	(49,054)	-	-	-
Saudi Pak Leasing Company Limited - TFC II	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	41,321	(41,321)	-	-	-
Worldcall Telecom Limited - TFC III	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	22,816	(22,816)	-	-	-
Total carrying value and accumulated impairment as at December 31, 2021			304,935	(304,935)	-		

## 14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 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 essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 14.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.



- 14.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 14.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

**14.6 Details of the transactions with connected persons**

	Half year ended (Un-audited)	
	2021	2020
	----- (Rupees in '000) -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of NBP Fund Management Limited - the Management Company	4,384	4,847
Sindh Sales Tax on remuneration of Management Company	570	630
Sales and transfer load paid	792	1,451
Reimbursement of allocated expenses	943	862
Reimbursement of selling and marketing expenses	5,487	5,528
ADC charges including Sindh Sales Tax	22	23
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration to the Trustee	566	592
Sindh Sales Tax on remuneration of Trustee	74	77
Settlement charges	241	122
<b>Employees of the Management Company</b>		
Units issued - 13,446 units (December 31, 2020: 939,880 units)	135	9,316
Units redeemed - 12,222 units (December 31, 2020: 788,899 units)	121	7,837
<b>National Bank of Pakistan - (parent of the Management Company)</b>		
Purchase of Market Treasury Bills	273,417	-
<b>Pakistan Telecommunication Employees Trust *</b>		
Sale of Market Treasury Bills	-	73,464
<b>NBP Money Market Fund</b>		
Sale of Market Treasury Bills	-	68,921
<b>NBP Financial Sector Income Fund</b>		
Purchase of Market Treasury Bills	-	900,375
<b>National Clearing Company of Pakistan Limited</b>		
NCCPL charges	185	107
Laga and levy charges	639	1,664
<b>Pakistan Stock Exchange Limited</b>		
Listing fee paid	-	25
<b>K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding</b>		
Units issued - 885,266 units (December 31, 2020: Nil units)	8,851	-



		Half year ended (Un-audited)	
		2021	2020
		----- (Rupees in '000) -----	
<b>Bank Islami Pakistan Limited (Common directorship)</b>			
Profit on bank deposit		31	43
<b>Millat Tractor Limited Employees Pension Fund *</b>			
Sale of Market Treasury Bills		-	58,145
<b>The Crescent Textile Mills Employees Provident Fund Trust *</b>			
Sale of Market Treasury Bills		-	14,540
<b>Khushhali Microfinance Bank Limited (Common directorship)</b>			
Profit on bank deposit		6,820	3,010
<b>Telenor Microfinance Bank Limited (Common directorship)</b>			
Profit on bank deposit		-	25
<b>14.7</b>	<b>Amounts outstanding as at period / year end:</b>		
		(Un-audited)	(Audited)
		December 31,	June 30,
		2021	2021
		----- (Rupees in '000) -----	
<b>NBP Fund Management Limited - Management Company</b>			
Remuneration of the Management Company		862	666
Sindh Sales Tax on remuneration of the Management Company		112	87
Reimbursement of allocated expenses payable		470	475
Reimbursement of selling and marketing expenses payable		2,835	2,659
Sales and transfer load payable		405	601
Sindh Sales Tax on sales and transfer load		54	90
Federal Excise Duty on remuneration of the Management Company		2,808	2,808
ADC charges payable including Sindh Sales tax		47	26
<b>Central Depository Company of Pakistan Limited (Trustee)</b>			
Remuneration of the trustee		95	92
Sindh Sales Tax on remuneration of the trustee		12	12
Settlement charges payable		135	30
Security deposit		100	100
<b>National Clearing Company of Pakistan</b>			
Security deposit		250	250
Settlement charges payable		25	13
<b>National Bank of Pakistan - (parent of the Management Company)</b>			
Bank balance		135	134
<b>K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding</b>			
Units held in the fund: 24,469,916 units (2021: 23,584,650 units)		249,598	231,309
<b>NBP Employees Pension Fund</b>			
Units held in the fund: 80,072,905 units (2021: 80,072,905 units)		816,760	785,323
<b>Employees of the Management Company</b>			
Units held in the fund: 266,770 units (2021: 265,984 units)		2,721	2,609



	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- (Rupees in '000) -----	
<b>BankIslami Pakistan Limited (Common directorship)</b>		
Bank balance	827	644
Profit receivable on bank balance	-	3
<b>Khushhali Microfinance Bank Limited (Common directorship)</b>		
Bank balance	22	168,702
Profit receivable on bank balance	485	1,086
<b>Fauji Fertilizer Company Limited (Common directorship)</b>		
Units held: 34 units (2021: 34 units) **	-	-
<b>Telenor Microfinance Bank Limited (Common directorship)</b>		
Bank balance	6	104
Profit receivable on bank balance	18	20

\* Current period figures have not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2021.

\*\* Nil figure due to rounding off.

## 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets which are 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.

### 15.1 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, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value.

	----- Un-audited -----			
	----- As at December 31, 2021 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
At fair value through profit or loss				
Commercial papers*	-	278,158	-	278,158
	-	278,158	-	278,158
	----- Audited -----			
	----- As at June 30, 2021 -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
At fair value through profit or loss				
Government securities - Market Treasury Bills	-	4,986	-	4,986
	-	4,986	-	4,986

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

## 16 GENERAL

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

## 17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 23, 2022.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## Head Office

7th Floor, Clifton Diamond Building, Block No.4,  
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**Sms:** INVEST to 9995

**Fax:** 021-35825335

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

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 /nbpfunds





## NBP ISLAMIC INCOME FUND

**AM1**  
Rated by PACRA

**HALF YEARLY** REPORT  
DECEMBER 31, 2021





# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."



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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Mr. Tauqeer Mazhar	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

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)  
MCB Bank Limited



## **Auditors**

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

## **Legal Advisor**

Akhund Forbes  
D-21, Block 4, Scheme 5,  
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## **Head Office:**

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Fax: 051-4859031

## **Peshawar Office:**

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

## **Multan Office:**

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



## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Islamic Income Fund (NBP-IIF)** for the period ended December 31, 2021.

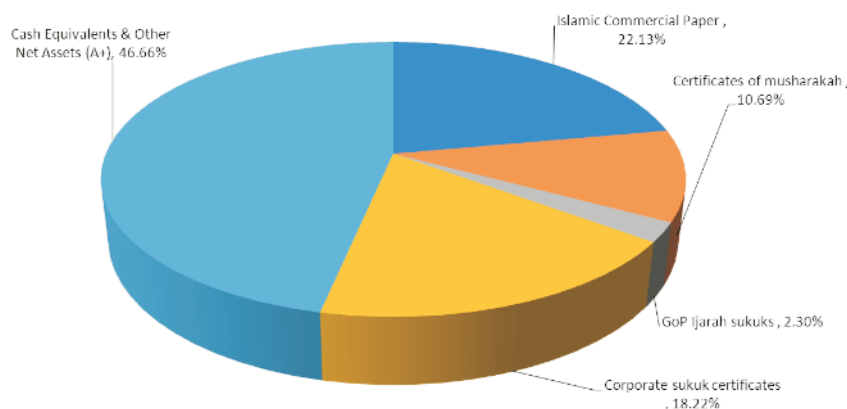
### Fund's Performance

In terms of issuance of fresh corporate sukuk, the market witnessed low activity in the primary market against a large and growing demand. In the secondary market, a value of Rs. 2.2 billion was traded against Rs. 10.9 billion in the same period last year. During 1HFY22, the Monetary Policy Committee (MPC) of SBP raised the Policy Rate by 275 basis points to 9.75%; in order to counter the inflationary pressures and ensure economic sustainability. Average inflation during 1HFY22 remained elevated and stood at 9.8%, owing to high global prices and domestic demand growth. SBP expects inflation to average 9% - 11% during the fiscal year due to the rise in utility charges, motor fuel, house rent, milk, and other household consumables. However, in the near-term, MPC expects monetary policy settings to remain broadly unchanged.

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. The Fund is allowed to invest with A- or above rated 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.

The size of NBP Islamic Income Fund has increased from Rs. 3,247 million to Rs. 4,365 million during the period, a notable growth of 34%. The unit price of the Fund has increased from Rs. 10.0136 on June 30, 2021 to Rs. 10.3958 on December 31, 2021, thus showing return of 7.6% p.a. as compared to its benchmark return of 3.1% p.a. for the same period. The performance of the Fund is net of management fee and other expenses. During August 2021, provisioning against Sindh Workers' Welfare Fund has been reversed. The reversal of provision has contributed towards an unusual increase in NAV of the Fund. This is one-off event and is not likely to be repeated in the future.

The Fund has earned a total income of Rs. 179.70 million during the period. After deducting total expenses of Rs. 21.04 million, the net income is Rs. 158.66 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 December 31, 2020.

## 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 23, 2022**  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2021ء کو ختم ہونے والی مدت کے لئے NBP اسلامک انکم فنڈ (NBP-IIF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

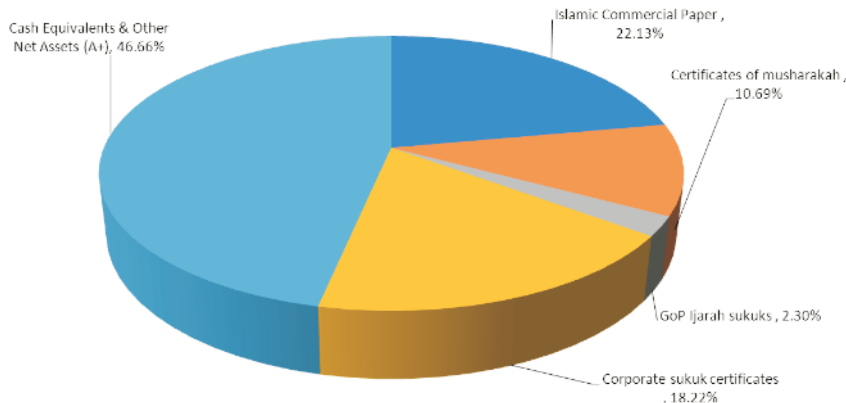
### فنڈ کی کارکردگی

نئے کارپوریٹ سیکورٹیز کے اجراء کے لحاظ سے، مارکیٹ نے بنیادی مارکیٹ میں بڑھتی ہوئی زیادہ طلب کے مقابلے کم سرگرمی کا مشاہدہ کیا ہے۔ ثانوی مارکیٹ میں، گزشتہ سال کی اسی مدت میں 10.9 ملین روپے کے مقابلے 2.2 ملین روپے کی قیمت کی تجارت کی گئی۔ 1HFY22 کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے افراط زر کے دباؤ کو کم کرنے اور اقتصادی استحکام کو یقینی بنانے کے لئے پالیسی شرح میں 275 بیسز کا اضافہ کرتے ہوئے 9.75 فیصد کر دیا۔ 1HFY22 کے دوران اوسط افراط زر عالمی قیمتیں اور مقامی طلب نمودار ہونے کی وجہ سے 9.8 فیصد پر بلند رہا۔ یونٹلی چارجز، موٹر فیول، ہاؤس رینٹ، دودھ اور دیگر گھریلو استعمال کی اشیاء کی قیمتیں بڑھنے کے باعث، SBP کو مالی سال کے دوران افراط زر اوسطاً 11% - 9% رہنے کی امید ہے۔ تاہم، قریب مدت میں، MPC کو توقعات ہیں کہ مانیٹری پالیسی بڑے پیمانے پر تبدیل نہیں ہوگی۔

NBP-IIF کی درجہ بندی بطور شرعیہ کمپلائڈ انکم فنڈ کی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سیکورٹیز اور مضمینی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز اور ونڈوز میں آسانی سے لیکویڈیٹی فراہم کرنے والے A 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 کی مضمینی 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 میچورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

31 دسمبر 2021ء کو NBP اسلامک انکم فنڈ کا سائز 3,247 ملین روپے سے بڑھ کر 4,365 ملین روپے ہو گیا، 34% کا خاطر خواہ اضافہ ہوا ہے۔ فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 10.0136 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2021ء کو 10.3958 روپے ہو گئی، لہذا اسی مدت کے لئے اپنے بیچ مارک منفعیت 3.1% سالانہ کے مقابلے 7.6% سالانہ منافع درج کر دیا۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ ورکرز ویلفیئر فنڈ کی پرویزنگ ریورس کر دی گئی۔ اس پرویزنگ کے ریورسل کے باعث فنڈ کی NAV میں غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

فنڈ نے موجودہ مدت کے دوران 179.70 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 21.04 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 158.66 ملین روپے ہے۔ درج ذیل چارٹ NBP-IIF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیکائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 منجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 23 فروری 2022ء

مقام: کراچی





## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Income Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 25, 2022



## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Islamic Income Fund** (the Fund) as at December 31, 2021 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 for the half year ended December 31, 2021, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

### 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 28, 2022

Karachi



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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank balances	4	1,985,542	1,492,721
Investments	5	2,327,967	1,856,273
Profit receivable		43,198	23,892
Prepayments, deposits and other receivables		558	529
Preliminary expenses and floatation costs	6	406	641
Receivable against issuance of units		30,001	-
<b>Total assets</b>		4,387,672	3,374,056
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	7	7,247	3,476
Payable to Central Depository Company of Pakistan Limited - the Trustee		311	172
Payable to the Securities and Exchange Commission of Pakistan	8	426	238
Payable against redemption of units		12,938	16,841
Payable against purchase of investments		-	101,326
Accrued expenses and other liabilities	9	2,071	5,347
<b>Total liabilities</b>		22,993	127,400
<b>NET ASSETS</b>		<u>4,364,679</u>	<u>3,246,656</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>4,364,679</u>	<u>3,246,656</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>----- Number of units -----</b>			
<b>NUMBER OF UNITS IN ISSUE</b>		<u>419,850,395</u>	<u>324,225,556</u>
<b>----- Rupees -----</b>			
<b>NET ASSET VALUE PER UNIT</b>	11	10.3958	10.0136

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	For the half year ended December 31, 2021	For the period from August 13, 2020 to December 31, 2020	For the quarter ended December 31, 2021	For the quarter ended December 31, 2020
<b>INCOME</b>				
Income on sukuk certificates	41,958	5,894	21,606	4,511
Income on term deposit receipts	12,202	4,531	3,785	4,309
Income on Islamic commercial papers	29,926	1,582	18,707	1,284
Income on certificates of musharakah	17,217	-	9,483	-
Profit on bank balances	70,510	10,607	39,948	6,386
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.6 6,308	387	4,225	(914)
<b>Total income</b>	<b>178,121</b>	<b>23,001</b>	<b>97,754</b>	<b>15,576</b>
<b>EXPENSES</b>				
Remuneration of NBP Fund Management Limited - the Management Company	7.1 11,282	1,555	5,902	1,118
Sindh sales tax on remuneration of the Management Company	7.2 1,467	202	767	145
Reimbursement of allocated expenses	7.3 2,663	335	1,368	252
Reimbursement of selling and marketing expenses	7.4 1,997	1,337	1,094	753
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	1,598	223	821	160
Sindh sales tax on remuneration of the Trustee	208	29	107	21
Annual fee to the Securities and Exchange Commission of Pakistan	8.1 426	59	219	42
Amortisation of preliminary expenses and floatation costs	6.1 235	56	117	36
Auditors' remuneration	296	200	183	131
Legal and professional charges	246	35	213	23
Annual listing fee	14	11	7	7
Shariah advisor fee	294	35	258	25
Settlement and bank charges	70	42	45	34
Printing expenses	49	22	25	14
Brokerage expenses	21	-	21	-
Annual rating fee	174	109	131	72
<b>Total operating expenses</b>	<b>21,040</b>	<b>4,250</b>	<b>11,278</b>	<b>2,833</b>
<b>Net income from operating activities</b>	<b>157,081</b>	<b>18,751</b>	<b>86,476</b>	<b>12,743</b>
Reversal of provision for / (provision against) Sindh Workers' Welfare Fund - net	9.1 1,577	(375)	-	(255)
<b>Net income for the period before taxation</b>	<b>158,658</b>	<b>18,376</b>	<b>86,476</b>	<b>12,488</b>
Taxation	12 -	-	-	-
<b>Net income for the period after taxation</b>	<b>158,658</b>	<b>18,376</b>	<b>86,476</b>	<b>12,488</b>
<b>Earnings per unit</b>	<b>13</b>			
<b>Allocation of net income for the period</b>				
Net income for the period after taxation	158,658	18,376	86,476	12,488
Income already paid on units redeemed	(57,676)	(5,364)	(43,102)	(5,335)
	<b>100,982</b>	<b>13,012</b>	<b>43,374</b>	<b>7,153</b>
<b>Accounting income available for distribution</b>				
- Relating to capital gains	6,308	387	4,225	-
- Excluding capital gains	94,674	12,625	39,149	7,153
	<b>100,982</b>	<b>13,012</b>	<b>43,374</b>	<b>7,153</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	For the half year ended December 31, 2021	For the period from August 13, 2020 to December 31, 2020	For the quarter ended December 31, 2021	For the quarter ended December 31, 2020
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	158,658	18,376	86,476	12,488
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>158,658</u>	<u>18,376</u>	<u>86,476</u>	<u>12,488</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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Chief Executive Officer

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Director



## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	For the half year ended December 31, 2021			For the period from August 13, 2020 to December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period (audited)	3,242,640	4,016	3,246,656	-	-	-
Issuance of 589,900,011 units (2020: 184,086,486 units)						
- Capital value (at ex-net asset value per unit)	5,907,023	-	5,907,023	1,840,865	-	1,840,865
- Element of income	102,451	-	102,451	10,977	-	10,977
Total proceeds on issuance of units	6,009,474	-	6,009,474	1,851,842	-	1,851,842
Redemption 494,275,172 units (2020: 98,463,619 units)						
- Capital value (at ex-net asset value per unit)	(4,949,474)	-	(4,949,474)	(984,636)	-	(984,636)
- Element of loss	(42,959)	(57,676)	(100,635)	(4,539)	(5,364)	(9,903)
Total payments on redemption of units	(4,992,433)	(57,676)	(5,050,109)	(989,175)	(5,364)	(994,539)
Total comprehensive income for the period	-	158,658	158,658	-	18,376	18,376
Cash distribution on October 14, 2020 @ Re 0.1121 per unit	-	-	-	(3,253)	(4,927)	(8,180)
Net assets at the end of the period (un-audited)	4,259,681	104,998	4,364,679	859,414	8,085	867,499
Undistributed income brought forward						
- Realised income		3,414			-	
- Unrealised income		602			-	
		4,016			-	
Accounting income available for distribution:						
- Relating to capital gains	6,308			387		
- Excluding capital gains	94,674			12,625		
	100,982			13,012		
Distribution for the period	-			(4,927)		
Undistributed income carried forward	104,998			8,085		
Undistributed income carried forward:						
- Realised income	98,690			7,698		
- Unrealised income	6,308			387		
	104,998			8,085		
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		10.0136			-	
Net asset value per unit at the end of the period		10.3958			10.1316	

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	For the half year ended December 31, 2021	For the period from August 13, 2020 to December 31, 2020
<b>Note</b>	<b>----- Rupees in '000 -----</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	158,658	18,376
<b>Adjustments:</b>		
Income on sukuk certificates	(41,958)	(5,894)
Income on term deposit receipts	(12,202)	(4,531)
Income on Islamic commercial papers	(29,926)	(1,582)
Income on certificates of musharakah	(17,217)	-
Profit on bank balances	(70,510)	(10,607)
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(6,308)	(387)
(Reversal of provision for) / provision against Sindh Workers' Welfare Fund - net	9.1 (1,577)	375
Amortisation of preliminary expenses and floatation costs	6.1 235	56
	(179,463)	(22,570)
<b>Increase in assets</b>		
Investments - net	(1,356,712)	(624,789)
Prepayments, deposits and other receivables	(29)	(461)
	(1,356,741)	(625,250)
<b>Increase / (decrease) in liabilities</b>		
Payable to NBP Fund Management Limited - the Management company	3,771	2,144
Payable to Central Depository Company of Pakistan Limited - the Trustee	139	75
Payable to the Securities and Exchange Commission of Pakistan	188	59
Accrued expenses and other liabilities	(1,699)	415
	2,399	2,693
Profit received on bank balances, Islamic commercial papers, term deposit receipts, certificates of musharakah and sukuk certificates	152,507	14,559
<b>Net cash used in operating activities</b>	<b>(1,222,640)</b>	<b>(612,192)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts against issuance of units - net of refund of capital	5,979,473	1,848,589
Net payments against redemption of units	(5,054,012)	(810,365)
Distributions paid	-	(4,927)
<b>Net cash generated from financing activities</b>	<b>925,461</b>	<b>1,033,297</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(297,179)</b>	<b>421,105</b>
Cash and cash equivalents at the beginning of the period	2,282,721	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,985,542</b>	<b>421,105</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



## NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 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 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 under the Trust Act, 1882 on March 16, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on March 9, 2020.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 15, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

The Fund has been categorised as an open end Shariah compliant income fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 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 (PACRA) has reaffirmed the asset manager rating of the Management Company of AM1 (2021: AM1) on June 23, 2021. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at A(f) (2021: A(f) on April 16, 2021) dated October 18, 2021.

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the 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 as applicable in Pakistan for interim financial reporting comprise of:

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





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

**2.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the period ended June 30, 2021.

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

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

**3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the period ended June 30, 2021.

**3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the annual audited financial statements as at and for the period ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the period ended June 30, 2021.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2022. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>4 BANK BALANCES</b>		----- Rupees in '000 -----	
Balances with banks in:			
Current accounts		12,059	8,776
Savings accounts	4.1	1,973,483	1,483,945
		<u>1,985,542</u>	<u>1,492,721</u>



- 4.1 These include balances of Rs 0.811 million (2021: Rs 0.299 million) and Rs 4.049 million (2021: Rs 8.743 million) maintained with National Bank of Pakistan and BankIslami Pakistan Limited (related parties) respectively, that carry profit at the rate of 7.05% (2021: 4.5%) and 10.2% (2021: 7%) per annum respectively. Other savings accounts of the Fund carry profit at the rate ranging from 6.5% to 11.25% (2021: 4% to 7.4%) per annum.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
5	INVESTMENTS	Note	
			----- Rupees in '000 -----
	At fair value through profit or loss		
	Islamic commercial papers	5.1	966,064
	GoP Ijarah sukuks	5.2	100,180
	Corporate sukuk certificates	5.3	795,286
	Term deposit receipts	5.4	-
	Certificates of musharakah	5.5	466,437
			<u>2,327,967</u>
5.1	Islamic commercial papers		<u>1,856,273</u>

## 5.1 Islamic commercial papers

Name of the security	Rating	Face value (Rupees in '000)				(Rupees in '000)		Unrealised appreciation	Market value as a percentage of	
		As at July 1, 2021	Purchased during the period	Disposed of / matured during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021		total investments of the Fund	net assets of the Fund
----- % -----										
<b>Engineering</b>										
Mughal Iron & Steel Industries Limited ICP-1	A-2, VIS	-	300,000	-	300,000	285,517	285,517	-	12.26%	6.54%
<b>Power generation &amp; distribution</b>										
K-Electric Limited ICP-16	A-1+, PACRA	70,000	-	70,000	-	-	-	-	-	-
K-Electric Limited ICP-19	A-1+, VIS	-	142,000	-	142,000	141,667	141,667	-	6.09%	3.25%
K-Electric Limited ICP-20	A-1+, VIS	-	200,000	-	200,000	198,898	198,898	-	8.54%	4.56%
K-Electric Limited ICP-22	AA, PACRA	-	100,000	-	100,000	97,842	97,842	-	4.20%	2.24%
K-Electric Limited ICP-23	A-1+, VIS	-	100,000	-	100,000	96,970	96,970	-	4.17%	2.22%
Lucky Electric Power Company Limited ICP-1	AA-, PACRA	-	150,000	-	150,000	145,170	145,170	-	6.24%	3.33%
<b>Total as at December 31, 2021 (un-audited)</b>						966,064	966,064	-	41.50%	22.13%
<b>Total as at June 30, 2021 (Audited)</b>						68,800	68,800	-	3.71%	2.12%

- 5.1.1 These carry yield ranging from 8.05% to 9.62% per annum and are due to mature latest by July 21, 2022.

## 5.2 GoP Ijarah sukuks

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchased during the period	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised diminution	Market value as a percentage of	
											net assets of the Fund	total investments of the Fund
				----- Number of certificates -----							----- (Rupees in '000) -----	
GoP Ijarah sukuks XX - VRR 19 (Note 5.2.1)	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	20,000	-	-	20,000	100,630	100,180	(450)	2.30%	4.30%
Total as at December 31, 2021 (un-audited)								100,630	100,180	(450)	2.30%	4.30%
Total as at June 30, 2021 (Audited)								100,630	100,630	-	3.10%	5.42%



5.2.1 The nominal value of these sukuks is Rs 5,000 each.

## 5.3 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sold / redeemed during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation	Market value as a percentage of			
					----- Number of certificates-----				----- Rupees in '000 -----				----- % -----		
POWER GENERATION & DISTRIBUTION															
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	March 19, 2024	1 year KIBOR plus base rate of 1.9%	500	-	-	500	51,200	51,250	50	2.20%	1.17%		
Hub Power Holdings Limited (Non-traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700	-	-	700	64,976	64,976	-	2.79%	1.49%		
Engro Powergen Thar (Private) Limited (Non-traded) (Face value of Rs 5,000 per certificate)	A, PACRA	Quarterly	August 3, 2024	3 months KIBOR plus base rate of 1.70%	40,000	20,000	-	60,000	300,100	305,530	5,430	13.12%	7.00%		
OBS AGP (Private) Limited (Non-traded) (Face value of Rs 100,000 per certificate)	A+, VIS	Quarterly	July 15, 2026	3 months KIBOR plus base rate of 1.55%	-	2,000	-	2,000	200,000	200,000	-	8.59%	4.58%		
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.9%	-	700	-	700	71,477	72,530	1,053	3.12%	1.66%		
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	November 5, 2021	3 months KIBOR plus base rate of 1.75%	2,180	-	2,180	-	-	-	-	-	-		
The Hub Power Company Limited (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	May 2, 2022	6 months KIBOR plus base rate of 0.8%	-	500	-	500	50,000	50,000	-	2.15%	1.15%		
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	AA+, VIS	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.7%	10,000	-	-	10,000	50,775	51,000	225	2.19%	1.17%		
Total as at December 31, 2021 (un-audited)									788,528	795,286	6,758	34.16%	18.22%		
Total as at June 30, 2021 (Audited)									581,241	581,843	602	31.34%	17.92%		

## 5.4 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2021	Purchased during the period	Matured during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation	Market value as a percentage of total investments of the Fund	Market value as a percentage of net assets of the Fund	
				----- (Rupees in '000) -----							----- % -----		
COMMERCIAL BANKS													
United Bank Limited - Islamic Banking	AAA, VIS	July 28, 2021	6.90%	340,000	-	340,000	-	-	-	-	-	-	
BankIslami Pakistan Limited - a related party	A+, PACRA	July 29, 2021	7.30%	400,000	-	400,000	-	-	-	-	-	-	
BankIslami Pakistan Limited - a related party	A+, PACRA	August 2, 2021	7.30%	50,000	-	50,000	-	-	-	-	-	-	
BankIslami Pakistan Limited - a related party	A+, PACRA	August 27, 2021	7.00%	-	500,000	500,000	-	-	-	-	-	-	
BankIslami Pakistan Limited - a related party	A+, PACRA	August 31, 2021	7.00%	-	90,000	90,000	-	-	-	-	-	-	
BankIslami Pakistan Limited - a related party	A+, PACRA	September 27, 2021	7.00%	-	115,000	115,000	-	-	-	-	-	-	
BankIslami Pakistan Limited - a related party	A+, PACRA	October 27, 2021	7.45%	-	300,000	300,000	-	-	-	-	-	-	
BankIslami Pakistan Limited - a related party	A+, PACRA	November 30, 2021	7.80%	-	301,837	301,837	-	-	-	-	-	-	
Total as at December 31, 2021 (un-audited)								-	-	-	-	-	
Total as at June 30, 2021 (audited)								790,000	790,000	-	42.56%	24.33%	



## 5.5 Certificates of musharakah

Name of investee company	Rating	Maturity date	Profit rate	***** Face Value *****				Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation	Market value as a percentage of total investments of the Fund	Market value as a percentage of net assets of the Fund
				As at July 1, 2021	Placed during the period	Matured during the period	As at December 31, 2021					
				----- (Rupees in '000) -----							----- % -----	
NON-BANK ISLAMIC FINANCIAL INSTITUTIONS												
First Habib Modaraba	AA+, PACRA	July 26, 2021	7.25%	140,000	-	140,000	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	October 28, 2021	7.30%	175,000	-	175,000	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	January 26, 2022	9.05%	-	285,000	-	285,000	285,000	285,000	-	12.24%	6.53%
First Habib Modaraba	AA+, PACRA	April 28, 2022	9.20%	-	181,437	-	181,437	181,437	181,437	-	7.79%	4.16%
Total as at December 31, 2021 (un-audited)								466,437	466,437	-	20.04%	10.69%
Total as at June 30, 2021 (audited)								315,000	315,000	-	16.97%	9.70%

## 5.6 Unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss - net

Note (Un-audited) December 31, 2021 (Audited) June 30, 2021  
----- Rupees in '000 -----

Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	2,327,967	1,856,273
Less: carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	2,321,659	1,855,671
		<u>6,308</u>	<u>602</u>

## 6 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the period		641	-
Preliminary expenses and floatation costs incurred		-	778
Less: amortisation during the period	6.1	(235)	(137)
At the end of the period		<u>406</u>	<u>641</u>

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (Management Company). These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

## 7 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY

Note (Un-audited) December 31, 2021 (Audited) June 30, 2021  
----- Rupees in '000 -----

Remuneration payable to the Management Company	7.1	2,099	1,022
Sindh sales tax payable on remuneration of the Management Company	7.2	273	133
Reimbursement of allocated expenses payable	7.3	1,368	706
Reimbursement of selling and marketing expenses payable	7.4	1,095	-
Sales and transfer load payable		1,771	566
Sindh sales tax payable on sales load		230	74
Preliminary expenses and floatation cost payable		-	778
ADC charges payable including Sindh sales tax		258	49
Other payable		153	148
		<u>7,247</u>	<u>3,476</u>



- 7.1** 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 6% (2021: 6%) of net income, subject to floor and capping of 0.5% and 1.25% (2021: 0.5% and 1.25%) per annum of the average net assets of the Fund during the current period. The remuneration is payable to the Management Company monthly in arrears.
- 7.2** During the period, an amount of Rs. 1.467 million (December 31, 2020: Rs. 0.202 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (December 31, 2020: 13%).
- 7.3** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged allocated expenses under the following rates:

Rate applicable from July 1, 2021 to December 31, 2021	Rate applicable from August 13, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to June 30, 2021
0.125% of average annual net assets	0.1% of average annual net assets	0.125% of average annual net assets

- 7.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at 0% for the period from July 1, 2021 to July 25, 2021, 0.25% for the period from July 26, 2021 to August 1, 2021 and 0.10% for the period from August 2, 2021 to December 31, 2021 (2021: 0.7% per annum of the average annual net assets for the period from August 13, 2020 till November 19, 2020 and 0% thereafter) of the average annual net assets of the Fund keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

8	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
			----- Rupees in '000 -----	
	Annual fee payable	8.1	426	238

- 8.1** Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

9	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
			----- Rupees in '000 -----	
	Provision for Sindh Workers' Welfare Fund	9.1	-	1,577
	Auditors' remuneration payable		264	349
	Legal fee payable		100	107
	Shariah advisor fee payable		287	146
	Withholding tax payable		36	1,840
	Capital gain tax payable		993	946
	Payable against printing charges		14	39
	Bank and settlement charges payable		35	17
	Other payables		342	326
			2,071	5,347



- 9.1** 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, is 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 the Mutual Funds Association of Pakistan (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 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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 1.577 million recognised in these condensed interim financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## **10 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## **11 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.

## **12 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2022 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 provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## **13 EARNINGS PER UNIT**

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



## 14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund for the period ended December 31, 2021 is 0.99% (December 31, 2020: 1.55%) which includes 0.10% (December 31, 2020: 0.22%) representing government levies such as sales taxes and annual fee to the SECP. The TER excluding government levies is 0.89% (December 31, 2020: 1.33%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

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

- 15.1** 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.
- 15.2** Transactions with connected persons / related parties are executed on an arm's length 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.
- 15.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 15.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 15.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 15.6** Details of transactions with related parties / connected persons during the period are as follows:

	(Un-audited) For the half year ended December 31, 2021	(Un-audited) For the period from August 13, 2020 to December 31, 2020
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of NBP Fund Management Limited - the Management Company	11,282	1,555
Sindh sales tax on remuneration of the Management Company	1,467	202
Reimbursement of allocated expenses	2,663	335
Reimbursement of selling and marketing expenses	1,997	1,337
Preliminary expenses and floatation costs paid by the Management Company	235	778
Sales load and Sindh sales tax on sales load	3,424	495
ADC charges including Sindh sales tax	209	-
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	1,598	223
Sindh sales tax on remuneration of the Trustee	208	29
Settlement charges	23	8
<b>Employees of Management Company</b>		
Dividend re-invest units issued - Nil (2020: 50 units)	-	1
Units issued: 22,073,093 units (2020: 1,821,284 units)	225,504	18,343
Units redeemed: 15,403,822 units (2020: 1,345,996 units)	157,756	13,575





	(Un-audited) For the half year ended December 31, 2021	(Un-audited) For the period from August 13, 2020 to December 31, 2020
	----- Rupees in '000 -----	
<b>Portfolio managed by the Management Company</b>		
Dividend re-invest units issued - Nil (2020: 120,921 units)	-	1,210
Units issued: 19,268,817 units (2020: 39,430,172 units)	195,322	395,127
Units redeemed: 16,465,873 units (2020: 12,856,389 units)	169,053	129,710
<b>NAFA Islamic Active Allocation Plan - I</b>		
Units issued: 628,607 units (2020: Nil)	6,516	-
<b>NAFA Islamic Active Allocation Plan - II</b>		
Units issued: 659,589 units (2020: Nil)	6,837	-
<b>NAFA Islamic Active Allocation Plan - III</b>		
Units issued: 2,265,515 units (2020: Nil)	23,485	-
<b>NAFA Islamic Active Allocation Plan - IV</b>		
Units issued: 1,935,620 units (2020: Nil)	20,065	-
<b>NAFA Islamic Active Allocation Plan - V</b>		
Units issued: 1,052,003 units (2020: Nil)	10,905	-
<b>NAFA Islamic Active Allocation Plan - VI</b>		
Units issued: 368,187 units (2020: Nil)	3,817	-
<b>NAFA Islamic Active Allocation Plan - VII</b>		
Units issued: 449,646 units (2020: Nil)	4,661	-
<b>NAFA Islamic Active Allocation Plan - VIII</b>		
Units issued: 745,185 units (2020: Nil)	7,725	-
<b>Pakistan Stock Exchange Limited - common directorship*</b>		
Listing fee paid	-	17
<b>National Bank of Pakistan - Parent of the Management Company</b>		
Profit on bank balances**	3	-
<b>BankIslami Pakistan Limited - common directorship</b>		
Profit on bank balances	1,806	952
Placement in term deposit receipts	1,306,837	509,500
Matured during the period - term deposit receipts	1,756,837	351,500
Income on term deposit receipts	10,467	2,303
<b>NBP Islamic Sarmaya Izafa Fund</b>		
Purchase of sukuk certificates	102,133	-
<b>NBP Riba Free Savings Fund</b>		
Purchase of sukuk certificates	-	104,597





(Un-audited)	(Un-audited)
For the half year ended December 31, 2021	For the period from August 13, 2020 to December 31, 2020
----- Rupees in '000 -----	

## NBP Islamic Money Market Fund

Purchase of Islamic commercial papers	-	39,428
Sale of Islamic commercial papers	-	18,573

## Hub Power Holdings Limited - common directorship\*

Purchase of sukuk certificates	-	57,721
Discount income on sukuk certificates	-	909
Participation income	-	350

## The Hub Power Company Limited - common directorship\*

Purchase of sukuk certificates	-	54,417
Income on sukuk certificates	-	2,642

## Askari Bank Limited Employees Provident Fund - unit holder with more than 10% holding\*

Units issued: Nil (2020: 10,504,873 units)	-	1,055,049
Units redeemed: Nil (2020: 117,714 units)	-	1,178

## Khalid Mehmood - Chief Financial Officer of Management Company

Units issued: 282,674 units (2020: Nil)	2,900	-
Units redeemed: 140,569 units (2020: Nil)	1,451	-

\* Current period figures have not been presented as the person is not a related party / connected person of the Fund as at December 31, 2021.

\*\* Nil due to rounding off

(Un-audited)	(Audited)
As at December 31, 2021	As at June 30, 2021
----- Rupees in '000 -----	

## 15.7 Amounts / balances outstanding as at period end are as follows:

### NBP Fund Management Limited - the Management Company

Remuneration payable to the Management Company	2,099	1,022
Sindh sales tax payable on remuneration of the Management Company	273	133
Reimbursement of allocated expenses payable	1,368	706
Reimbursement of selling and marketing expenses payable	1,095	-
Sales and transfer load payable	1,771	566
Sindh sales tax payable on sales load	230	74
Preliminary expenses and floatation cost payable	-	778
ADC charges payable including Sindh sales tax	258	49
Other payable	153	148

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

Remuneration payable to the Trustee	275	152
Sindh sales tax payable on Trustee remuneration	36	20
Settlement charges payable	7	8
Security deposit	100	100



	(Un-audited) As at December 31, 2021	(Audited) As at June 30, 2021
	----- Rupees in '000 -----	
<b>Employees of Management Company</b>		
Units held: 12,932,441 units (June 30, 2021: 6,624,820 units)	134,443	66,338
<b>Portfolio managed by the Management Company</b>		
Units held in the Fund: 43,630,831 units (June 30, 2021: 40,827,887 units)	453,577	408,834
<b>NAFA Islamic Active Allocation Plan - I</b>		
Units held: 628,607 units (June 30, 2021: Nil)	6,535	-
<b>NAFA Islamic Active Allocation Plan - II</b>		
Units held: 659,589 units (June 30, 2021: Nil)	6,857	-
<b>NAFA Islamic Active Allocation Plan - III</b>		
Units held: 2,265,515 units (June 30, 2021: Nil)	23,552	-
<b>NAFA Islamic Active Allocation Plan - IV</b>		
Units held: 1,935,620 units (June 30, 2021: Nil)	20,122	-
<b>NAFA Islamic Active Allocation Plan - V</b>		
Units held: 1,052,003 units (June 30, 2021: Nil)	10,936	-
<b>NAFA Islamic Active Allocation Plan - VI</b>		
Units held: 368,187 units (June 30, 2021: Nil)	3,828	-
<b>NAFA Islamic Active Allocation Plan - VII</b>		
Units held: 449,646 units (June 30, 2021: Nil)	4,674	-
<b>NAFA Islamic Active Allocation Plan - VIII</b>		
Units held: 745,185 units (June 30, 2021: Nil)	7,747	-
<b>National Bank of Pakistan - Parent of the Management Company</b>		
Bank balances	811	299
Profit receivable on bank balances **	-	-
<b>BankIslami Pakistan Limited - common directorship</b>		
Bank balances	4,049	8,743
Term deposit receipts	-	450,000
Profit receivable on bank balances	731	111
Profit receivable on term deposit receipts	-	166
<b>Hub Power Holdings Limited - common directorship</b>		
Corporate sukuk certificates held *	-	61,868
Profit receivable on corporate sukuk certificates *	-	25
<b>The Hub Power Company Limited - common directorship</b>		
Corporate sukuk certificates held *	-	269,200
Profit receivable on corporate sukuk certificates *	-	4,380
<b>Khalid Mehmood - Chief Financial Officer of Management Company</b>		
Units held: 142,105 units (2021: Nil units)	1,477	-

\* Current period figures have not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2021.

\*\* Nil due to rounding off



## 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### Fair value hierarchy

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

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

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

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

As at December 31, 2021 and June 30, 2021 the Fund held the following financial instruments measured at fair value.

### At fair value through profit or loss

(Unaudited)			
As at December 31, 2021			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Islamic commercial papers*	966,064	-	966,064
GoP Ijarah sukuks	100,180	-	100,180
Corporate sukuk certificates	795,286	-	795,286
Term deposit receipts**	-	-	-
Certificates of musharakah**	466,437	-	466,437
	2,327,967	-	2,327,967

### At fair value through profit or loss

(Audited)			
As at June 30, 2021			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Islamic commercial papers*	68,800	-	68,800
GoP Ijarah sukuks	100,630	-	100,630
Corporate sukuk certificates	581,843	-	581,843
Term deposit receipts**	790,000	-	790,000
Certificates of musharakah**	315,000	-	315,000
	1,856,273	-	1,856,273

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

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



## 17 GENERAL

17.1 Figures in these condensed interim financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

## 18 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 23, 2022.

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.

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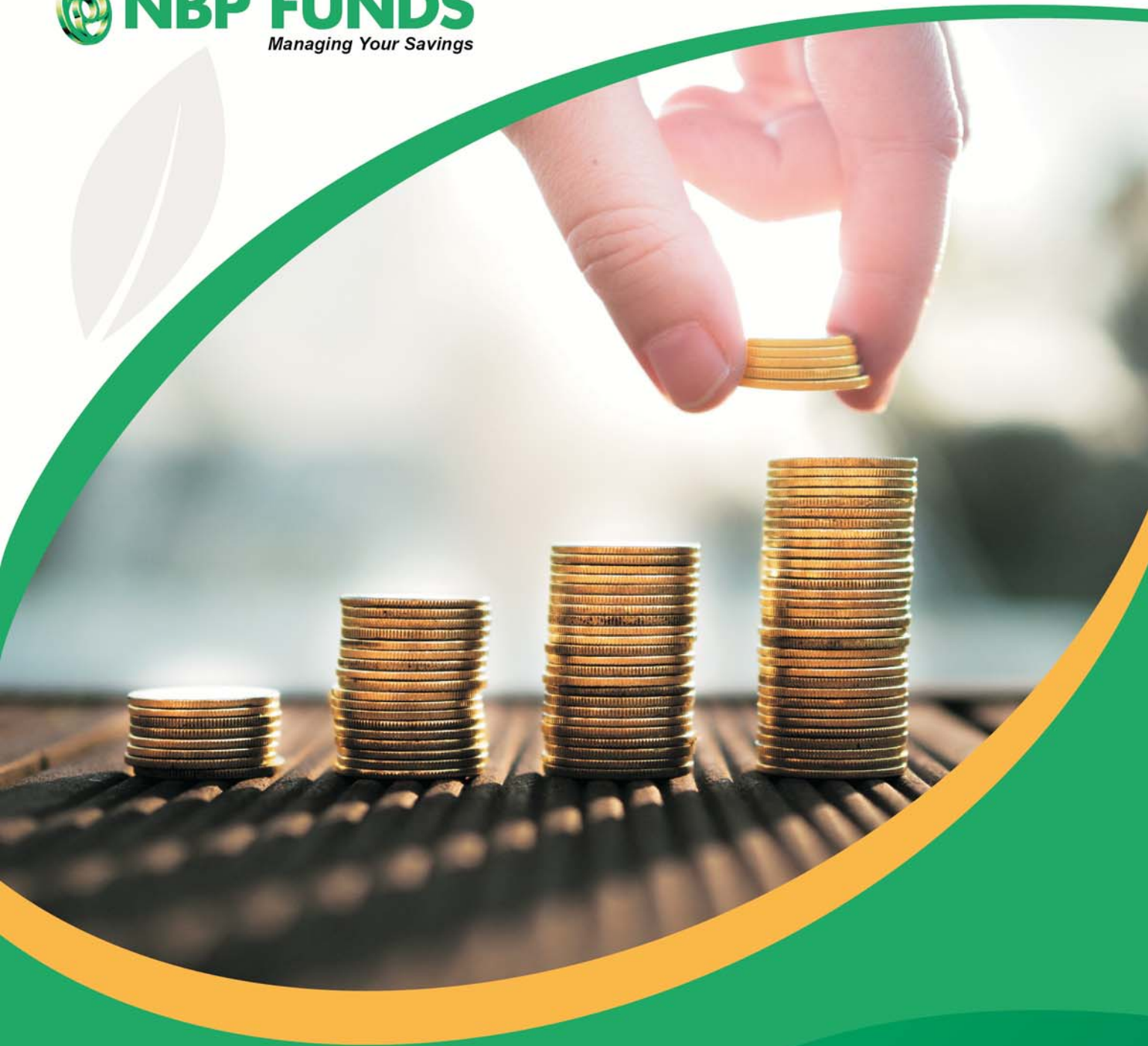
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 /nbpfunds



# NBP PAKISTAN GROWTH EXCHANGE TRADED FUND

HALF YEARLY REPORT  
DECEMBER 31, 2021



# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."



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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Mr. Tauqeer Mazhar	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](http://www.nbpfunds.com)

## **Lahore Office:**

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

## **Islamabad Office:**

1st Floor, Ranjha Arcade  
Main Double Road, Gulberg Greens,  
Islamabad.  
UAN: 051-111-111-632  
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 financial statements of **NBP Pakistan Growth Exchange Traded Fund (NBPGETF)** for the half year ended December 31, 2021.

### Fund's Performance

After impressive return in FY21, the 1HFY22 has remained lackluster for the stock market in terms of performance. The market oscillated in a narrow range during the period, amid thin volumes, showing lack of interest on part of investors and at period close, the benchmark KMI-30 index fell by around 4,934 points, translating into a decline of 6.4% during the period under review.

June period and September period results came in during 1H, whereby companies posted massive growth in profits along with healthy payouts. However, the market performance remained subdued which can be attributed to deterioration in key economic variables. Although the economic growth picked further steam during the year, the external vulnerabilities also came to the fore as aggregate domestic demand surged and the ongoing commodity super-cycle further exacerbated the external imbalances. Despite healthy growth in remittances and goods exports, which surged by 11.3% and 29% respectively, import bill rose massively by 57% on a YoY basis, and current account deficit clocked in at USD 9.1bn. For the same reason, PKR remained under duress and depreciated by a significant 12% during the period. Both these factors caused uncertainty in terms of outlook, as investors weighed the impact on margins and corporate profitability going forward. Monthly inflation reading also kept creeping up and average inflation stood at around 9.8% for the period under review. To compress both the external imbalances and the high inflation, the central bank resorted to monetary tightening during the period as Policy Rate was raised by a cumulative 2.75% in the 1H. Inordinate delay in the resumption of the IMF program, which is on hiatus since March-21, was another reason for uneasiness in the market. Lastly, the downgrade of Pakistan from the MSCI Emerging Market to MSCI Frontier Market also took place during the period, necessitating rebalancing on part of foreign investors that resulted in sizeable foreign outflows during the period, which further dented the stock market performance.

On the positive side, Roshan Digital Account (RDA) continued to grow with vigour, as cumulative flows stood at USD 3.2 billion at Dec-21 (net inflows of around USD 1.6bn in 1HFY22). The country also received around USD 2.75bn from IMF under its new Special Drawing Rights (SDR) allocation, under its historic funding of USD 650bn for the developing and developed member countries. In addition to it, the country was able to secure USD 4.2 billion support package from Saudi Arabia, which involved USD 3 billion deposit with SBP and the remaining as oil supplies on deferred payments during the year.

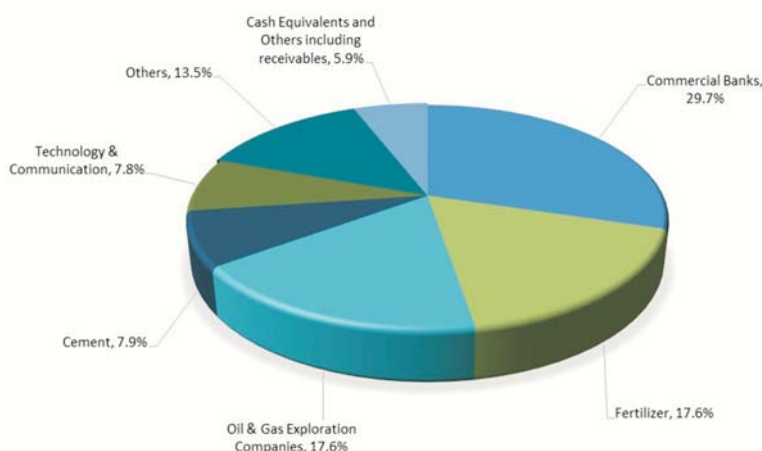
Looking at the sector wise performance of the market, Automobile Assemblers, Chemicals, Commercial Banks, Fertilizers, Food & Personal Care, Glass & Ceramics, Oil & Gas Exploration, Power Generation & Distribution, and Textile Composite sectors outperformed the market, while Auto Parts & Accessories, Cable & Elec. Goods, Cements, Engineering, Insurance, Oil & Gas Marketing, Paper & Board, Pharmaceuticals, Refinery, Technology & Communication, and Vanaspati sectors lagged the market. In terms of participant-wise activity, Individuals, Insurance, and Companies remained the largest buyers during the period with net inflows of USD 72 million, USD 66 million and USD 60 million, respectively. On the other hand, Foreigners were the largest sellers in the market with net outflows amounting to USD 250 million.

The size of NBP Pakistan Growth Exchange Traded Fund has increased from Rs. 61.6 million to Rs. 62.2 million during the period, i.e., an increase of 1%. During the period, the unit price of NBP Pakistan Growth Exchange Traded Fund (NBPGETF) has decreased from Rs. 10.9271 on June 30, 2021 to Rs. 10.3391 on December 31, 2021, thus showing a decrease of 5.4%. The Benchmark for the same period decreases by 4.7%. Thus, the Fund has underperformed its Benchmark by 0.7% during the period under review Tracking error for the period was 0.06%. Since inception the NAV of the Fund has increased from Rs. 9.3352 (Ex-Div) on October 05, 2020 to Rs 10.3391 on December 31, 2021, thus showing an increase of 10.8%. During the said period, the Benchmark increased by 14.7%, translating into underperformance of 3.9%. This performance is net of management fee and all other expenses. During August 2021, provisioning against Sindh Workers' Welfare Fund has been reversed. The reversal of provision has contributed towards an unusual increase in NAV of the Fund. This is one-off event and shall not be repeated in the future.

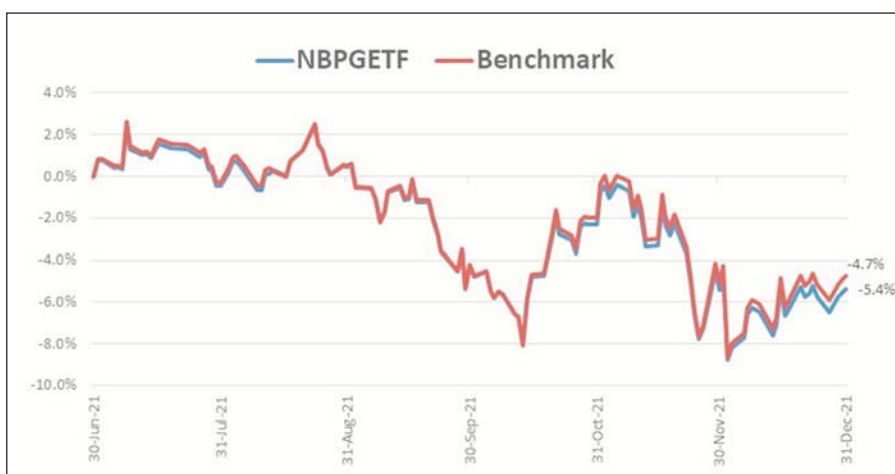
The Fund has incurred a total loss of Rs. 2.490 million during the period. After deducting total expenses of Rs. 1.049 million, the net loss is Rs. 3.539 million.



The asset allocation of the Fund as on December 31, 2021 is as follows:



## NBPGETF 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 23, 2022**  
Place: Karachi.



## ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2021ء کو ختم ہونے والی ششماہی کے لئے NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ (NBPGETF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

FY21 میں متاثر کن منافع کے بعد، 1HFY22 کارکردگی کے لحاظ سے اسٹاک مارکیٹ کے لئے غیر متاثر کن رہی۔ اس عرصہ کے دوران مارکیٹ میں گردش اتار چڑھاؤ رہا، معمولی حجم کے ساتھ، سرمایہ کاروں نے غیر دلچسپی کا مظاہرہ کیا اور مدت کے اختتام پر، بیچ مارک KMI-30 انڈیکس میں تقریباً 4,934 پوائنٹس کمی ہوئی، جس سے زیر جائزہ مدت کے دوران 6.4 فیصد کمی واقع ہوئی۔

جون اور ستمبر کی مدت کے نتائج پہلی ششماہی کے دوران آئے، جس کے تحت کمپنیوں نے زبردست منافع کے ساتھ اچھا عبوری منافع دیا۔ تاہم، مارکیٹ کی کارکردگی کم رہی جس کی وجہ اہم اقتصادی متغیرات میں بگاڑ کو قرار دیا جاسکتا ہے۔ اگرچہ سال کے دوران معاشی نمو مزید تیز ہوگئی، تاہم مجموعی مقامی طلب میں اضافے اور اجناس کے جاری سپر سائیکل کے باعث بیرونی عدم توازن مزید بڑھ جانے کی وجہ سے بیرونی دباؤ بھی سامنے آیا۔ تریلات زراور سامان کی برآمدات میں بہتر نمونے باوجود، جس میں بالترتیب 11.3% اور 29% کا اضافہ ہوا، درآمدی بل میں سالانہ بنیادوں پر 57% کا مجموعی اضافہ ہوا، اور کرنٹ اکاؤنٹ خسارہ 9.1 بلین امریکی ڈالر تک پہنچ گیا۔ اسی وجہ سے، پاکستانی روپیہ دباؤ میں رہا اور اس مدت کے دوران قدر میں نمایاں طور پر 12% کی کمی واقع ہوئی۔ یہ دونوں عوامل مجموعی نقطہ نظر کے لحاظ سے غیر یقینی صورتحال کا باعث بنے، کیونکہ سرمایہ کاروں نے مستقبل میں مارجن اور کارپوریٹ منافع پرائز کو اہمیت دی۔ ماہانہ افراط زر کی شرح میں بھی اضافہ ہوتا رہا اور زیر جائزہ مدت میں اوسط افراط زر تقریباً 9.8 فیصد رہا۔ بیرونی عدم توازن اور بلند افراط زر دونوں کو کم کرنے کے لیے، مرکزی بینک نے اس عرصے کے دوران مالیاتی سختی کا سہارا لیا کیونکہ پہلی ششماہی میں پالیسی شرح میں مجموعی طور پر 2.75% اضافہ کیا گیا۔ آئی ایم ایف پروگرام کے دوبارہ شروع ہونے میں غیر معمولی تاخیر، جو مارچ 21 سے قفل کا شکار ہے، مارکیٹ میں بے چینی کی ایک دوسری وجہ تھی۔ آخر میں، پاکستان کی MSCI اہم ترین مارکیٹ سے MSCI فرٹنیکر مارکیٹ میں تنزلی بھی اس عرصے کے دوران ہوئی، جس سے غیر ملکی سرمایہ کاروں کی جانب سے توازن بحال کرنے کی ضرورت پڑی جس کے نتیجے میں اس عرصہ کے دوران غیر معمولی بیرونی اخراج ہوا، جس نے اسٹاک مارکیٹ کی کارکردگی کو مزید نقصان پہنچایا۔

ثابت پہلو پر، روشن ڈیجیٹل اکاؤنٹ (RDA) تیزی سے بڑھتا رہا، جیسا کہ مجموعی آمد دسمبر 21 کو 3.2 بلین امریکی ڈالر (1HFY22) میں تقریباً 1.6 بلین امریکی ڈالر کی خالص آمد) رہا۔ ملک نے ترقی پذیر اور ترقی یافتہ کرن مالک کے لیے 650 بلین امریکی ڈالر کی تاریخی فنڈنگ کے تحت اپنے نئے انیشیال ڈرائنگ رائٹس (SDR) کے تحت آئی ایم ایف سے تقریباً 2.75 بلین امریکی ڈالر وصول کیے۔ اس کے علاوہ، ملک سعودی عرب سے 4.2 بلین امریکی ڈالر امدادی ہیکلج حاصل کرنے میں کامیاب رہا، جس میں سے 3 بلین امریکی ڈالر SBP کے پاس ڈیپازٹ اور باقی سال کے دوران موخر ادائیگیوں پر تیل کی سپلائی کے طور پر شل تھا۔

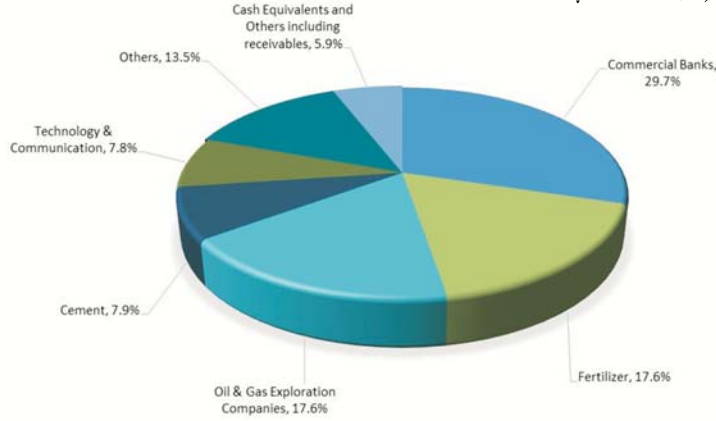
مارکیٹ کی سیکٹر وائز کارکردگی کے پیش نظر، آٹوموبائل اسمبلر، کیمیکلز، کمرشل بینکس، کھادیں، خوراک اور ذاتی گھداشت، گلاس اینڈ سرائکس، تیل و گیس ایکسپلوریشن، بجلی پیداوار تقسیم کرنے، اور ٹیکسٹائل کمپوز سیکٹرز نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹو پارٹس اور ایسیریز، کمیل اور الیکٹرونک سامان، سیمنٹ، انجینئرنگ، انشورنس، تیل و گیس مارکیٹنگ، کاغذ اور بورڈ، دواسازی، ریفائریز، ٹیکنالوجی اور کمیونیکیشن، اور وینا سستی کے شعبے مارکیٹ سے پیچھے رہ گئے۔ شراکت دار سرگرمی کے لحاظ سے، افراد، انشورنس، اور کمپنیاں زیر جائزہ مدت کے دوران بالترتیب 72 بلین امریکی ڈالر، 66 بلین امریکی ڈالر اور 60 بلین امریکی ڈالر کی خالص آمدنی کے ساتھ بڑے خریدار رہے۔ دوسری طرف، غیر ملکی 250 بلین امریکی ڈالر کے خالص اخراج کے ساتھ سب سے زیادہ فروخت کنندگان رہے۔

NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ کا سائز زیر جائزہ مدت کے دوران 61.6 ملین روپے سے بڑھ کر 62.6 ملین روپے ہو گیا یعنی 1% کا اضافہ ہوا۔ اس مدت کے دوران، NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ (NBPGETF) کے یونٹ کی قیمت 30 جون 2021 کو 10.9271 روپے سے کم ہو کر 31 دسمبر 2021 کو 10.3391 روپے ہو گئی، لہذا 5.4% کی کمی ہوئی۔ اسی مدت کے لئے بیچ مارک 4.7% تک کم ہوا۔ لہذا، زیر جائزہ مدت کے دوران فنڈ نے اپنے بیچ مارک سے 0.7% کی اہتر کارکردگی دکھائی اس مدت کے لئے ٹریڈنگ ایر 0.06% تھا۔ اپنے قیام سے اب تک فنڈ کی NAV 105 اکتوبر 2020 کو 9.3352 روپے (EX-Div) سے بڑھ کر 31 دسمبر 2021 کو 10.3391 روپے ہو گئی، لہذا 10.8% کا اضافہ ہوا۔ اس مدت کے دوران بیچ مارک میں 14.7% اضافہ ہوا۔ جس کا نتیجہ فنڈ کی 3.9% اہتر کارکردگی کی صورت میں سامنے آیا ہے۔ فنڈ کی یہ کارکردگی ٹیمجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ ورکرز ویلفیئر فنڈ کی پرویشننگ واپس کر دی گئی۔ پرویشن کی اس واپسی کے باعث فنڈ کے NAV میں غیر معمولی اضافہ ہوا ہے۔ یہ ایک آخری موقع ہے جو کہ مستقبل میں دوبارہ نہیں آئے گا۔

فنڈ کو اس مدت کے دوران 2.490 ملین روپے کا مجموعی نقصان ہوا۔ 1.049 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 3.539 ملین روپے ہے۔



31 دسمبر 2021 کو فنڈ کی ایسٹ ایلوکیشن حسب ذیل کے مطابق ہے:



NBPGETF 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 ٹرسٹی 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: 23 فروری 2022ء

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 six months period ended December 31, 2021 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 25, 2022



## **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, 2021 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 for the half year ended December 31, 2021, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

### **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 28, 2022

Karachi





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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank balances	4	3,857	2,541
Investments	5	58,588	59,606
Dividend receivable		-	216
Profit receivable		2	-
Prepayments and other receivables		69	63
<b>Total assets</b>		62,516	62,426
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	6	64	65
Payable to Central Depository Company of Pakistan Limited - the Trustee		6	6
Payable to the Securities and Exchange Commission of Pakistan	7	6	9
Payable against purchase of investments		-	211
Accrued expenses and other liabilities	8	198	506
<b>Total liabilities</b>		274	797
<b>NET ASSETS</b>		62,242	61,629
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		62,242	61,629
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>NUMBER OF UNITS IN ISSUE</b>			
		6,020,000	5,640,000
<b>NET ASSET VALUE PER UNIT</b>			
	10	10.3391	10.9271

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31, 2021	For the period from October 06, 2020 to December 31, 2020	Quarter ended December 31, 2021
Note	Rupees in '000		
<b>INCOME</b>			
Profit on bank balances	50	32	18
Dividend income	2,337	1,282	1,281
	2,387	1,314	1,299
(Loss) / gain on sale of investments - net	(6)	47	(1)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets ' at fair value through profit or loss' - net	(5,069)	3,564	(1,545)
	(5,075)	3,611	(1,546)
<b>Total (loss) / income</b>	(2,688)	4,925	(247)
<b>EXPENSES</b>			
Remuneration of NBP Fund Management Limited - Management Company	234	101	119
Sindh Sales Tax on remuneration of the Management Company	30	13	15
Remuneration of Central Depository Company of Pakistan Limited - Trustee	31	13	16
Sindh Sales Tax on remuneration of the Trustee	4	2	2
Annual fee of the Securities and Exchange Commission of Pakistan	6	3	3
Annual listing fee	6	-	1
Settlement and bank charges	30	54	(3)
Auditors' remuneration	201	87	100
Legal and professional charges	232	7	187
Printing charges	41	1	31
<b>Total operating expenses</b>	815	281	471
<b>Net (loss) / income from operating activities</b>	(3,503)	4,644	(718)
Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net	198	(91)	-
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(234)	(85)	(229)
<b>Net (loss) / income for the period before taxation</b>	(3,539)	4,468	(947)
Taxation	-	-	-
<b>Net (loss) / income for the period after taxation</b>	(3,539)	4,468	(947)
<b>(Loss) / earnings per unit</b>			
<b>Accounting income available for distribution:</b>			
- Relating to capital gains	-	3,611	-
- Excluding capital gains	-	857	-
	-	4,468	-

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

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31, 2021	For the period from October 06, 2020 to December 31, 2020	Quarter ended December 31, 2021
	Rupees in '000		
<b>Net (loss) / income for the period after taxation</b>	(3,539)	4,468	(947)
Other comprehensive income for the period	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(3,539)</u>	<u>4,468</u>	<u>(947)</u>

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR DECEMBER 31, 2021

	For the half year ended December 31, 2021			For the period from October 06, 2020 to December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	Rupees in '000					
Net assets at beginning of the period (audited)	56,400	5,229	61,629	-	-	-
Issuance of 460,000 units (2020: 5,570,000 units)						
- Capital value (at ex- net asset value per unit)	5,026	-	5,026	55,700	-	55,700
- Element of loss	(227)	-	(227)	(65)	-	(65)
Total proceeds on issuance of units	4,799	-	4,799	55,635	-	55,635
Redemption of 80,000 units (2020: 30,000 units)						
- Capital value (at ex- net asset value per unit)	(874)	-	(874)	(300)	-	(300)
- Element of loss	(7)	-	(7)	(20)	-	(20)
Total payments on redemption of units	(881)	-	(881)	(320)	-	(320)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	234	-	234	85	-	85
Total comprehensive (loss) / income for the period	-	(3,539)	(3,539)	-	4,468	4,468
<b>Net assets at end of the period (un-audited)</b>	<b>60,552</b>	<b>1,690</b>	<b>62,242</b>	<b>55,400</b>	<b>4,468</b>	<b>59,868</b>
Undistributed income brought forward						
- Realised income		757			-	
- Unrealised income		4,472			-	
		5,229			-	
Accounting income available for distribution:						
- Relating to capital gains		-			3,611	
- Excluding capital gains		-			857	
		-			4,468	
Net loss for the period after taxation		(3,539)			-	
Undistributed income carried forward		1,690			4,468	
Undistributed income carried forward:						
- Realised income		6,759			904	
- Unrealised (loss) / income		(5,069)			3,564	
		1,690			4,468	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		10.9271			-	
Net assets value per unit at end of the period		10.3391			10.8065	

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

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR DECEMBER 31, 2021

	For the half year ended December 31, 2021	For the period from October 06, 2020 to December 31, 2020
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period before taxation	(3,539)	4,468
<b>Adjustments</b>		
Profit on bank balances	(50)	(32)
Dividend income	(2,337)	(1,282)
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets ' at fair value through profit or loss' - net	5.2 5,069	(3,564)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	234	85
(Reversal of provision) / provision against Sindh Workers' Welfare Fund - net	8.1 (198)	91
	2,718	(4,702)
<b>Increase in assets</b>		
Prepayments and other receivables	(6)	(63)
Investments - net	(4,262)	(52,809)
	(4,268)	(52,872)
<b>Increase in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	(1)	63
Payable to Central Depository Company of Pakistan Limited - Trustee	-	6
Payable to the Securities and Exchange Commission of Pakistan	(3)	3
Accrued expenses and other liabilities	(110)	121
	(114)	193
Dividend income received	2,553	1,184
Profit received on bank balances	48	32
<b>Net cash used in operating activities</b>	(2,602)	(51,697)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units - net of refund of element	4,799	55,635
Net payments against redemption of units	(881)	(320)
<b>Net cash generated from financing activities</b>	3,918	55,315
<b>Net increase in cash and cash equivalents during the period</b>	1,316	3,618
Cash and cash equivalents at the beginning of the period	2,541	-
<b>Cash and cash equivalents at the end of the period</b>	4 3,857	3,618

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## **NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR DECEMBER 31, 2021**

### **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 June 3, 2020.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 2, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 the 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 (PACRA) has determined the asset manager rating of the Management Company of AM1 (2021: AM1) on June 23, 2021. 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 is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

The Fund is an Open Ended Exchange Traded Mutual Fund categorised as "Listed Index Tracking Fund" and is listed on Pakistan Stock Exchange (PSX) Limited.

### **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** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.
- 2.3** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at and for the half year ended December 31, 2021.

### **3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN**

- 3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.
- 3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2021.
- 3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period:**

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2022. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	
<b>4 BANK BALANCES</b>			
Savings accounts	4.1	<u>3,857</u>	<u>2,541</u>

**4.1** These balances in savings accounts carry profit at rates ranging from 8.25% to 10.98% (June 30, 2021: 5.50%) per annum.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
5	INVESTMENTS	Note	----- Rupees in '000 -----
	<b>At fair value through profit or loss</b>		
	Quoted equity securities	5.1	58,588 59,606

### 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	As at July 31, 2021	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2021	Market value	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
							net assets of the Fund	total market value of investments	
						----- Number of shares held -----	(Rupees in '000)	----- % -----	
<b>OIL AND GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited *	18,612	2,121	-	265	20,468	3,723	5.98%	6.35%	-
						3,723	5.98%	6.35%	
<b>OIL AND GAS EXPLORATION COMPANIES</b>									
Oil & Gas Development Company Limited *	47,376	5,673	-	675	52,374	4,515	7.25%	7.71%	-
Pakistan Oilfields Limited *	7,332	553	-	661	7,224	2,584	4.15%	4.41%	-
Pakistan Petroleum Limited *	56,964	3,746	-	11,948	48,762	3,854	6.19%	6.58%	-
						10,953	17.59%	18.70%	
<b>FERTILIZERS</b>									
Engro Corporation Limited *	16,356	1,289	-	789	16,856	4,592	7.38%	7.84%	-
Engro Fertilizer Limited *	40,044	2,906	-	5,024	37,926	2,886	4.64%	4.93%	-
Fauji Fertilizer Company Limited - related party *	32,148	3,225	-	457	34,916	3,501	5.62%	5.98%	-
						10,979	17.64%	18.75%	
<b>CEMENT</b>									
Lucky Cement Limited *	6,768	552	-	96	7,224	4,907	7.88%	8.38%	-
						4,907	7.88%	8.38%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
The Hub Power Company Limited *	59,220	7,845	-	845	66,220	4,724	7.59%	8.06%	0.01%
						4,724	7.59%	8.06%	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited *	19,176	1,767	2,762	829	22,876	3,068	4.93%	5.24%	-
Habib Bank Limited *	41,172	3,961	-	585	44,548	5,195	8.35%	8.87%	-
MCB Bank Limited *	18,612	3,327	-	267	21,672	3,323	5.34%	5.68%	-
Bank AL Habib Limited *	29,892	4,850	-	428	34,314	2,368	3.80%	4.04%	-
United Bank Limited *	28,200	5,315	-	405	33,110	4,522	7.27%	7.72%	-
						18,476	29.69%	31.55%	
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
TRG Pakistan Limited *	34,404	7,027	-	495	40,936	4,826	7.76%	8.24%	0.01%
						4,826	7.76%	8.24%	
<b>Total as at December 31, 2021</b>						<b>58,588</b>	<b>94.13%</b>	<b>100%</b>	
Carrying value as at December 31, 2021						<b>63,657</b>			
Market value as at June 30, 2021						<b>59,606</b>			
Carrying value as at June 30, 2021						<b>55,134</b>			

\* Nil figure due to rounding off





		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	-----
<b>5.2 Unrealised (diminution) / appreciation on investments classified as financial assets at 'fair value through profit or loss' - net</b>			
Market value of investments	5.1	58,588	59,606
Less: carrying value of investments	5.1	(63,657)	(55,134)
		<u>(5,069)</u>	<u>4,472</u>
<b>6 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT Company - RELATED PARTY</b>			
Remuneration of the Management Company	6.1	39	40
Sindh Sales Tax on remuneration of the Management Company	6.2	5	5
Other payable to the Management Company		20	20
		<u>64</u>	<u>65</u>
<b>6.1</b>	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% (2021: 0.75%) per annum of average net assets of the Fund during the half year ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.		
<b>6.2</b>	During the period, an amount of Rs. 0.03 million (December 31, 2020: 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% (December 31, 2020: 13%).		
<b>7 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	-----
Annual fee payable	7.1	<u>6</u>	<u>9</u>
<b>7.1</b>	Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund.		
<b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	-----
Provision for Sindh Workers' Welfare Fund	8.1	-	198
Auditors' remuneration payable		82	203
Legal and professional charges payable		30	57
Settlement charges payable		62	27
Printing charges payable		8	14
Withholding tax payable		3	1
Bank charges payable		13	6
		<u>198</u>	<u>506</u>
<b>8.1</b>	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, is 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 the Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 0.198 million recognised in these condensed interim financial statements of the Fund, for the period from October 6, 2020 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss 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 (LOSS) / EARNINGS PER UNIT

(Loss) / 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 for the period ended December 31, 2021 is 2.62% (December 31, 2020: 2.78%) which includes 0.13% (December 31, 2020: 0.81%) representing Government Levies on the fund such as sales taxes and annual fee to the SECP. The TER excluding government levies is 2.49% (December 31, 2020: 1.97%) which is within the maximum limit of 2.5% prescribed 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 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 half year ended December 31, 2021	(Un-audited) For the period from October 06, 2020 to December 31, 2020
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of NBP Fund Management Limited - Management Company	234	101
Sindh Sales Tax on remuneration of the Management Company	30	13
Payments made by the Management Company on behalf of Fund	-	20
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	31	13
Sindh Sales Tax on remuneration of the Trustee	4	2
Settlement charges	38	52
<b>The Hub Power Company Limited - common directorship*</b>		
Purchase of shares: Nil (December 31, 2020: 52,358)	-	3,976
Sale of shares: Nil (December 31, 2020: 282)	-	23
Dividend income	-	209
<b>Fauji Fertilizer Company Limited - common directorship</b>		
Purchase of shares: 3,225 (December 31, 2020: 31,192)	331	3,303
Sale of shares: 457 (December 31, 2020: 168)	49	17
Dividend income	215	80
<b>Taurus Securities Limited (subsidiary of parent company)</b>		
Brokerage expense	688	-
<b>JS Global Capital Limited - unit holder with more than 10% holding</b>		
Units purchased: 70,000 (December 31, 2020: 5,070,000)	741	50,711
Units redeemed: 80,000 (December 31, 2020: 30,000)	881	320
<b>MRA Securities Limited - unit holder with more than 10% holding</b>		
Units purchased: 390,000 (December 31, 2020: nil)	4,058	-



	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- Rupees in '000 -----	
<b>14.6 Amounts / balances outstanding as at period end are as follows</b>		
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of the Management Company	39	40
Sindh Sales Tax on remuneration of the Management Company	5	5
Other payable to the Management Company	20	20
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration payable to the Trustee	5	5
Sindh Sales Tax payable on the Trustee remuneration	1	1
Settlement charges payable	62	27
<b>The Hub Power Company Limited - common directorship*</b>		
Shares held - Nil (2021: 59,220 shares)	-	4,718
<b>Fauji Fertilizer Company Limited - common directorship</b>		
Shares held - 34,916 (2021: 32,148 shares)	3,501	3,411
<b>JS Global Capital Limited - unit holder with more than 10% holding</b>		
Units held: 5,050,000 (2021: 5,060,000 units)	52,212	55,291
<b>MRA Securities Limited - unit holder with more than 10% holding</b>		
Units held: 970,000 (2021: 580,000 units)	10,030	6,338

\*Current period figures have not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2021.

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

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

### **15.1 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, 2021 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

(Un-audited)			
As at December 31, 2021			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>At fair value through profit or loss</b>			
Quoted equity securities	58,588	-	58,588
(Audited)			
As at June 30, 2021			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>At fair value through profit or loss</b>			
Quoted equity securities	59,606	-	59,606

## 16 GENERAL

- 16.1** Figures in these condensed interim financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.
- 16.2** Corresponding figures have been re-classified and re-arranged in these condensed financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period. No significant rearrangements or reclassifications have been made in these financial statements during the current period.

## 17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 23, 2022.

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

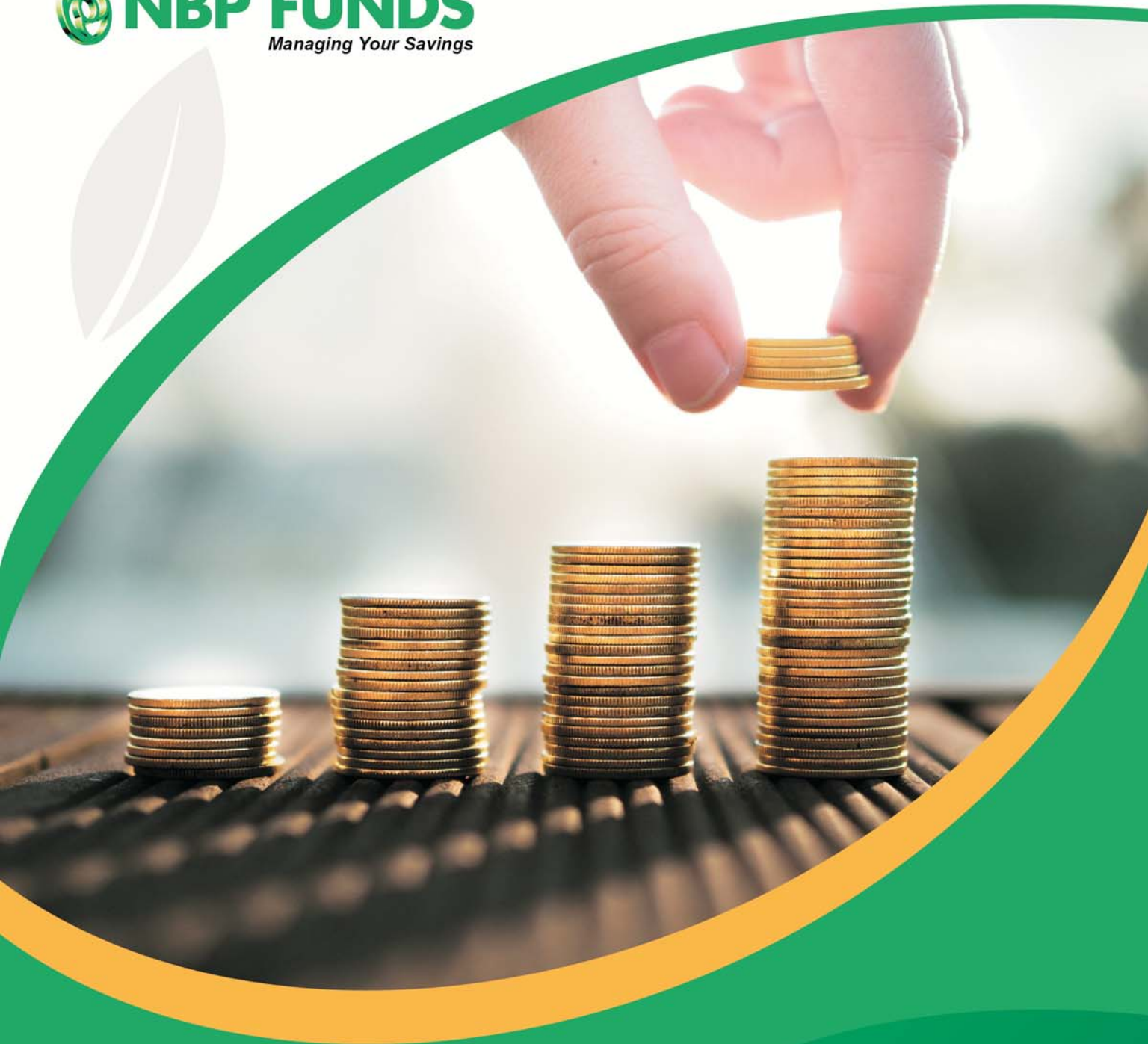
**Fax:** 021-35825335

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

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

 /nbpfunds





# NBP GOVERNMENT SECURITIES SAVINGS FUND

**HALF YEARLY** REPORT  
DECEMBER 31, 2021



# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."





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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Mr. Tauqeer Mazhar	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  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
Khushali Microfinance Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Mobilink Microfinance Bank Limited  
Telenor Microfinance Bank Limited  
HBL Microfinance Bank Limited  
United Bank Limited  
U Microfinance Bank Limited  
Samba 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.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  
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 financial statements of **NBP Government Securities Savings Fund (NGSSF)** for the half year ended December 31, 2021.

### Fund's Performance

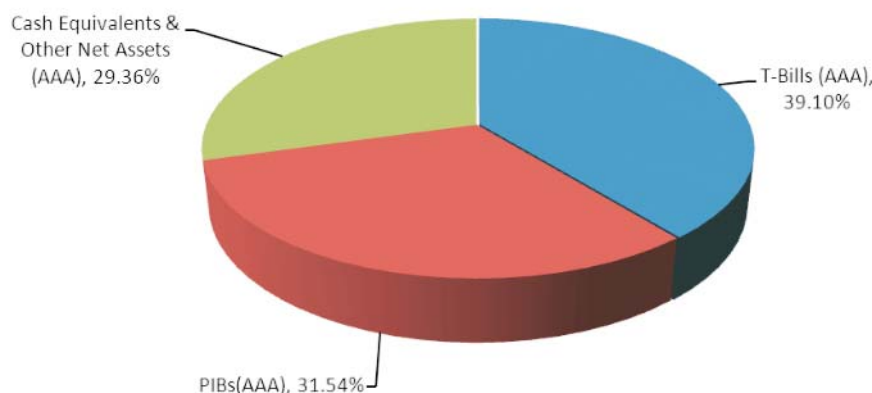
During 1HFY22, the Monetary Policy Committee (MPC) of SBP raised the Policy Rate by 275 basis points to 9.75%; in order to counter the inflationary pressures and ensure economic sustainability. Average inflation during 1HFY22 remained elevated and stood at 9.8%, owing to high global prices and domestic demand growth. SBP expects inflation to average 9% - 11% during the fiscal year due to the rise in utility charges, motor fuel, house rent, milk, and other household consumables. However, in the near-term, MPC expects monetary policy settings to remain broadly unchanged.

During the period, the SBP held thirteen T-Bill auctions, realizing Rs. 7.7 trillion against a target of Rs. 10.2 trillion and maturity of Rs. 9.5 trillion. The T-Bills yields increased by 3.07%, 3.77% and 3.57% for 3-month, 6-month and 12-month tenures, respectively. This uptick in short-term sovereign yields is primarily reflective of demand versus supply side factors. The market interest tilted towards shorter tenors given the market expectation and uncertainty of monetary easing. In the last auction, cut-off yields on T-Bill for 3-month, 6-month, and 12-month tenures were noted at 10.59%, 11.45% and 11.51%, respectively. In the five PIB auctions, the SBP realized an amount of Rs. 697 billion. In the last auction, cut-off yields for 3-year, 5-year and 10-year tenures were noted at 11.50%, 11.57% and 11.76%, respectively.

The Fund has been assigned a stability rating of 'AA- (f)' by PACRA. NBP Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or saving accounts with banks, which enhances liquidity profile of the Fund.

The size of NBP Government Securities Savings Fund has decreased from Rs. 213 million to Rs. 157 million during the period, a drop of 26%. During the period, the unit price of the Fund has increased from Rs. 10.3991 on June 30, 2021 to Rs. 10.9352 on December 31, 2021, thus showing return of 10.2% p.a. as compared to the benchmark return of 8.6% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses. During August 2021, provisioning against Sindh Workers' Welfare Fund has been reversed. The reversal of provision has contributed towards an unusual increase in NAV of the Fund. This is one-off event and is not likely to be repeated in the future.

The Fund has earned a total income of Rs. 11.78 million during the period. After deducting total expenses of Rs. 1.87 million, the net income is Rs. 9.91 million. The asset allocation of NGSSF as on December 31, 2021 is as follows:





## 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 23, 2022**  
Place: Karachi.



## ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2021ء کو ختم ہونے والی ششماہی کے لئے NBP گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

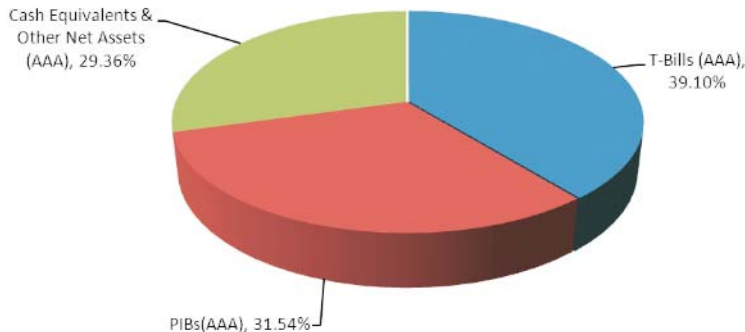
1HFY22 کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے افراط زر کے دباؤ کو کم کرنے اور اقتصادی استحکام کو یقینی بنانے کے لئے پالیسی شرح میں 275 بیسز کا اضافہ کرتے ہوئے 9.75 فیصد کر دیا۔ 1HFY22 کے دوران اوسط افراط زر عالمی قیمتیں اور مقامی طلب نمودار ہونے کی وجہ سے 9.8 فیصد پر بلند رہا۔ یٹیلیٹی چارجز، موٹر فیول، ہاؤس رینٹ، دودھ اور دیگر گھریلو استعمال کی اشیاء کی قیمتیں بڑھنے کے باعث، SBP کو مالی سال کے دوران افراط زر اوسطاً 11%-9% رہنے کی امید ہے۔ تاہم، قریب مدت میں، MPC کو توقعات ہیں کہ مانیٹری پالیسی بڑے پیمانے پر تبدیل نہیں ہوگی۔

ماسٹرن بینک پاکستان نے اس عرصے کے دوران تیرہ ٹی بلز کی نیلامی کی، جس میں 10.2 ٹریلین روپے کے ہدف اور 9.5 ٹریلین روپے کی میچورٹی کے مقابل 7.7 ٹریلین روپے حاصل کئے۔ ٹی بلز کے شرح منافع میں 3 ماہ، 6 ماہ، 12 ماہ کی مدت کے لئے بالترتیب 3.07 فیصد، 3.77 فیصد اور 3.57 فیصد تک اضافہ ہوا۔ مختصر مدتی شرح منافع میں یہ اضافہ بنیادی طور پر رسد بمقابلہ طلب کے عوامل کی عکاسی ہے۔ مارکیٹ توقعات اور مالیاتی آسانی کی غیر یقینی کو دیکھتے ہوئے مارکیٹ کا جھکاؤ مختصر مدتوں کی طرف رہا۔ گزشتہ نیلامی میں 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے شرح منافع بالترتیب 10.59 فیصد، 11.45 فیصد اور 11.51 فیصد درج کی گئی تھی۔ پانچ PIB نیلامیوں میں، SBP نے 697 ٹریلین روپے کی رقم حاصل کی۔ گزشتہ نیلامی میں، 3 سالہ، 5 سالہ اور 10 سالہ کی مدت کے لئے کٹ آف آمدنی بالترتیب 11.50 فیصد، 11.57 فیصد اور 11.76 فیصد درج کی گئی تھی۔

فنڈ کو PACRA کے ذریعے AA-(f) کی استحکام کی درجہ بندی تفویض کی گئی ہے۔ NBP گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) گورنمنٹ سیکورٹیز میں کم از کم 70% اور بینکوں کے ساتھ سیونگ اکاؤنٹ میں اپنے البیٹ کام از کم 10% T-Bills میں 90 دن تک انویسٹ کرنے کی اجازت دیتا ہے، جو فنڈ کی لیویڈیٹی پروفائل کو بڑھاتا ہے۔

موجودہ مدت کے دوران NBP گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) کا سائز 213 ٹریلین روپے سے کم ہو کر 157 ٹریلین روپے ہو گیا یعنی 26% کی کمی ہوئی۔ موجودہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 10.3991 روپے سے بڑھ کر 31 دسمبر 2021ء کو 10.9352 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیج مارک 8.6% کے مقابلے میں 10.2% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ ورکرز ویلفیئر فنڈ کی پرویزنگ رپورٹس کر دی گئی۔ اس پرویزن کے رپورٹل کے باعث فنڈ کی NAV میں غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

فنڈ نے موجودہ مدت کے دوران 11.78 ٹریلین روپے کی مجموعی آمدنی کمائی۔ 1.87 ٹریلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 9.91 ٹریلین روپے ہے۔ درج ذیل چارٹ NGSSF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 آرٹسٹ 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 منجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 23 فروری 2022ء

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 Government Securities Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 25, 2022





## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Government Securities Savings Fund** (the Fund) as at December 31, 2021 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 for the half year ended December 31, 2021, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

### 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 28, 2022

Karachi



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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
Note		(Rupees in 000)	
<b>ASSETS</b>			
	Bank balances	4 111,653	141,405
	Investments	5 110,996	190,662
	Profit receivable	1,318	3,814
	Deposit, prepayment and other receivables	788	943
	<b>Total assets</b>	<u>224,755</u>	<u>336,824</u>
<b>LIABILITIES</b>			
	Payable to NBP Fund Management Limited - Management Company	6 5,875	5,884
	Payable to Central Depository Company of Pakistan Limited - Trustee	8 14	14
	Payable to the Securities and Exchange Commission of Pakistan	7 19	58
	Payable against purchase of investments	61,444	108,837
	Payable against redemption of units	2 3,000	3,000
	Accrued expenses and other liabilities	8 271	6,494
	<b>Total liabilities</b>	<u>67,619</u>	<u>124,287</u>
	<b>NET ASSETS</b>	<u>157,136</u>	<u>212,537</u>
	<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<u>157,136</u>	<u>212,537</u>
	<b>CONTINGENCIES AND COMMITMENTS</b>	9	
		(Number of units)	
	<b>NUMBER OF UNITS IN ISSUE</b>	<u>14,369,733</u>	<u>20,438,133</u>
		(Rupees)	
	<b>NET ASSETS VALUE PER UNIT</b>	<u>10.9352</u>	<u>10.3991</u>

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
Note	(Rupees in '000)			
<b>INCOME</b>				
Income on government securities	5,401	8,604	2,639	3,007
Income on term deposit receipts	-	1,675	-	299
Profit on bank deposits	2,719	4,234	1,194	1,552
	8,120	14,513	3,833	4,858
Loss on sale of investments - net	(888)	(6,994)	(803)	(1)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(134)	(1,095)	276	545
	(1,022)	(8,089)	(527)	544
<b>Total income</b>	7,098	6,424	3,306	5,402
<b>EXPENSES</b>				
Remuneration of NBP Fund Management Limited - Management Company	200	388	92	129
Sindh Sales Tax on remuneration of the Management Company	26	50	12	16
Reimbursement of allocated expenses	121	172	56	69
Reimbursement of selling and marketing expenses	680	1,129	317	409
Remuneration of Central Depository Company of Pakistan Limited - Trustee	59	105	25	38
Sindh Sales Tax on remuneration of the Trustee	8	14	4	5
Annual fee of the Securities and Exchange Commission of Pakistan	19	32	9	11
Auditors' remuneration	275	222	155	111
Securities transaction costs	10	15	10	15
Settlement and bank charges	48	92	2	33
Listing fee	14	11	7	5
Legal and professional charges	157	18	128	9
Rating fee	201	168	105	84
Printing and other charges	49	92	3	46
<b>Total operating expenses</b>	1,867	2,508	925	980
<b>Net income from operating activities</b>	5,231	3,916	2,381	4,422
Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net	4,681	(78)	-	(78)
<b>Net income for the period before taxation</b>	9,912	3,838	2,381	4,344
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	9,912	3,838	2,381	4,344
<b>Earnings per unit</b>				
<b>Allocation of net income for the period</b>				
Net income for the period after taxation	9,912	3,838	2,381	4,344
Income already paid on units redeemed	(548)	(330)	438	(330)
	9,364	3,508	2,819	4,014
<b>Accounting income available for distribution:</b>				
- Relating to capital gains	-	-	-	544
- Excluding capital gains	9,364	3,508	2,819	3,470
	9,364	3,508	2,819	4,014

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

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

Chief Financial Officer

Chief Executive Officer

Director


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
<b>Net income for the period after taxation</b>	9,912	3,838	2,381	4,344
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>9,912</u>	<u>3,838</u>	<u>2,381</u>	<u>4,344</u>

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

For NBP Fund Management Limited  
 (Management Company)

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

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

\_\_\_\_\_  
 Director



## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31, 2021			Half year ended December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period (audited)	170,323	42,214	212,537	650,168	42,005	692,173
Issuance of 4,236,034 units (2020: 20,252,189 units)						
- Capital value (at net asset value per unit at the beginning of the period)	44,051	-	44,051	209,590	-	209,590
- Element of income	1,570	-	1,570	1,651	-	1,651
Total proceeds on issuance of units	45,621	-	45,621	211,241	-	211,241
Redemption of 10,304,434 units (2020: 61,793,292 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(107,157)	-	(107,157)	(639,499)	-	(639,499)
- Element of (loss) / income	(3,229)	(548)	(3,777)	215	(330)	(115)
Total payments on redemption of units	(110,386)	(548)	(110,934)	(639,284)	(330)	(639,614)
Total comprehensive income for the period	-	9,912	9,912	-	3,838	3,838
<b>Net assets at end of the period (un-audited)</b>	<b>105,558</b>	<b>51,578</b>	<b>157,136</b>	<b>222,125</b>	<b>45,513</b>	<b>267,638</b>
Undistributed income brought forward						
- Realised income		42,641			21,754	
- Unrealised (loss) / income		(427)			20,251	
		42,214			42,005	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		9,364			3,508	
		9,364			3,508	
Undistributed income carried forward		51,578			45,513	
Undistributed income carried forward						
- Realised income		51,712			46,608	
- Unrealised loss		(134)			(1,095)	
		51,578			45,513	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			10.3991			10.3490
Net assets value per unit at end of the period			10.9352			10.5610

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

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Half year ended December 31,	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		----- (Rupees in 000) -----	
	Note		
Net income for the period before taxation		9,912	3,838
<b>Adjustments:</b>			
Income on government securities		(5,401)	(8,604)
Income on term deposit receipts		-	(1,675)
Profit on bank deposits		(2,719)	(4,234)
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.3	134	1,095
(Reversal of provision) / provision against Sindh Workers' Welfare Fund - net	8.1	(4,681)	78
		(12,667)	(13,340)
<b>Decrease / (increase) in assets</b>			
Investments - net		(54,763)	523,563
Deposits, prepayment and other receivables		155	272
		(54,608)	523,835
<b>(Decrease) / increase in liabilities</b>			
Payable to NBP Fund Management Limited - Management Company		(9)	(1,321)
Payable to Central Depository Company of Pakistan Limited - Trustee		(6)	(79)
Payable to the Securities and Exchange Commission of Pakistan		(39)	(129)
Accrued expenses and other liabilities		(1,542)	(163)
		(1,596)	(1,692)
Profit received on bank deposits, government securities and term deposit receipts		10,616	24,699
<b>Net cash (used) / generated from operating activities</b>		(48,343)	537,340
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units - net of refund of element		45,621	211,586
Net payments against redemption of units		(113,932)	(629,416)
<b>Net cash used in financing activities</b>		(68,311)	(417,830)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>		(116,654)	119,510
Cash and cash equivalents at the beginning of the period		250,253	214,955
<b>Cash and cash equivalents at the end of the period</b>	4.2	133,599	334,465

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Government Securities Savings Fund (the Fund) was established under a Trust Deed entered into 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 5, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2014 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 income scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to provide unit holders with competitive return from a portfolio of low credit risk securities by investing primarily in government securities.

The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2021: AM1) on June 23, 2021. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at "AA-(f)" (2021: "AA-(f)" on March 29, 2021) dated September 29, 2021.

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



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

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

the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

**2.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

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

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

**3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

**3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2021.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2022. However, these





will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>4 BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	111,653	140,974
Current accounts		-	431
		<u>111,653</u>	<u>141,405</u>

**4.1** These include balances of Rs 0.092 million (2021: Rs 0.091 million), Rs 0.618 million (2021: Rs 0.781 million), Rs 0.082 million (2021: Rs 0.080 million) and Rs 0.048 million (2021: Rs 0.046 million) maintained with National Bank of Pakistan, BankIslami Pakistan Limited, Telenor Microfinance Bank Limited and Khushhali Microfinance Bank Limited (related parties) that carry profit at the rate of 6.5% (2021: 5%) per annum, 10.2% (2021: 6.25%) per annum, 6.5% (2021: 5.5%) per annum and 11% (2021: 8.5%) per annum respectively. Other savings accounts of the Fund carry profit at the rate ranging from 7.25% to 12.5% per annum (2021: 7.5% to 9% per annum).

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>4.2 Cash and cash equivalents:</b>			
Balances with banks	4	111,653	141,405
Government Securities - Market Treasury Bills	5.2	21,946	108,848
		<u>133,599</u>	<u>250,253</u>

## 5 INVESTMENTS

### At fair value through profit or loss

Government Securities - Pakistan Investment Bonds	5.1	49,555	81,814
Government Securities - Market Treasury Bills	5.2	61,441	108,848
		<u>110,996</u>	<u>190,662</u>

### 5.1 Government Securities - Pakistan Investment Bonds

Issue date	Tenor in years	Face value				Market value as at December 31, 2021	Market value as a percentage of	
		As at July 01, 2021	Purchased during the period	Sold during the period	As at December 31, 2021		net assets of the Fund	total investments of the Fund
----- (Rupees in 000) ----- (%) -----								
July 19, 2012	10	34,000	-	34,000	-	-	-	-
September 19, 2019	3	45,900	-	45,900	-	-	-	-
October 22, 2020	3	-	50,000	-	50,000	49,555	31.54%	44.65%
<b>Total</b>		<u>79,900</u>	<u>50,000</u>	<u>79,900</u>	<u>50,000</u>	<u>49,555</u>		
Carrying value as at December 31, 2021						<u>49,692</u>		
Market value as at June 30, 2021						<u>81,814</u>		
Carrying value as at June 30, 2021						<u>82,253</u>		

**5.1.1** This carry rate of return of 8.17% (2021: 9% to 12%) per annum.



## 5.2 Government Securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at December 31, 2021	Market value as a percentage of	
		As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021		net assets of the Fund	total investments of the Fund
(Rupees in 000) (%)								
May 20, 2021	3	-	15,000	15,000	-	-	-	-
June 3, 2021	3	110,000	-	110,000	-	-	-	-
June 3, 2021	6	-	10,000	10,000	-	-	-	-
July 2, 2021	3	-	28,000	28,000	-	-	-	-
July 15, 2021	3	-	14,000	14,000	-	-	-	-
August 12, 2021	3	-	34,000	34,000	-	-	-	-
August 12, 2021	6	-	45,000	30,000	15,000	14,847	9.45%	13.38%
August 26, 2021	6	-	100,000	75,000	25,000	24,648	15.69%	22.21%
October 7, 2021	3	-	1,000	1,000	-	-	-	-
October 21, 2021	3	-	61,000	39,000	22,000	21,946	13.97%	19.77%
Total		110,000	308,000	356,000	62,000	61,441		
Carrying value as at December 31, 2021						61,438		
Market value as at June 30, 2021						108,848		
Carrying value as at June 30, 2021						108,836		

5.2.1 These carry rate of return ranging from 10% to 10.14% (2021: 7.05% to 7.31%) per annum and are due to mature latest by February 24, 2022.

5.3 Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
		(Rupees in 000)	(Rupees in 000)
Market value of investments	5.1 & 5.2	110,996	190,662
Less: carrying value of investments	5.1 & 5.2	(111,130)	(191,089)
		<u>(134)</u>	<u>(427)</u>

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

Remuneration payable to the Management Company	6.1	26	34
Sindh Sales Tax on remuneration of the Management Company	6.2	5	5
Reimbursement of allocated expenses payable	6.3	57	70
Reimbursement of selling and marketing expenses payable	6.4	317	385
Federal excise duty on remuneration of the Management Company	6.5	1,864	1,864
Federal excise duty on sales load	6.5	371	371
Sales and transfer load		2,789	2,724
Sindh Sales Tax on sales load		384	374
ADC charges payable including Sindh sales tax		17	12
Other payable		45	45
		<u>5,875</u>	<u>5,884</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 1.5% (2021: 1.5%) of net income, subject to floor and capping of 0.2% and 1% per annum of the average net assets of the Fund during the half year ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.
- 6.2** During the period, an amount of Rs. 0.026 million (December 31, 2020: Rs. 0.050 million) was charged on account of sales tax on the management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (December 31, 2020: 13%).
- 6.3** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged allocated expenses under the following rates:

Rate applicable from July 1, 2021 to December 31, 2021	Rate applicable from October 27, 2020 to June 30, 2021	Rate applicable from July 1, 2020 to October 26, 2020
0.125% of average annual net assets	0.125% of average annual net assets	0.1% of average annual net assets

- 6.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at 0.7% (2021: 0.7%) of the average annual net assets of the Fund keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.
- 6.5** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.24 million (2021: Rs 2.24 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2021 would have been higher by Re 0.1556 (2021: Re 0.1094) per unit.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>7</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>(Rupees in 000)</b>
	Annual fee payable	7.1	19
			58



- 7.1 Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
8	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	----- (Rupees in 000) -----
	Provision against Sindh Workers' Welfare Fund	8.1	- 4,681
	Auditors' remuneration payable		155 261
	Brokerage fee payable		- -
	Bank charges payable		31 82
	Printing charges payable		19 74
	Withholding tax payable		11 1,237
	Capital gains tax payable		55 48
	Legal and professional charges payable		- 111
			<u>271</u> <u>6,494</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, is 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 the Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 4.681 million recognised in these condensed interim financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021 and June 30, 2021.

## 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 year ending June 30, 2022 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these condensed interim financial statements during the period.

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

## 12 EARNINGS PER UNIT

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

## 13 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 1.93% (December 31, 2020: 1.61%) which includes 0.06% (December 31, 2020: 0.11%) representing Government Levies on the Fund such as Sindh Workers' Welfare Fund, sales taxes and the annual fee to the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2020: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "income" scheme.

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

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

**14.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

**14.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

**14.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

**14.6** Details of the transactions with related parties / connected persons during the year are as follows:

	----- (Un-audited) -----	
	Half year ended	
	December 31,	
	2021	2020
	----- (Rupees in 000) -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of the Management Company	200	388
Sindh Sales Tax on remuneration of the Management Company	26	50
Reimbursement of selling and marketing expenses	680	1,129
Reimbursement of allocated expenses	121	172
Sales and transfer load	66	344
Sales Tax on sales and transfer load	9	45



	----- (Un-audited) -----	
	Half year ended	
	December 31,	
	2021	2020
	----- (Rupees in 000) -----	
<b>National Bank of Pakistan - parent of the Management Company</b>		
Purchase of Market Treasury Bills	9,942	-
Profit on bank deposits	7	15
<b>Employees of the Management Company</b>		
Units issued: 19,566 units (December 31, 2020: 164,651 units)	210	1,713
Units redeemed: 15,933 units (December 31, 2020: 292,700 units)	172	3,022
<b>BankIslami Pakistan Limited - common directorship</b>		
Profit on bank deposits	27	19
<b>NBP Financial Sector Income Fund</b>		
Sale of Pakistan Investment Bonds	35,787	-
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of the Trustee	59	105
Sindh Sales Tax on remuneration of the Trustee	8	14
<b>Pakistan Stock Exchange Limited</b>		
Listing fee paid	-	25
<b>Telenor Microfinance Bank Limited - common directorship</b>		
Profit on bank deposits	-	1
<b>Khushhali Microfinance Bank Limited - common directorship</b>		
Profit on bank deposits	9	54
	(Un-audited)	(Audited)
	December	June 30,
	31, 2021	2021
	----- (Rupees in 000) -----	
<b>14.7 Amounts outstanding as at period / year end are as follows:</b>		
<b>NBP Fund Management Limited - the Management Company</b>		
Management fee payable	26	34
Sindh Sales Tax payable on remuneration of the Management Company	5	5
Federal Excise Duty on remuneration of the Management Company	1,864	1,864
Federal Excise Duty on sales load	371	371
Sales and transfer load payable	2,789	2,724
Sindh Sales Tax on sales load payable	384	374
Reimbursement of allocated expenses payable	57	70
Reimbursement of selling and marketing expenses payable	317	385
ADC charges payable including Sindh sales tax	17	12
Other payables	45	45
<b>Employees of the Management Company</b>		
Units held: 48,636 units (2021: 49,762 units)	532	517



	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- (Rupees in 000) -----	
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Trustee fee payable	7	12
Sindh Sales Tax payable on Trustee fee	1	2
Security deposit	102	102
Bank balances	92	91
Profit receivable on bank balances	2	1
<b>Bank Islami Pakistan Limited - common directorship</b>		
Bank balances	618	781
Profit receivable on bank balances	1	1
<b>Telenor Microfinance Bank Limited - common directorship</b>		
Bank balance	82	80
Profit receivable on bank balance	15	21
<b>National Bank of Pakistan - parent of the Management Company</b>		
<b>Khushhali Microfinance Bank Limited - common directorship</b>		
Bank balance	48	46
Profit receivable on bank balance	19	12
<b>Franey N. Irani - unit holder with 10% or more holding</b>		
Units held: 2,297,442 units (2021: 2,297,442 units)	25,123	23,891
<b>ASML Employees Provident Fund Trust - unit holder with 10% or more holding *</b>		
Units held: 1,650,202 units (2021: Nil units)	18,045	-

\* Prior period balance has not been presented as the person was not classified as a related party / connected person of the Fund as at June 30, 2021.

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

### 15.1 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, 2021 and June 30, 2021 the Fund held the following financial instruments measured at fair value.

----- Un-audited -----				
----- As at December 31, 2021 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
<b>At fair value through profit or loss</b>				
Government Securities - Pakistan				
Investment Bonds	-	49,555	-	49,555
Government Securities - Market Treasury Bills	-	61,441	-	61,441
	-	110,996	-	110,996
----- Audited -----				
----- As at June 30, 2021 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
<b>At fair value through profit or loss</b>				
Government Securities - Pakistan				
Investment Bonds	-	81,814	-	81,814
Government Securities - Market Treasury Bills	-	108,848	-	108,848
	-	190,662	-	190,662

## 16 GENERAL

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

## 17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 23, 2022.

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)

 /nbpfunds



# NBP INCOME OPPORTUNITY FUND

**HALF YEARLY** REPORT  
DECEMBER 31, 2021



# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."



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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Mr. Tauqeer Mazhar	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

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
MCB Bank Limited  
JS Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
United Bank Limited  
Bank Al Habib Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Zarai Taraqiati Bank Limited  
MCB Islamic Bank Limited  
Al Baraka Bank Pakistan Limited



Faysal Bank Limited  
Silk Bank Limited  
Soneri Bank Limited  
Telenor Microfinance Bank Limited  
U Microfinance Bank Limited  
Dubai Islamic Bank Limited  
Khushhali Bank Limited  
Bankislami Pakistan Limited  
NRSP Microfinance Bank Limited  
HBL Microfinance Bank Limited  
Mobilink Microfinance 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](http://www.nbpfunds.com)

#### **Lahore Office:**

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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 financial statements of **NBP Income Opportunity Fund (NIOF)** for the half year ended December 31, 2021.

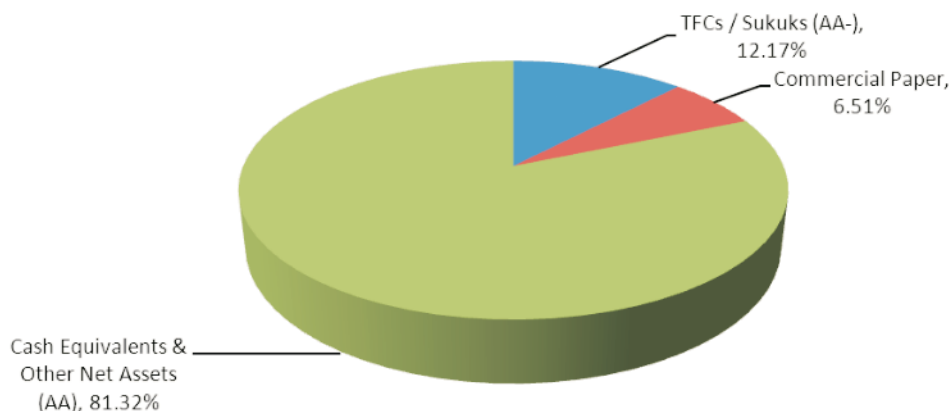
### Fund's Performance

NIOF is categorized as an Income Scheme and has been awarded stability rating of 'A(f)' by PACRA. The trading activity in corporate debt securities remained sluggish with a cumulative traded value of around Rs. 5.6 billion versus Rs. 14.7 billion in the same period last year. During 1HFY22, The Monetary Policy Committee (MPC) of SBP raised the Policy Rate by 275 basis points to 9.75%; in order to counter the inflationary pressures and ensure economic sustainability. Inflation as measured by the CPI was recorded at 12.3% year-on-year in December 2021, owing to high global prices and domestic demand growth. SBP expects inflation to average 9% - 11% during the fiscal year due to the rise in utility charges, motor fuel, house rent, milk and other household consumables. However, in the near-term, MPC expects monetary policy settings to remain broadly unchanged.

During 1HFY22, the SBP held thirteen T-Bill auctions, realizing Rs. 7.7 trillion against a target of Rs. 10.2 trillion and maturity of Rs. 9.5 trillion. The T-Bills yields increased by 3.07%, 3.77% and 3.57% for 3-month, 6-month and 12-month tenures, respectively. This uptick in short-term sovereign yields is primarily reflective of demand versus supply side factors. The market interest tilted towards shorter tenors given the market expectation and uncertainty of monetary easing. In the last auction, cut-off yields on T-Bill for 3-month, 6-month, and 12-month tenures were noted at 10.59%, 11.45% and 11.51%, respectively. In the five PIB auctions, the SBP realized an amount of Rs. 697 billion. In the last auction, cut-off yields for 3-year, 5-year and 10-year tenures were noted at 11.50%, 11.57% and 11.76%, respectively.

The size of NBP Income Opportunity Fund has increased from Rs. 7,954 million to Rs. 10,254 million during the period, a notable growth of 29%. During the period, the unit price of the Fund has increased from Rs. 10.7671 on June 30, 2021 to Rs. 11.2471 on December 31, 2021, thus showing a return of 8.8% p.a. as compared to the benchmark return of 8.7% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses. During August 2021, provisioning against Sindh Workers' Welfare Fund has been reversed. The reversal of provision has contributed towards an unusual increase in NAV of the Fund. This is one-off event and shall not be repeated in the future.

The Fund has earned a total income of Rs. 564.881 million during the period. After deducting total expenses of Rs. 93.770 million, the net income is Rs. 471.111 million. The asset allocation of the sub-asset classes of NIOF





## 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 23, 2022**  
Place: Karachi.





## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والی پہلی ششماہی کے لئے NBP انکم اپرچونٹی فنڈ (NIOF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

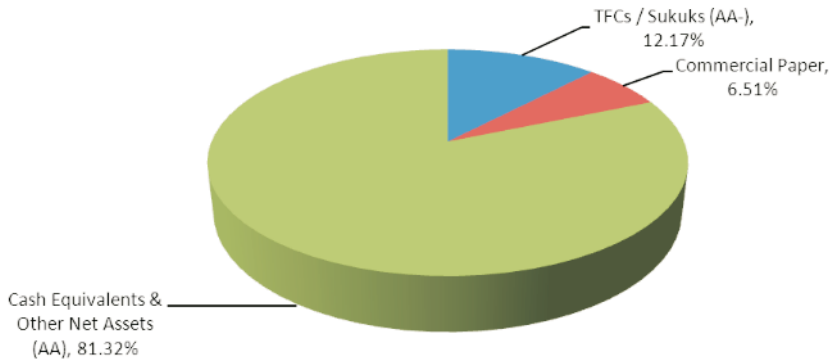
NIOF کی انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے 'A(f)' کی مستحکم ریٹنگ دی گئی ہے۔

زیر جائزہ مدت کے دوران کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمی ابتر رہی جس کے تحت مالیاتی سال 2021ء کی پہلی ششماہی میں مجموعی تجارتی ویلیو 5.6 بلین روپے رہی جبکہ گزشتہ سال کی اسی مدت میں 14.7 بلین روپے تھی۔ 1HFY22 کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے افراط زر کے دباؤ کو کم کرنے اور اقتصادی استحکام کو یقینی بنانے کے لئے پالیسی شرح میں 275 بیس پوائنٹ اضافہ کرتے ہوئے 9.75 فیصد کر دیا۔ 1HFY22 کے دوران اوسط افراط زر عالمی قیمتیں اور مقامی طلب نمونہ زیادہ ہونے کی وجہ سے 9.8 فیصد پر بلند رہا۔ یوٹیلٹی چارجز، موٹر فیول، ہاؤس رینٹ، دودھ اور دیگر گھریلو استعمال کی اشیاء کی قیمتیں بڑھنے کے باعث، SBP کو مالی سال کے دوران افراط زر اوسطاً 11%-9% رہنے کی امید ہے۔ تاہم، قریب مدت میں، MPC کو توقعات ہیں کہ مانیٹری پالیسی بڑے پیمانے پر تبدیل نہیں ہوگی۔

اسٹیٹ بینک پاکستان نے تیرہ ٹی بلوں کی نیلامی کی، جس میں 10.2 ٹریلین روپے کے ہدف اور 9.5 ٹریلین روپے کی میچورٹی کے مقابل 7.7 ٹریلین روپے حاصل کئے۔ ٹی بلز آمدنی 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے بالترتیب 3.07 فیصد، 3.77 فیصد اور 3.57 فیصد تک زیادہ ہوئی۔ مختصر مدتی سوریج آمدنی میں یہ اضافہ بنیادی طور پر رسد سائیڈ عناصر کے برعکس طلب کی عکاسی ہے۔ مارکیٹ توقعات اور مانیٹری آسانی کی غیر یقینی کو دیکھتے ہوئے مارکیٹ کا جھکاؤ مختصر مدتوں کی طرف رہا۔ گزشتہ نیلامی میں 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے کٹ آف آمدنی بالترتیب 10.59 فیصد، 11.45 فیصد اور 11.51 فیصد درج کی گئی تھی۔ پانچ PIB نیلامیوں میں، SBP نے 697 بلین روپے کی رقم حاصل کی۔ گزشتہ نیلامی میں، 3 سالہ، 5 سالہ اور 10 سالہ کی مدت کے لئے کٹ آف آمدنی بالترتیب 11.50 فیصد، 11.57 فیصد اور 11.76 فیصد درج کی گئی تھی۔

موجودہ مدت کے دوران NBP انکم اپرچونٹی فنڈ (NIOF) کا سائز 7,954 ملین روپے سے بڑھ کر 10,254 ملین روپے ہو گیا ہے یعنی 29% کا قابل ذکر اضافہ ہوا۔ زیر جائزہ مدت کے دوران، فنڈ کے پوز کی قیمت 30 جون 2021 کو 10.7671 روپے سے بڑھ کر 31 دسمبر 2021 کو 11.2471 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 8.7% کے مقابلے میں 8.8% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی ہیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ ورکرز ویلفیئر فنڈ کی پروویڈنٹ رپورس کردی گئی۔ اس پروویڈنٹ کے رپورسل کے باعث فنڈ کی NAV میں غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

فنڈ نے موجودہ مدت کے دوران 564.88 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 93.77 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 471.11 ملین روپے ہے۔ درج ذیل چارٹ 31 دسمبر 2021ء کو NIOF کی ایسٹ ایلویشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پینش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 آرٹسٹ کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لا نا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ منجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 23 فروری 2022ء

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 Income Opportunity Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 25, 2022



## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Income Opportunity Fund** (the Fund) as at December 31, 2021 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 for the half year ended December 31, 2021, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

### 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 28, 2022

Karachi



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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
Note		-----Rupees in '000-----	
<b>ASSETS</b>			
	Bank balances	4 8,374,603	5,048,428
	Investments	5 1,915,860	2,822,179
	Receivable against Margin Trading System	-	169,506
	Profit receivable	81,113	48,799
	Receivable against issuance of units	1,591	49,272
	Deposits, prepayments and other receivables	12,467	14,001
	<b>Total assets</b>	10,385,634	8,152,185
<b>LIABILITIES</b>			
	Payable to NBP Fund Management Limited - the Management Company	6 74,519	71,517
	Payable to Central Depository Company of Pakistan Limited - the Trustee	793	632
	Payable to the Securities and Exchange Commission of Pakistan	7 1,109	1,400
	Payable against redemption of units	44,386	19,370
	Accrued expenses and other liabilities	8 10,873	105,646
	<b>Total liabilities</b>	131,680	198,565
	<b>NET ASSETS</b>	<u>10,253,954</u>	<u>7,953,620</u>
	<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<u>10,253,954</u>	<u>7,953,620</u>
	<b>Contingencies and commitments</b>	9	
		-----Number of units-----	
	<b>Number of units in issue</b>	<u>911,700,753</u>	<u>738,698,845</u>
		-----Rupees-----	
	<b>Net asset value per unit</b>	10 <u>11.2471</u>	<u>10.7671</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note	Rupees in '000			
<b>INCOME</b>				
Profit on bank balances and term deposit receipts	282,850	85,048	160,913	45,944
Income on term finance certificates and sukuk certificates	83,430	89,441	39,909	44,000
Income on government securities	66,507	21,764	50,185	10,686
Income on commercial papers	14,699	2,926	11,715	920
Income on letters of placement	1,443	-	1,443	-
Income from Margin Trading System	4,059	7,910	367	5,016
Income on spread transactions	26,754	18,916	3,440	10,925
Dividend income	9,355	13,150	5,055	10,371
Other income	5.4.1 1,639	-	-	-
Gain / (loss) on sale of investments - net	5,536	(10,936)	5,969	5
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' - net	5.11 16,477	25,869	7,279	10,815
	22,013	14,933	13,248	10,820
<b>Total income</b>	512,749	254,088	286,275	138,682
<b>EXPENSES</b>				
Remuneration of NBP Fund Management Limited - Management Company	6.1 31,478	14,868	17,092	8,212
Sindh Sales Tax on remuneration of the Management Company	6.2 4,092	1,933	2,222	1,068
Reimbursement of allocated expenses	6.3 6,932	2,755	3,752	1,680
Reimbursement of selling and marketing expenses	6.4 38,820	17,429	21,015	9,905
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,159	1,867	2,251	1,061
Sindh Sales Tax on remuneration of the Trustee	541	243	293	138
Annual fee to the Securities and Exchange Commission of Pakistan	7.1 1,109	498	600	283
Securities transaction cost	4,653	7,278	1,499	5,117
Settlement and bank charges	833	1,394	314	869
Auditors' remuneration	403	429	202	317
Legal and professional charges	341	148	175	120
Printing charges	42	84	37	79
Rating fee	352	253	274	127
Listing fee	15	14	7	7
<b>Total expenses</b>	93,770	49,193	49,733	28,983
<b>Net income from operating activities</b>	418,979	204,895	236,542	109,699
Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net	8.1 52,133	(4,098)	-	(2,194)
<b>Net income for the period before taxation</b>	471,112	200,797	236,542	107,505
Taxation	12 -	-	-	-
<b>Net income for the period after taxation</b>	471,112	200,797	236,542	107,505
<b>Earnings per unit</b>	13			
<b>Allocation of net income for the period</b>				
Net income for the period after taxation	471,112	200,797	236,542	107,505
Income already paid on units redeemed	(122,353)	(14,086)	(105,729)	(10,536)
	348,759	186,711	130,813	96,969
<b>Accounting income available for distribution:</b>				
- Relating to capital gains	22,013	14,933	13,248	10,820
- Excluding capital gains	326,746	171,778	117,565	86,149
	348,759	186,711	130,813	96,969

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	-----Rupees in '000-----			
Net income for the period after taxation	471,112	200,797	236,542	107,505
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>471,112</u>	<u>200,797</u>	<u>236,542</u>	<u>107,505</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	<b>Half year ended December 31, 2021</b>			<b>Half year ended December 31, 2020</b>		
	<b>Capital value</b>	<b>Undistributed Income</b>	<b>Total</b>	<b>Capital value</b>	<b>Undistributed income</b>	<b>Total</b>
<b>Rupees in '000</b>						
Net assets at beginning of the period (audited)	7,441,129	512,491	7,953,620	3,496,668	503,749	4,000,417
Issue units 878,564,929 (2020: 394,491,946 units)						
- Capital value (at net asset value per unit at the beginning of the period)	9,459,596	-	9,459,596	4,242,761	-	4,242,761
- Element of income	195,871	-	195,871	115,295	-	115,295
Total proceeds on issuance of units	9,655,467	-	9,655,467	4,358,056	-	4,358,056
Redemption of 705,563,021 units (2020: 151,537,359 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(7,596,868)	-	(7,596,868)	(1,629,784)	-	(1,629,784)
- Element of loss	(107,024)	(122,353)	(229,377)	(26,934)	(14,086)	(41,020)
Total payments on redemption of units	(7,703,892)	(122,353)	(7,826,245)	(1,656,718)	(14,086)	(1,670,804)
Total comprehensive income for the period	-	471,112	471,112	-	200,797	200,797
<b>Net assets at end of the period (un-audited)</b>	<b>9,392,704</b>	<b>861,250</b>	<b>10,253,954</b>	<b>6,198,006</b>	<b>690,460</b>	<b>6,888,466</b>
Undistributed income brought forward						
- Realised income		481,867			503,795	
- Unrealised income / (loss)		30,624			(46)	
		512,491			503,749	
Accounting income available for distribution						
- Relating to capital gain		22,013			14,933	
- Excluding capital gains		326,746			171,778	
		348,759			186,711	
<b>Undistributed income carried forward</b>		<b>861,250</b>			<b>690,460</b>	
Undistributed income carried forward						
- Realised income		844,773			664,591	
- Unrealised income		16,477			25,869	
		861,250			690,460	
			<b>- (Rupees) -</b>			<b>- (Rupees) -</b>
Net assets value per unit at beginning of the period			10.7671			10.7550
Net assets value per unit at end of the period			11.2471			11.2023

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

**Chief Financial Officer**

**Chief Executive Officer**

Director





## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended	
	December 31, 2021	December 31, 2020
Note	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	471,112	200,797
<b>Adjustments:</b>		
Profit on bank balances and term deposit receipts	(282,850)	(85,048)
Income on term finance certificates and sukuk certificates	(83,430)	(89,441)
Income on government securities	(66,507)	(21,764)
Income on commercial papers	(14,699)	(2,926)
Income on letters of placement	(1,443)	-
Income from Margin Trading System	(4,059)	(7,910)
Income on spread transactions	(26,754)	(18,916)
Dividend income	(9,355)	(13,150)
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' - net	5.11 (16,477)	(25,869)
Other income	5.4.1 (1,639)	-
(Reversal of provision) / provision against Sindh Workers' Welfare Fund- net	8.1 (52,133)	4,098
	(559,346)	(260,926)
	(88,234)	(60,129)
<b>Decrease / (increase) in assets</b>		
Investments - net	894,710	(76,827)
Receivable against Margin Trading System	169,506	(336,332)
Deposits, prepayments and other receivables	1,534	(171,042)
	1,065,750	(584,201)
<b>Increase / (decrease) in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	3,002	5,021
Payable to Central Depository Company of Pakistan Limited - Trustee	161	168
Payable to the Securities and Exchange Commission of Pakistan	(291)	(466)
Accrued expenses and other liabilities	(42,640)	(41,455)
	(39,768)	(36,732)
Income received on bank balances, term deposit receipts, term finance certificates, letters of placement, commercial papers, sukuk certificates, government securities, and spread transactions	447,428	246,141
Dividend received	9,355	13,150
<b>Net cash generated from / (used in) operating activities</b>	1,394,531	(421,771)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units - net of refund of capital	9,703,148	4,371,526
Net payments against redemption of units	(7,801,229)	(1,671,382)
<b>Net cash generated from financing activities</b>	1,901,919	2,700,144
<b>Net increase in cash and cash equivalents during the period</b>	3,296,450	2,278,373
Cash and cash equivalents at the beginning of the period	5,078,153	1,249,797
<b>Cash and cash equivalents at the end of the period</b>	11 8,374,603	3,528,170

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



## NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Income Opportunity Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on February 11, 2006 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

The Fund has been categorised as an open ended 'Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from February 11, 2006 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return by investing in money market and debt securities having good credit rating and liquidity. Other avenues of investments include ready future arbitrage in listed securities and transactions under margin trading system.

The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2021: AM1) on June 23, 2021. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at "A(f)" (2021: "A(f)" on October 16, 2020) dated October 18, 2021.

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the 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 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** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

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

### **3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN**

**3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

**3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2021.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2022. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	-----Rupees in '000-----	
<b>4 BANK BALANCES</b>			
Current accounts	4.1	70	7,220
Savings accounts	4.2	8,374,533	5,041,208
		<u>8,374,603</u>	<u>5,048,428</u>



- 4.1 These include a balance of Rs. 0.07 million (2021: Rs. 0.07 million), maintained with National Bank of Pakistan (a related party).
- 4.2 These include balances of Rs 7.577 million (2021: Rs 4.625 million) , Rs 0.887 million (2021: Rs. 7.648 million), Rs 640.763 million (2021: 611.227 million) and Rs 0.007 million (2021: 0.007 million) maintained with BankIslami Pakistan Limited, National Bank of Pakistan, Khushali Bank Limited and Telenor Microfinance Bank Limited (related parties) respectively, that carry profit at the rate of 10.20% (2021: 6.8%), 9.55% (2021: 4.5%), 8.25% (2021: 8.5%) and 11% (2021: 5.5%) per annum respectively. Other savings accounts of the Fund carry profit rates ranging from 6.25% to 12.5% (2021: 6.9% to 9%) per annum.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
		-----Rupees in '000-----	
<b>5 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Equity securities	5.1	-	-
Equity securities (spread transactions)	5.2	-	961,248
Government securities - Market Treasury Bills	5.3	-	29,725
Term finance certificates - non-performing securities	5.4	-	-
Term finance certificates	5.5	485,872	816,660
Corporate sukuk certificates	5.6	762,147	980,347
Corporate sukuk certificates - non-performing securities	5.7	-	-
Commercial papers	5.8	667,841	-
Letters of placement	5.9	-	-
Future stock contracts	5.10	-	34,199
		<u>1,915,860</u>	<u>2,822,179</u>

## 5.1 Equity securities

All shares have a nominal face value of Rs. 10 each.

Name of the Investee Company	Number of shares					Market value as at December 31, 2021	Percentage in relation to		
	As at July 01, 2021	Purchased during the period	Bonus / right shares	Sold during the period	As at December 31, 2021		Net assets of the Fund	Total market value of the investment	Paid-up capital of the investee company

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

### TEXTILE COMPOSITE

Azgard Nine Limited - Non-voting*	308	-	-	-	308	-	-	-	-
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### Total

Carrying value as at December 31, 2021

Market value as at June 30, 2021

Carrying value as at June 30, 2021

\* These shares are fully provided due to non-tradability.



## 5.2 Equity securities (spread transactions)

All shares have a nominal face value of Rs. 10 each except for K-Electric Limited which has a face value of Rs. 3.5 each.

Name of the Investee Company	Number of shares				Market value as at December 31, 2021	Percentage in relation to		
	As at July 01, 2021	Purchased during the period	Sold during the period	As at December 31, 2021		Net assets of the Fund	Total market value of the investment	Paid-up capital of the investee company
Rupees in '000						----- % -----		
<b>AUTOMOBILE ASSEMBLER</b>								
Pak Suzuki Motor Company Limited of Pakistan Limited	74,000	48,500	122,500	-	-	-	-	-
<b>CEMENT</b>								
D.G. Khan Cement Company Limited	764,500	1,031,000	1,795,500	-	-	-	-	-
Fauji Cement Company Limited	432,000	241,000	673,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	1,436,500	712,000	2,148,500	-	-	-	-	-
Lucky Cement Limited	-	273,000	273,000	-	-	-	-	-
Pioneer Cement Limited	582,500	1,436,500	2,019,000	-	-	-	-	-
Cherat Cement Company Limited	225,000	135,000	360,000	-	-	-	-	-
<b>COMMERCIAL BANKS</b>								
Habib Bank Limited	39,000	-	39,000	-	-	-	-	-
The Bank of Punjab	1,500	35,000	36,500	-	-	-	-	-
<b>FERTILIZER</b>								
Engro Corporation Limited	-	500	500	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	527,500	820,500	1,348,000	-	-	-	-	-
<b>POWER GENERATION AND DISTRIBUTION</b>								
K-Electric Limited	282,000	187,000	469,000	-	-	-	-	-
Kot Addu Power Company Limited	860,000	336,500	1,196,500	-	-	-	-	-
<b>OIL AND GAS EXPLORATION COMPANIES</b>								
Oil and Gas Development Company Limited	524,500	3,073,500	3,598,000	-	-	-	-	-
Pakistan Petroleum Limited	60,000	545,000	605,000	-	-	-	-	-
<b>OIL AND GAS MARKETING COMPANIES</b>								
Pakistan State Oil Company Limited	843,500	1,538,500	2,382,000	-	-	-	-	-
Sui Northern Gas Pipelines Limited	713,000	1,827,500	2,540,500	-	-	-	-	-
<b>FOOD AND PERSONAL CARE PRODUCTS</b>								
The Organic Meat Company Limited	-	249,500	249,500	-	-	-	-	-
Unity Food Limited	-	14,245,500	14,245,500	-	-	-	-	-
<b>REFINERY</b>								
Cnergyco PK Limited (Formerly Byco Petroleum Pakistan Limited)	7,018,000	47,184,500	54,202,500	-	-	-	-	-
<b>CABLE AND ELECTRICAL GOODS</b>								
Pak Elektron Limited	791,000	2,960,000	3,751,000	-	-	-	-	-
Waves Singer Pakistan Limited	-	2,537,000	2,537,000	-	-	-	-	-
<b>PHARMACEUTICALS</b>								
The Searle Company Limited	45,000	169,000	214,000	-	-	-	-	-
<b>TEXTILE COMPOSITE</b>								
Nishat Mills Limited	401,500	329,000	730,500	-	-	-	-	-
Nishat Chunian Limited	1,188,000	2,955,000	4,143,000	-	-	-	-	-
<b>TECHNOLOGY AND COMMUNICATION</b>								
Avanceon Limited	-	2,372,500	2,372,500	-	-	-	-	-
Pakistan Telecommunication Company Limited	588,500	95,500	684,000	-	-	-	-	-



Name of the Investee Company	Number of shares				Market value as at December 31, 2021	Percentage in relation to		
	As at July 01, 2021	Purchased during the period	Sold during the period	As at December 31, 2021		Net assets of the Fund	Total market value of the investment	Paid-up capital of the investee company
Rupees in '000						----- % -----		
<b>GLASS &amp; CERAMICS</b>								
Tariq Glass Industries Limited	140,500	25,500	166,000	-	-	-	-	-
<b>TRANSPORT</b>								
Pakistan International Bulk Terminal Limited	2,577,000	5,717,000	8,294,000	-	-	-	-	-
<b>ENGINEERING</b>								
Mughal Iron and Steel industries Limited	40,500	393,000	433,500	-	-	-	-	-
Amreli Steels Limited	42,000	29,000	71,000	-	-	-	-	-
International Industries Limited	100,500	495,000	595,500	-	-	-	-	-
Aisha Steel Limited	459,500	513,500	973,000	-	-	-	-	-
<b>CHEMICAL</b>								
Engro Polymer & Chemicals Limited	139,500	163,500	303,000	-	-	-	-	-
Lotte Chemical Pakistan Limited	23,500	846,500	870,000	-	-	-	-	-
Descon Oxychem Limited	-	5,000	5,000	-	-	-	-	-
<b>Total</b>					-	-	-	
Carrying value as at December 31, 2021					-			
Market value as at June 30, 2021					961,248			
Carrying value as at June 30, 2021					994,377			

**5.2.1** The movement in equity securities represents spread transactions entered into by the Fund. The Fund purchased equity securities in ready settlement market and sold them in future settlement market. The Fund is earning income on spread transactions due to difference in ready and future stock prices.

## 5.3 Government securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at December 31, 2021	Percentage in relation to	
		As at July 01, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021		Net assets of the Fund	Total market value of the investment
----- Rupees in '000 -----						----- % -----		
August 27, 2020	12	-	105,000	105,000	-	-	-	-
March 25, 2021	6	-	660,000	660,000	-	-	-	-
May 6, 2021	6	-	2,825,000	2,825,000	-	-	-	-
May 20, 2021	3	20,000	300,000	320,000	-	-	-	-
June 3, 2021	3	10,000	-	10,000	-	-	-	-
June 3, 2021	6	-	1,250,000	1,250,000	-	-	-	-
July 15, 2021	3	-	500,000	500,000	-	-	-	-
July 29, 2021	3	-	600,000	600,000	-	-	-	-
August 12, 2021	3	-	500,000	500,000	-	-	-	-
August 12, 2021	6	-	500,000	500,000	-	-	-	-
August 26, 2021	6	-	500,000	500,000	-	-	-	-
September 9, 2021	6	-	500,000	500,000	-	-	-	-
September 23, 2021	3	-	725,000	725,000	-	-	-	-
October 21, 2021	3	-	200,000	200,000	-	-	-	-
November 4, 2021	3	-	1,614,000	1,614,000	-	-	-	-
<b>Total</b>						-	-	-
Carrying value as at December 31, 2021						-	-	-
Market value as at June 30, 2021						29,725	-	-
Carrying value as at June 30, 2021						29,723	-	-



## 5.4 Term finance certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions during the period	As at December 31, 2021	Market value as at December 31, 2021	Percentage in relation to	
					Number of certificates	Rupees in '000	Net assets of the Fund	Total market value of the investment			
<b>CEMENT</b>											
Dewan Cement Limited TFC (Face value of Rs. 5,000 per certificate)	Unrated	-	January 17, 2022	6 months KIBOR plus base rate of 2%	30,000	-	-	30,000	-	-	-
<b>CHEMICAL</b>											
Agritech Limited TFC V (Face value of Rs. 5,000 per certificate)	Unrated	-	January 1, 2025	11% fixed rate	6,464	-	-	6,464	-	-	-
Agritech Limited TFC I (Face value of Rs. 4,995 per certificate)	CCC, PACRA	-	November 29, 2025	6 months KIBOR plus base rate of 1.75%	30,000	-	-	30,000	-	-	-
<b>LEASING COMPANIES</b>											
Saudi Pak Leasing Company Limited - TFC II (Face value of Rs. 2,755 per certificate)	Unrated	-	March 13, 2025	6.87%	15,000	-	-	15,000	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATION</b>											
Worldcall Telecom Limited - TFC III (Face value of Rs. 1,666 per certificate)	D, PACRA	Quarterly	October 7, 2026	6 months KIBOR plus base rate of 1.6%	45,000	-	-	45,000	-	-	-
<b>TEXTILE COMPOSITE</b>											
Azgard Nine Limited - TFC III (Face value of Rs. 2,168 per certificate)	CCC, PACRA	-	December 4, 2025	6 months KIBOR plus base rate of 2.25%	50,000	-	-	50,000	-	-	-
Azgard Nine Limited V (PPTFC) (Face value of Rs. 5,000 per certificate)	Unrated	-	March 31, 2023	Zero - coupon bond	16,436	-	-	16,436	-	-	-
<b>MISCELLANEOUS</b>											
PACE Pakistan Limited TFC (Face value of Rs. 4,994 per certificate)	Unrated	-	February 15, 2022	6 months KIBOR plus base rate of 2.00%	30,000	-	-	30,000	-	-	-
New Allied Electronic Industries (Private) Limited TFC (Face value of Rs. 2,114 per certificate)	Unrated	-	November 15, 2022	3 months KIBOR plus base rate of 3%	15,000	-	-	15,000	-	-	-
<b>Total</b>									-	-	-
Carrying value as at December 31, 2021									-	-	-
Market value as at June 30, 2021									-	-	-
Carrying value as at June 30, 2021									-	-	-

**5.4.1** The investee companies had defaulted on their obligations on account of principal and profit payments and accordingly had been classified as a non performing asset by the Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 814.139 million (2021: Rs. 815.779 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

During the period, the Fund has received Rs 1.639 million (2021: Rs 4.806 million) including a mark-up of Rs 1.05 million (2021: Rs 0.023 million) against recovery of provided term finance certificates of Worldcall Telecom Limited (2021: Azgard Nine Limited).



## 5.5 Term finance certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions during the period	As at December 31, 2021	Market value as at December 31, 2021	Percentage in relation to	
					Number of certificates				Rupees in '000	Net assets of the Fund	Total market value of the investment
COMMERCIAL BANKS											
JS Bank Limited - TFC I (Face value of Rs. 4,990 per certificate)	A+, PACRA	Semi-Annually	December 14, 2023	6 months KIBOR plus base rate of 1.4%	60,000	-	60,000	-	-	-	-
Silk Bank Limited - TFC I (Face value of Rs. 4,996 per certificate)	BBB+, VIS	Semi-Annually	August 10,2025	6 months KIBOR plus base rate of 1.85%	20,000	-	-	20,000	85,247	0.83%	4.45%
JS Bank Limited - TFC II (Face value of Rs. 99,840 per certificate)	A+, PACRA	Semi-Annually	December 29, 2024	6 months KIBOR plus base rate of 1.4%	1,000	-	-	1,000	100,988	0.98%	5.27%
The Bank of Punjab - TFC II (Face value of Rs. 99,860 per certificate)	AA, PACRA	Semi-Annually	April 23, 2028	6 months KIBOR plus base rate of 1.25%	1,500	-	100	1,400	144,348	1.41%	7.53%
INVESTMENT COMPANIES											
Jahangir Siddiqui and Company Limited - TFC X (Face value of Rs. 2,250 per certificate)	AA+, PACRA	Semi-Annually	July 18, 2022	6 months KIBOR plus base rate of 1.4%	23,340	-	-	23,340	53,460	0.52%	2.79%
Jahangir Siddiqui and Company Limited - TFC XI (Face value of Rs. 3,333 per certificate)	AA+, PACRA	Semi-Annually	March 6, 2023	6 months KIBOR plus base rate of 1.4%	30,000	-	-	30,000	101,829	0.99%	5.32%
MISCELLANEOUS											
Kashf Foundation - PPTFC (Face value of Rs. 833,333 per certificate)	A, PACRA	Quarterly	September 30, 2023	3 months KIBOR plus base rate of 2.25%	20	-	20	-	-	-	-
Total									485,872	4.74%	25.36%
Carrying value as at December 31, 2021									474,047		
Market value as at June 30, 2021									816,660		
Carrying value as at June 30, 2021									840,853		

## 5.6 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions during the period	As at December 31, 2021	Market value as at December 31, 2021	Percentage in relation to	
					Number of certificates				Rupees in '000	Net assets of the Fund	Total market value of the investment
COMMERCIAL BANKS											
Meezan Bank Limited Sukuk IV (Face value of Rs. 1,000,000 per certificate)	AAA, VIS	Semi-Annually	December 16, 2031	6 months KIBOR plus base rate of 0.35%	-	85	85	-	-	-	-
CEMENT											
Javedan Corporation Limited Sukuk I (Face value of Rs. 83,333 per certificate)	AA-, VIS	Semi-Annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	1,000	-	600	400	32,743	0.32%	1.71%
TECHNOLOGY AND COMMUNICATION											
TPL Trakker Limited Sukuk I (Face value of Rs. 1000,000 per certificate)	A+, PACRA	Semi-Annually	March 30, 2026	6 months KIBOR plus base rate of 1.40%	50	-	50	-	-	-	-
POWER GENERATION & DISTRIBUTION											
K-Electric Limited - Sukuk V (Face value of Rs. 5,000 per certificate)	AA+, VIS	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.7%	80,000	-	9,000	71,000	362,100	3.53%	18.90%
The Hub Power Company Limited Sukuk (3rd Issue) (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.9%	1,000	-	-	1,000	103,615	1.01%	5.41%
TEXTILE COMPOSITE											
Masood Textile Mills Limited Sukuk I (Face value of Rs. 5,000 per certificate)	A, VIS	Quarterly	December 17, 2024	3 months KIBOR plus base rate of 2.0%	1,000	-	1,000	-	-	-	-





Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions during the period	As at December 31, 2021	Market value as at December 31, 2021	Percentage in relation to	
					Number of certificates			Rupees in '000	%		
MISCELLANEOUS											
Hub Power Holding Limited Sukuk (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Semi-Annually	November 12, 2025	6 months KIBOR plus base rate of 2.5%	2,000	-	-	2,000	185,645	1.81%	9.69%
Shakarganj Food Products Limited Sukuk I (Face value of Rs. 750,000 per certificate)	BBB+, VIS	Quarterly	July 10, 2025	3 months KIBOR plus base rate of 1.75%	70	-	-	70	53,044	0.52%	2.77%
Albaraka Bank Limited Sukuk II (Face value of Rs.1,000,000 per certificate)	A, VIS	Semi-Annually	22-Dec-31	6 months KIBOR plus base rate of 1.5%	-	25	-	25	25,000	0.24%	1.30%
Total									762,147	7.43%	39.78%
Carrying value as at December 31, 2021									757,495		
Market value as at June 30, 2021									980,347		
Carrying value as at June 30, 2021									926,602		

## 5.7 Corporate sukuk certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions during the period	As at December 31, 2021	Market value as at December 31, 2021	Percentage in relation to	
					----- Number of certificates-----			Rupees in '00	----- % -----		
MISCELLANEOUS											
New Allied Electronic Industries (Private) Limited - Sukuk II (Note 5.7.1 (Face value of Rs. 4,905 per certificate)	Unrated	-	December 3, 2025	6 months KIBOR plus base rate of 2.2%	9,000	-	-	9,000	-	-	-
Eden Housing Limited Sukuk (2nd Issue) (Note 5.7.1) (Face value of Rs. 984 per certificate)	D, VIS	-	September 29, 2025	6 months KIBOR plus base rate of 2.5%	9,200	-	-	9,200	-	-	-
Total									-	-	-
Carrying value as at December 31, 2021									-		
Market value as at June 30, 2021									-		
Carrying value as at June 30, 2021									-		

**5.7.1** The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 53.205 million (2021: Rs. 53.205 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

## 5.8 Commercial papers

Name of the security	Rating	Face value				Market value as at December 31, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2021	Purchased during the period	Disposed off / matured during the period	As at December 31, 2021			
----- (Rupees in '000) ----- % -----								
TECHNOLOGY AND COMMUNICATION								
TPL Corporation Limited CP	A, VIS	-	25,000	-	25,000	24,939	1.30%	0.24%
TPL Corporation Limited CP	A, VIS	-	25,000	25,000	-	-	-	-
POWER GENERATION & DISTRIBUTION								
Waves Singer Pakistan Limited CP	A-2, VIS	-	100,000	-	100,000	94,143	4.91%	0.92%
Lucky Electric Power Company Limited ICP 1	AA-, PACRA	-	240,000	-	240,000	232,272	12.12%	2.27%
K- Electric CP 1	AA, PACRA	-	320,000	-	320,000	316,487	16.52%	3.09%
Total						667,841	34.86%	6.51%
Carrying value as at December 31, 2021						667,841		
Market value as at June 30, 2021						-		
Carrying value as at June 30, 2021						-		

**5.8.1** These carry yield ranging from 9.04% to 11.26% and are due to mature latest by July 30, 2022.



## 5.9 Letters of placement

Name of the Investee Company	Rating	Maturity date	Profit rate	Amount placed		As at December 31, 2021	As at December 31, 2021		Market value as a percentage of	
				Purchased during the period	Matured during the period		Carrying value	Market value	Total investments	Net assets
						(Rupees in '000)		(%)		
DEVELOPMENT FINANCIAL INSTITUTION										
Pak Oman Investment Company Limited	AA+, VIS	December 7, 2021	9.00%	525,000,000	(525,000,000)	-	-	-	-	-
Pakistan Kuwait Investment Company (Private) Limited	AAA, PACRA	December 13, 2021	9.22%	525,000,000	(525,000,000)	-	-	-	-	-
Total							-	-	-	-
Carrying value as at December 31, 2021							-			
Market value as at June 30, 2021							-			
Carrying value as at June 30, 2021							-			

**5.10** This represents unrealised loss amounting to Nil (2021: 34.199 million) on mark to market of future stock contracts.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		-----Rupees in '000-----	
<b>5.11</b>	<b>Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' - net</b>	<b>Note</b>	
	Market value of investments	5.1, 5.2, 5.3, 5.5, 5.6, 5.8, 5.9 &	1,915,860
	Less: carrying value of investments	5.10	(1,899,383)
			<u>16,477</u>
<b>6</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>		<u>30,624</u>
	Remuneration of the Management Company	6.1	5,574
	Sindh Sales Tax on remuneration of the Management Company	6.2	725
	Reimbursement of allocated expenses payable	6.3	3,753
	Reimbursement of selling and marketing expenses payable	6.4	21,015
	Sales and transfer load payable		1,903
	Sindh Sales Tax on sales and transfer load		247
	Federal Excise Duty on remuneration of the Management Company and sales load	6.5	40,695
	ADC charges payable including Sindh Sales Tax		607
			<u>74,519</u>
			<u>71,517</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 6% (2021: 6%) of net income, subject to floor and capping of 0.5% and 1% per annum of the average net assets of the Fund during the half year ended December 31, 2021. The remuneration is payable to the Management Company monthly in arrears.

**6.2** During the period, an amount of Rs. 4.092 million (December 31, 2020: Rs. 1.933 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (December 31, 2020: 13%).



- 6.3** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged allocated expenses under the following rates:

Rate applicable from July 1, 2021 to December 31, 2021	Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to June 30, 2021
0.125% of average annual net assets	0.1% of average annual net assets	0.125% of average annual net assets

- 6.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at 0.7% (2021: 0.7%) of the average annual net assets of the Fund keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

- 6.5** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till 2016 amounting to Rs 40.695 million (2021: Rs 40.695 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2021 would have been higher by Re 0.045 (2021: Re 0.055) per unit.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	
<b>7</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable	7.1	1,109
			1,400

- 7.1** Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund.



		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		-----Rupees in '000-----	
<b>8</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	
	Auditors' remuneration payable		361
	Provision for Sindh Workers' Welfare Fund	8.1	-
	Brokerage fee payable		57
	Settlement charges payable		55
	Printing charges payable		6
	Withholding tax payable		140
	Capital gain tax payable		9,862
	Legal and professional charges payable		169
	Other payable		223
			<u>10,873</u>
			<u>105,646</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, is 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 the Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 52.133 million recognised in these condensed interim financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

## 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

## 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.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		-----Rupees in '000-----	
<b>11</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>Note</b>	
	Bank balances	4	8,374,603
	Government securities - Market Treasury Bills	5.3	-
			<u>8,374,603</u>
			<u>5,078,153</u>



## 12 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2022 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 provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 13 EARNINGS PER UNIT

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

## 14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund for the period ended December 31, 2021 is 1.66% (December 31, 2020: 2.12%) which includes 0.10% (December 31, 2020: 0.27%) representing Government Levies on the fund such as sales taxes and annual fee to the SECP, etc. The TER excluding government levies is 1.56% (December 31, 2020: 1.85%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 15. DETAILS OF NON-COMPLIANT INVESTMENTS

The SECP vide Circular no. 7 of 2009 dated March 6, 2009, required all asset management companies to categorise funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

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

Following is the detail of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
Azgard Nine Limited III	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	103,594	(103,594)	-	-	-
Azgard Nine Limited V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	82,180	(82,180)	-	-	-
AgriTech Limited I	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,860	(149,860)	-	-	-



Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
Agritech Limited V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	32,320	(32,320)	-	-	-
Dewan Cement Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	150,000	(150,000)	-	-	-
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	9,056	(9,056)	-	-	-
New Allied Electronics Industries (Private) Limited - PPTFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	31,707	(31,707)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	44,149	(44,149)	-	-	-
Pace Pakistan Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,820	(149,820)	-	-	-
Saudi Pak Leasing Company Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	41,321	(41,321)	-	-	-
Worldcall Telecom Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	73,338	(73,338)	-	-	-
Azgard Nine Limited (Non-voting)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Shares	13	(13)	-	-	-
Total carrying value and accumulated impairment as at December 31, 2021			867,358	(867,358)	-	-	-

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

## **16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

**16.1** 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.

- 16.2** Transactions with connected persons / related parties are 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.
- 16.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 16.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 16.6** Details of transactions with connected persons and related parties are as follows:

	----- (Un-audited) -----	
	Half year ended	
	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited (Management Company)</b>		
Remuneration of the Management Company	31,478	14,868
Sindh Sales Tax on remuneration of the Management Company	4,092	1,933
Reimbursement of allocated expenses	6,932	2,755
Reimbursement of selling and marketing expenses	38,820	17,429
Sales and transfer load including Sindh sales tax	7,621	5,081
Units redeemed: 3,732,302 units (2020: Nil units)	41,051	-
ADC charges including Sindh sales tax	459	143
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	4,159	1,867
Sindh Sales Tax on remuneration of the Trustee	541	243
Settlement charges	184	242
<b>National Clearing Company of Pakistan</b>		
NCCPL charges	110	186
<b>Pakistan Stock Exchange*</b>		
Listing fee paid	-	25
<b>Taurus Securities Limited (Subsidiary of Parent Company)</b>		
Brokerage expense	203	-
<b>Employees of the Management Company</b>		
Units issued: 8,864,553 units (2020: 7,730,586 units)	97,780	85,688
Units redeemed: 7,280,323 units (2020: 6,041,206 units)	81,036	67,064



	<b>(Un-audited)</b>	
	<b>Half year ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>Rupees in '000</b>	
<b>Haider Amjad (Shareholder of Management Company)</b>		
Units issued: 85,956 units (2020: Nil units)	950	-
Units redeemed: 85,956 units (2020: Nil units)	951	-
<b>NBP Mahana Amdani Fund</b>		
Sale of market treasury bills	-	149,740
<b>NBP Islamic Mahana Amdani Fund</b>		
Sale of sukuk certificates	88,362	-
<b>The Hub Power Company Limited (Common directorship)*</b>		
Income from sukuk certificates	-	4,714
<b>Hub Power Holding Limited (Common directorship)*</b>		
Purchase of sukuk certificates	-	164,917
<b>Portfolio managed by the Management Company</b>		
Units issued: 215,408,960 units (2020: 892,682 units)	2,366,967	10,000
Units redeemed: 122,161,030 units (2020: Nil units)	1,348,228	-
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Purchase of Market treasury bills	1,242,803	-
Profit on bank balance	4,081	34
<b>BankIslami Pakistan Limited (Common directorship)</b>		
Profit on bank balance	20	13
<b>Khushali Microfinance Bank Limited (Common directorship)</b>		
Profit on bank balance	28,294	8,188
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2021</b>	<b>2021</b>
	<b>Rupees in '000</b>	
<b>Amounts outstanding as at period / year end are as follows:</b>		
<b>NBP Fund Management Limited (Management Company)</b>		
Remuneration of the Management Company	5,574	4,107
Sindh Sales Tax on remuneration of the Management Company	725	534
Reimbursement of allocated expenses payable	3,753	2,923
Reimbursement of selling and marketing expenses payable	21,015	16,370
Sales and transfer load payable	1,903	5,959
Sindh Sales Tax on sales and transfer load	247	775





	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- Rupees in '000 -----	
Federal Excise Duty and related Sindh Sales Tax on management fee and sales load	40,695	40,695
ADC charges payable including Sindh Sales Tax	607	154
Units held: Nil units (2021: 3,732,302 units)	-	40,186
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the trustee	701	559
Sindh Sales Tax on remuneration of the trustee	92	73
Settlement charges payable	50	82
Security deposit	100	100
<b>National Clearing Company of Pakistan</b>		
Security deposit	2,750	2,750
NCCPL charges payable	5	116
Units held: 3,322,481 units (2021: 3,322,481 units)	37,368	35,773
<b>Taurus Securities Limited (Subsidiary of Parent Company)</b>		
Brokerage payable	-	299
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balances	958	7,718
Profit receivable on bank balances	4,098	139
<b>BankIslami Pakistan Limited (Common directorship)</b>		
Bank balance	7,577	4,625
Profit receivable on bank balances	-	2
<b>The Hub Power Company Limited (Common directorship)*</b>		
Investment in sukuk certificates	-	101,994
Profit receivable on sukuk certificates	-	1,026
<b>Hub Power Holding Limited (Common directorship)*</b>		
Investment in sukuk certificates	-	176,768
Profit receivable on sukuk certificates	-	74
<b>NBP Employees Pension Fund - unit holder with more than 10% holding</b>		
Units held in the Fund: 115,478,781 units (2021: 115,478,781 units)	1,298,801	1,243,372
<b>Portfolio managed by the Management Company</b>		
Units held in the Fund: 102,741,701 units (2021: 9,493,770 units)	1,155,547	102,220



	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- Rupees in '000 -----	
<b>Employees of the Management Company</b>		
Units held in the Fund: 2,343,989 units (2021: 754,847 units)	26,363	8,128
<b>Khushali Microfinance Bank Limited (Common directorship)</b>		
Bank balance	640,763	611,227
Profit receivable on bank balance	94	11
<b>Telenor Microfinance Bank Limited (Common directorship)</b>		
Bank balance	7	7
Profit receivable on bank balance	17	15

\*Current year figures have not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2021.

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### Fair value hierarchy

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

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

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

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



As at December 31, 2021 and June 30, 2021 the Fund held the following financial instruments measured at fair value.

----- Un-audited -----				
----- As at December 31, 2021 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
<b>At fair value through profit or loss</b>				
Term finance certificates	-	485,872	-	485,872
Corporate sukuk certificates	-	762,147	-	762,147
Commercial papers*	-	667,841	-	667,841
	-	1,915,860	-	1,915,860
----- Audited -----				
----- As at June 30, 2021 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
<b>At fair value through profit or loss</b>				
Equity securities (spread transactions)	961,248	-	-	961,248
Government securities - Market Treasury Bills	-	29,725	-	29,725
Term finance certificates	-	816,660	-	816,660
Corporate sukuk certificates	-	980,347	-	980,347
Future stock contracts	34,199	-	-	34,199
	995,447	1,826,732	-	2,822,179

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

## 18. GENERAL

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

## 19. 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 23, 2022.

**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.

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**Sms:** INVEST to 9995

**Fax:** 021-35825335

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

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

 /nbpfunds



# NBP ISLAMIC MONEY MARKET FUND

HALF YEARLY REPORT  
DECEMBER 31, 2021



# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."



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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Mr. Tauqeer Mazhar	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	Summit Bank Limited
Askari Bank Limited	United Bank Limited
Bank Al Habib Limited	Dubai Islamic Bank Limited
Faysal Bank Limited	Zarai Taraqiati Bank Limited
Habib Bank Limited	Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited	National Bank of Pakistan
JS Bank Limited	
MCB Bank Limited	
Meezan 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,  
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UAN: 021 (111-111-632),  
(Toll Free): 0800-20002,  
Fax: (021) 35825329  
Website: [www.nbpffunds.com](http://www.nbpffunds.com)

## **Lahore Office:**

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Fax: 92-42-35861095

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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



## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Islamic Money Market Fund (NIMMF)** for the half year ended December 31, 2021.

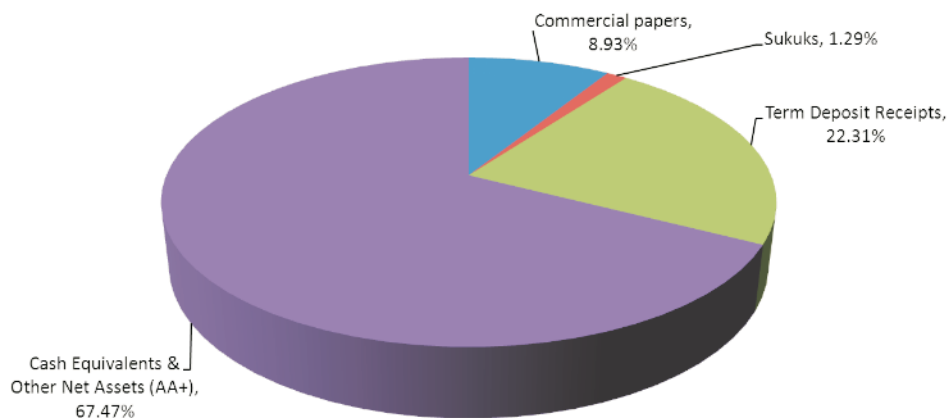
### Fund's Performance

The market saw a decent increase in the issuance of short-term debt securities and commercial papers in the primary market, although it remained under-supplied against a large and growing demand. During 1HFY22, the Monetary Policy Committee (MPC) of SBP raised the Policy Rate by 275 basis points to 9.75%; in order to counter the inflationary pressures and ensure economic sustainability. Average inflation during 1HFY22 remained elevated and stood at 9.8%, owing to high global prices and domestic demand growth. SBP expects inflation to average 9% - 11% during the fiscal year due to the rise in utility charges, motor fuel, house rent, milk and other household consumables. However, in the near-term, MPC expects monetary policy settings to remain broadly unchanged.

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.

The size of NBP Islamic Money Market Fund has increased from Rs. 4,823 million to Rs. 5,828 million during the period, a growth of 21%. The unit price of the Fund has increased from Rs. 10.0504 on June 30, 2021 to Rs. 10.4365 on December 31, 2021; thus, posting a return of 7.6% p.a. as compared to its Benchmark return of 3.2% p.a. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 193.75 million during the period. After deducting total expenses of Rs. 20.49 million, the net income is Rs. 173.62 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: **February 23, 2022**  
Place: Karachi.



## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2021ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک منی مارکیٹ فنڈ (NIMMF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

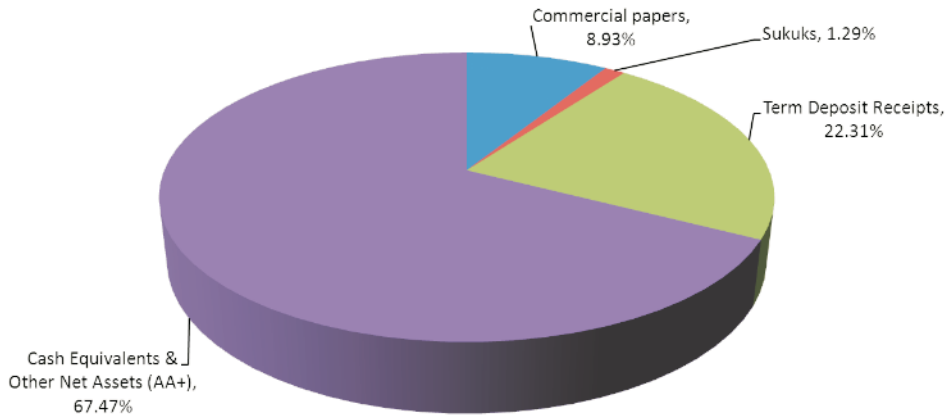
### فنڈ کی کارکردگی

مارکیٹ نے پرائمری مارکیٹ میں مختصر مدتی ڈیپٹ سیکورٹیز اور کرسٹل پیپرز کے اجراء میں نمایاں اضافہ دیکھا، اگرچہ بڑھتی ہوئی زیادہ طلب کے مقابلے اس کی رسد کم رہی ہے۔ 1HFY22 کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے افراط زر کے دباؤ کو کم کرنے اور اقتصادی استحکام کو یقینی بنانے کے لئے پالیسی شرح میں 275 بیسز کا اضافہ کرتے ہوئے 9.75 فیصد کر دیا۔ 1HFY22 کے دوران اوسط افراط زر عالمی قیمتیں اور مقامی طلب نمودار ہونے کی وجہ سے 9.8 فیصد پر بلند رہا۔ پیلٹی چارجز، موٹر فیول، ہاؤس رینٹ، دودھ اور دیگر گھریلو استعمال کی اشیاء کی قیمتیں بڑھنے کے باعث، SBP کو مالی سال کے دوران افراط زر اوسطاً 11%-9% رہنے کی امید ہے۔ تاہم، قریب مدت میں، MPC کو توقعات ہیں کہ مانیٹری پالیسی بڑے پیمانے پر تبدیل نہیں ہوگی۔

NIMMF کی درجہ بندی بطور شریعہ مکمل آئٹ منی مارکیٹ فنڈ کی گئی ہے۔ اس فنڈ کا مقصد اسلامی بینکوں / تجارتی بینکوں کی اسلامی وٹڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں توازن سے بہتر منافع فراہم کرنا ہے۔ ریٹنگ کم از کم تقاضا AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد میچورٹی والی سیکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کی نئی قلی اوسط مدت 90 دن سے زائد نہیں ہو سکتی، جبکہ اعلیٰ کوالٹی پروفائل کے ساتھ آسان لیکویڈیٹی بھی فراہم کرتی ہے۔

موجودہ مدت کے دوران NBP اسلامک منی مارکیٹ فنڈ (NIMMF) کا سائز 4,823 ملین روپے سے بڑھ کر 5,828 ملین روپے ہو گیا ہے یعنی 21% کا اضافہ ہوا۔ زیر جائزہ مدت کے دوران، فنڈ کے پونٹ کی قیمت 30 جون 2021 کو 10.0504 روپے (EX-Div) سے بڑھ کر 31 دسمبر 2021ء کو 10.4365 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 3.2% کے مقابلے میں 7.6% منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 193.75 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 20.49 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 173.62 ملین روپے ہے۔ درج ذیل چارٹ NIMMF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 آرٹسٹ کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لا نا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ منجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 23 فروری 2022ء

مقام: کراچی



## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Money Market Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 25, 2022



## **INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS**

### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Islamic Money Market Fund** (the Fund) as at December 31, 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to and forming part of the condensed interim financial statements for the half year ended December 31, 2021 (here-in-after referred to as the 'condensed interim financial statements'). NBP Fund Management Limited (the Management Company) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### **Scope of Review**

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

### **Conclusion**

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

### **Other matter**

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.

### **Yousuf Adil**

Chartered Accountants

Date: February 28, 2022

Place: Karachi



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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	Rupees in '000	
<b>ASSETS</b>			
Bank balances	4	3,920,053	3,767,594
Investments	5	1,895,317	1,101,709
Preliminary and floatation costs	6	249	360
Deposit, prepayment and other receivables	7	185	284
Profit accrued	8	39,941	30,530
Receivable against transfer of units		9,682	7,835
<b>Total assets</b>		<b>5,865,427</b>	<b>4,908,312</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - Management Company	9	11,501	10,180
Payable to Central Depository Company of Pakistan Limited - Trustee	10	283	286
Payable to the Securities and Exchange Commission of Pakistan	11	459	955
Payable against redemption of units		23,991	37,621
Accrued expenses and other liabilities	12	1,246	36,628
<b>Total liabilities</b>		<b>37,480</b>	<b>85,670</b>
<b>NET ASSETS</b>		<b>5,827,947</b>	<b>4,822,642</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>5,827,947</b>	<b>4,822,642</b>
<b>Contingencies and commitments</b>			
	13		
<b>Number of units</b>			
<b>Number of units in issue</b>		<b>558,419,796</b>	<b>479,846,676</b>
<b>Rupees</b>			
<b>Net asset value per unit</b>		<b>10.4365</b>	<b>10.0504</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director





## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

		Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Note	Rupees in '000			
<b>INCOME</b>					
Return / Profit on					
- bank balances		129,724	93,807	71,591	45,032
- term deposit receipts		10,518	25,776	4,980	12,852
- sukuk		15,329	8,672	5,074	8,672
- bai muajjal		6,086	17,533	6,086	7,673
- commercial paper		16,015	28,232	8,627	12,135
Gain / (loss) on sale of investment at fair value through profit and loss		1	-	(28)	-
<b>Total income</b>		<b>177,673</b>	<b>174,020</b>	<b>96,330</b>	<b>86,364</b>
<b>EXPENSES</b>					
Remuneration of NBP Fund Management Limited - Management Company	9.1	2,411	2,457	1,162	1,248
Sindh Sales Tax on remuneration of the Management Company	9.2	313	319	151	162
Reimbursement of operational expenses to the Management Company	9.3	2,869	2,679	1,449	1,470
Reimbursement of selling and marketing expenses to the Management Company	9.4	11,478	15,375	5,799	6,912
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	1,376	1,597	638	811
Sindh Sales Tax on remuneration of the Trustee	10.2	179	208	83	106
Annual fee to the Securities and Exchange Commission of Pakistan	11	459	491	232	249
Settlement and bank charges		277	264	186	172
Auditors' remuneration		253	286	80	119
Preliminary and floatation cost		111	111	55	55
Fund rating fee		114	363	57	130
Listing fee		14	19	7	7
Printing charges		92	92	46	46
Shariah advisor fee		308	298	155	172
Legal and professional charges		236	120	190	97
<b>Total expenses</b>		<b>20,490</b>	<b>24,679</b>	<b>10,290</b>	<b>11,756</b>
<b>Net income from operating activities</b>		<b>157,183</b>	<b>149,341</b>	<b>86,040</b>	<b>74,608</b>
(Reversal) / provision against Sindh Workers' Welfare Fund		16,079	(2,987)	-	(1,492)
<b>Net income for the period before taxation</b>		<b>173,262</b>	<b>146,354</b>	<b>86,040</b>	<b>73,116</b>
Taxation	14	-	-	-	-
<b>Net income for the period after taxation</b>		<b>173,262</b>	<b>146,354</b>	<b>86,040</b>	<b>73,116</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		173,262	146,354	86,041	73,116
Income already paid on units redeemed		(40,089)	(40,427)	(24,858)	(27,747)
		133,173	105,927	61,183	45,369
<b>Accounting income available for distribution:</b>					
- Relating to capital gain		-	-	-	-
- Excluding capital gain		133,173	105,927	61,213	45,369
		133,173	105,927	61,184	45,369

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----			
Net income for the period after taxation	173,262	146,354	86,040	73,116
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>173,262</b>	<b>146,354</b>	<b>86,040</b>	<b>73,116</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	<b>Half year ended December 31,</b>					
	<b>2021</b>			<b>2020</b>		
	<b>Rupees in '000 -----</b>					
	<b>Capital value</b>	<b>Undistributed income</b>	<b>Total</b>	<b>Capital value</b>	<b>Undistributed income</b>	<b>Total</b>
Net assets at beginning of the period (Audited)	4,807,069	15,573	4,822,642	5,877,657	8,739	5,886,396
Issue of 567,662,453 units (2020: 464,153,184 units)						
- Capital value	5,705,235	-	5,705,235	4,658,009	-	4,658,009
- Element of income	142,034	-	142,034	56,648	-	56,648
Total proceeds on issuance of units	5,847,269	-	5,847,269	4,714,657	-	4,714,657
Redemption of 489,089,333 units (2020:596,722,918 units)						
- Capital value	(4,915,543)	-	(4,915,543)	(5,988,413)	-	(5,988,413)
- Element of loss	(59,594)	(40,089)	(99,683)	(23,736)	(40,427)	(64,163)
Total payments on redemption of units	(4,975,137)	(40,089)	(5,015,226)	(6,012,149)	(40,427)	(6,052,576)
Total comprehensive income for the period (Unaudited)	-	173,262	173,262	-	146,354	146,354
<b>Net assets at end of the period</b>	<b>5,679,201</b>	<b>148,746</b>	<b>5,827,947</b>	<b>4,580,165</b>	<b>114,666</b>	<b>4,694,831</b>
Undistributed income brought forward						
- Realised		15,573			8,739	
- Unrealised		-			-	
		15,573			8,739	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		133,173			105,927	
		133,173			105,927	
<b>Undistributed income carried forward</b>		<b>148,746</b>			<b>114,666</b>	
Undistributed income carried forward						
- Realised		148,746			114,666	
- Unrealised		-			-	
		148,746			114,666	
	<b>---- Rupees ----</b>			<b>----- Rupees -----</b>		
Net assets value per unit at beginning of the period	<b>10.0504</b>			<b>10.0355</b>		
Net assets value per unit at end of the period	<b>10.4365</b>			<b>10.3413</b>		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

**Chief Financial Officer**

**Chief Executive Officer**

Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Note	Half year ended	
	December 31, 2021	December 31, 2020
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	173,262	146,354
<b>Adjustments:</b>		
Return / Profit on bank balances	(129,724)	(93,807)
- term deposit receipts	(10,518)	(25,776)
- sukuk	(15,329)	(8,672)
- bai muajjal	(6,086)	(17,533)
- commercial paper	(16,015)	(28,232)
Amortisation of preliminary and floatation cost	111	111
(Reversal) / provision against Sindh Workers' Welfare Fund	(16,079)	2,987
	(193,640)	(170,922)
	(20,378)	(24,568)
<b>(Increase) / decrease in assets</b>		
Investments	(793,608)	(293,983)
Deposit, prepayment and other receivables	99	85
	(793,510)	(293,898)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	1,322	827
Payable to the Trustee	(3)	18
Payable to the Securities and Exchange Commission of Pakistan	(496)	(202)
Accrued expenses and other liabilities	(19,303)	(16,168)
	(18,480)	(15,525)
Profit received on:		
- bank balances	113,410	99,422
- commercial papers	16,015	28,232
- bai mujjal	6,086	17,533
- sukuk	20,670	1,973
- term deposit receipts	12,080	23,749
<b>Net cash used in operating activities</b>	(664,107)	(163,082)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issuance of units	5,845,422	4,777,024
Amounts paid on redemption of units	(5,028,856)	(6,105,395)
<b>Net cash generated / (used in) from financing activities</b>	816,566	(1,328,371)
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	152,459	(1,491,453)
Cash and cash equivalents at the beginning of the period	3,767,594	3,742,608
<b>Cash and cash equivalents at the end of the period</b>	3,920,053	2,251,155

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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).

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

During the year ended 30 June, 2021 The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 Limited (PACRA) has maintained 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 comprise of:

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

Wherever provisions of and directives issued under the Companies Act , 2017 ,the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or the directives issued by the SECP differ with the requirements of the IAS 34, the provisions of and directives issued under the Companies Act, 2017, requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.



**2.1.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2021.

**2.1.3** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial statement gives a true and fair view of the state of the Fund's affairs as at December 31, 2021.

## **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## **2.3 Functional and presentation currency**

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

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

**3.1** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2021.

**3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards. requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

**3.3** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial statements.

**3.4** The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2021.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>4</b>	<b>BANK BALANCES</b>	<b>Note</b>	<b>----- Rupees in '000 -----</b>
	Savings accounts	4.1	3,907,894
	Current accounts	4.2	12,159
			<u>3,920,053</u>
			<u>3,767,594</u>

**4.1** These savings accounts carry mark-up at rates ranging from 6.5% to 11.04% per annum (June 30, 2021: 6.25% to 7.16% per annum).

**4.2** These include bank balances of Rs. 0.513 million (June 30, 2021: Rs. 1.19 million) maintained with Bank Islami Pakistan (related party) and of Rs. 0.774 million (June 30, 2021: 1.39 million) maintained with National Bank of Pakistan (related party).



## 5 INVESTMENTS

(Un-audited) (Audited)  
December 31, June 30,  
2021 2021  
Note ----- Rupees in '000 -----

### At Fair value through profit or loss

Commercial papers	5.1	520,317	186,709
Sukuks	5.2	75,000	465,000
Term deposits receipts	5.3	1,300,000	450,000
		<u>1,895,317</u>	<u>1,101,709</u>

### 5.1 Commercial papers

Name of the investee company	Note.	Face value				Carrying value as at December 31, 2021	Carrying value as at June 30, 2021
		As at July 01, 2021	Purchases during the period	Sales / matured during the period	As at December 31, 2021		
----- Rupees in '000 -----							
K-Electric Limited		20,000	-	20,000	-		19,657
K-Electric Limited		60,000	-	60,000	-		58,556
K-Electric Limited		110,000	110,000	220,000	-	-	108,496
K-Electric Limited	5.1.1		250,000	-	250,000	249,413	-
K-Electric Limited	5.1.1		30,000	-	30,000	29,352	-
K-Electric Limited	5.1.1		250,000	-	250,000	241,552	-
		190,000	640,000	300,000	530,000	520,317	186,709
Carrying value as at December 31, 2021						520,317	

#### 5.1.1

Particulars	Profit/ mark-up rates	Issue date	Maturity Date	Face Value	Amortised Cost	Carrying value as a % of net assets	Carrying value as a % of total investment
----- Rupees in '000 -----							
K-Electric Limited	9.21%	July 12, 2021	January 12, 2022	250,000	249,413	4.28%	13.16%
K-Electric Limited	10.33%	October 06, 2021	April 07, 2022	30,000	29,352	0.50%	1.55%
K-Electric Limited	10.85%	November 16, 2021	May 16, 2022	250,000	241,552	4.14%	12.74%
				<u>530,000</u>	<u>520,317</u>		

### 5.2 Sukuk

Number of certificates					Market value as at December 31, 2021	Investment as a percentage of		
Name of the investee company	As at July 01, 2021	Purchases during the year	Disposals / matured during the year	As at December 31, 2021		Net assets	Market value of total investments	Issue size
Rupees '000'						----- % -----		
HUB Power Company Limited - (5.2.1)	4,650	75	4,650	75	75,000	1.29%	3.96%	0.00%
Carrying value before fair value adjustment as at December 31, 2021					<u>75,000</u>			

#### 5.2.1 Significant terms and conditions of sukuk outstanding as at December 31, 2021 are as follows:

Name of security	Total face value	Unredeemed face value Rupees in '000	Mark-up rate (per annum)	Issue Date	Maturity Date
HUB Power Company Limited	75,000	75,000	9.51%	November 02, 2021	May 02, 2022



## 5.3 Term deposit receipts

Name of the investee company	Note.	Face value				Face Value as at June 30, 2021
		As at July 01, 2021	Purchases during the period	Sales / matured during the period	As at December 31, 2021	
Rupees in '000						
UBL Ameen Islamic Banking		450,000	-	450,000	-	450,000
UBL Ameen Islamic Banking			250,000	250,000	-	-
UBL Ameen Islamic Banking			250,000	250,000	-	-
UBL Ameen Islamic Banking			150,000	150,000	-	-
UBL Ameen Islamic Banking			250,000	250,000	-	-
UBL Ameen Islamic Banking			250,000	250,000	-	-
UBL Ameen Islamic Banking			150,000	150,000	-	-
UBL Ameen Islamic Banking			250,000	250,000	-	-
UBL Ameen Islamic Banking			250,000	250,000	-	-
UBL Ameen Islamic Banking			150,000	150,000	-	-
UBL Ameen Islamic Banking			500,000	500,000	-	-
UBL Ameen Islamic Banking			500,000	500,000	-	-
UBL Ameen Islamic Banking	5.3.1		600,000	-	600,000	-
Faysal Bank Islamic	5.3.1		500,000	-	500,000	-
Askari Bank Limited	5.3.1		200,000	-	200,000	-
		450,000	4,250,000	3,400,000	1,300,000	1,133,000

Face value as at December 31, 2021

1,300,000

### 5.3.1

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
Rupees in '000						
UBL Ameen Islamic Banking	11.00%	December 29, 2021	January 28, 2022	600,000	10.30%	31.66%
Faysal Bank Islamic	11.20%	December 30, 2021	March 30, 2022	500,000	8.58%	26.38%
Askari Bank Limited	10.75%	December 31, 2021	February 14, 2022	200,000	3.43%	10.55%
				1,300,000		

(Un-audited)  
December 31,  
2021

(Audited)  
June 30,  
2021

## 6 PRELIMINARY AND FLOATATION COSTS

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

Preliminary expenses and floatation costs at beginning of the year	6.1	360	581
Less: amortisation during the period		(111)	(221)
<b>Closing balance</b>		<b>249</b>	<b>360</b>

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from March 01, 2018 as per the requirements set out in the Trust Deed of the Fund.

(Un-audited)  
December 31,  
2021

(Audited)  
June 30,  
2021

## 7 DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES

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

Security deposit with Central Depository Company of Pakistan Limited	100	100
Mutual fund rating fee	-	114
Advance tax	70	70
Listing fee	14	-
Other receivable	1	-
	<b>185</b>	<b>284</b>





		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>8</b>	<b>PROFIT ACCRUED</b>	Note ----- Rupees in '000 -----	
	Profit accrued on:		
	- bank balances	37,859	21,545
	- sukuks	1,173	6,514
	- term deposit receipts	909	2,471
		<u>39,941</u>	<u>30,530</u>

**9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY**

Remuneration of the Management Company	9.1	356	389
Sindh Sales Tax on remuneration of the Management Company	9.2	161	51
Reimbursement of operational expenses	9.3	1,450	1,475
Reimbursement of selling and marketing expenses	9.4	5,799	5,899
Sales load and transfer load		3,076	1,900
Sindh Sales Tax on sales load and transfer load		400	247
ADC charges and Sindh Sales Tax on ADC charges		108	68
Other payable		151	151
		<u>11,501</u>	<u>10,180</u>

- 9.1** Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of a Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

The Management Company has charged management remuneration during the period as follows:

- 1% per annum on the daily income of the Fund subject to minimum 0.1% as average of NAV and maximum 1% of average NAV.

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

- 9.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2021: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 9.3** As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme. Accordingly, the Management Company has charged 0.125% of daily NAV of the Fund.
- 9.4** The Management Company based on its own discretion has charged selling and marketing expenses at the 0.5% of daily net asset value of the Fund duly approved by the Board of Directors of the Management Company.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>10</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	Note ----- Rupees in '000 -----	
	Remuneration of the Trustee	250	253
	Sindh Sales Tax on remuneration of the Trustee	33	33
		<u>283</u>	<u>286</u>



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

Trustee charged 0.065% per annum of net assets till 30 September, 2021 and effective from October 01, 2021, tariff structure has been revised to actual custodial expenses / charges plus 0.055% per annum of average net assets.

- 10.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2021: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

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

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "Shariah compliant money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% of the average annual net assets of the Fund. The fee is paid annually in arrears.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>12</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note -----Rupees in '000-----</b>	
	Auditors' remuneration	<b>331</b>	479
	Provision for Sindh Workers' Welfare Fund	12.1 -	16,079
	Settlement charges	<b>16</b>	15
	Withholding tax	<b>50</b>	15,903
	Capital gain tax	<b>219</b>	3,204
	Legal and professional charges	<b>178</b>	242
	Bank charges	<b>54</b>	26
	Printing charges	<b>76</b>	58
	Shariah advisor fee	<b>322</b>	622
		<b>1,246</b>	<b>36,628</b>

- 12.1** SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

## **13. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at December 31, 2021 and June 30, 2021.

## **14. 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% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90% of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

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



## 15. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 0.89% (December 31, 2020: 1.15%) including 0.04% (December 31, 2020: 0.17%) representing government levies on collective investment scheme such as Sindh Sales Tax on management & trustee remuneration and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date June 30, 2019, total expense ratio has been limited to 2% for Money Market Funds.

## 16. TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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

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

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

16.3 Remuneration of the Trustee is determined in accordance with the rates agreed between the Management Company and the Trustee.

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

	(Un-audited) Half year ended	
	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited (Management Company)</b>		
Remuneration of the Management Company	2,411	2,457
Sindh Sales Tax on remuneration of the Management Company	313	319
Reimbursement of operational expenses to the Management Company	2,869	2,679
Reimbursement of selling and marketing expenses	11,478	15,375
Sales load and transfer load inclusive of Sindh Sales Tax	1,374	230
ADC generated inclusive of Sindh Sales Tax	47	49
<b>National Bank of Pakistan (Parent Company of the Management Company)</b>		
Profit Income	3	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,376	1,597
Sindh Sales Tax on remuneration of the Trustee	179	208
<b>Employees of the Management Company</b>		
Units issued / transferred in 10,663,136 units (2020: 29,107,919 units)	109,309	296,773
Units redeemed / transferred out 11,159,722 units (2020: 30,334,034 units)	114,370	309,348
<b>CDC Trustee NAFA Islamic Capital Preservation Plan I (Fund Managed by Management Company)</b>		
Units issued / transferred in 1,292,258 units (2020: 1,323,783 units)	13,246	13,500
Units redeemed / transferred out 6,155,213 units (2020: 8,025,288 units)	62,712	81,390



	(Un-audited) Half year ended	
	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----	
<b>CDC Trustee NAFA Islamic Capital Preservation Plan II</b> <b>(Fund Managed by Management Company)</b>		
Units issued / transferred in 506,561 units (2020: nil units)	5,200	-
Units redeemed / transferred out 3,423,525 units (2020: nil units)	34,968	-
<b>CDC Trustee NAFA Islamic Capital Preservation Plan III</b> <b>(Fund Managed by Management Company)</b>		
Units issued / transferred in 1,209,661 units (2020: nil units)	12,417	-
Units redeemed / transferred out 5,775,078 units (2020: nil units)	59,104	-
<b>CDC Trustee NAFA Islamic Capital Preservation Plan IV</b> <b>(Fund Managed by Management Company)</b>		
Units issued / transferred in 451,567 units (2020: nil units)	4,645	-
Units redeemed / transferred out 3,590,724 units (2020: nil units)	36,712	-
<b>CDC Trustee NAFA Islamic Capital Preservation Plan V</b> <b>(Fund Managed by Management Company)</b>		
Units issued / transferred in 313,639 units (2020: nil units)	3,222	-
Units redeemed / transferred out 4,651,013 units (2020: nil units)	47,644	-
<b>CDC Trustee NBP Islamic Income Fund</b> <b>(Fund Managed by Management Company)</b>		
Purchase of commercial paper	-	18,573
Sale of commercial paper	-	39,428
<b>CDC Trustee NBP Islamic Mahana Hamdani Fund</b> <b>(Fund Managed by Management Company)</b>		
Sale of commercial paper	-	342,518
<b>NBP Islamic Daily Dividend Fund</b>		
Sale of commercial paper	-	240,173
<b>Fauji Fertilizer Company Limited</b> <b>(Common Directorship with the Management Company)</b>		
Units issued / transferred in nil units (2020: 819 units)	-	8
<b>Portfolio Managed by Management Company</b>		
Units issued / transferred in 38,277,873 units (2020: 23,251,295 units)	388,387	235,314
Units redeemed / transferred out 57,508,263 units (2020: 20,677,883 Units)	587,170	210,094
<b>The Hub Power Company Limited *</b> <b>(Common Directorship with the Management Company)</b>		
Purchase of sukuk certificates	-	675,000
Income from sukuk certificates	-	8,672



(Un-audited) Half year ended	
December 31, 2021	December 31, 2020
----- Rupees in '000 -----	

**Pakistan Stock Exchange Limited \***

(Common Directorship with the Management Company)

Listing Fees	-	19
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**The Trustees Karachi Electric Provident Fund - holding more than 10% of units in issue/net assets of the fund\*\***

Units issued / transferred in 88,007,256 units (2020: nil units)	912,389	-
------------------------------------------------------------------	---------	---

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

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

**16.5 Amounts outstanding as at period / year end are as follows :**

(Un-audited) December 31, 2021	(Audited) June 30, 2021
----- Rupees in '000 -----	

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

Remuneration of the Management Company	356	389
Sindh Sales Tax on remuneration of the Management Company	161	51
Sales load and transfer load	3,076	1,900
Sindh Sales Tax	400	247
Reimbursement of operational expenses	1,450	1475
ADC charges inclusive of Sindh Sales Tax	108	68
Reimbursement of selling and marketing expense	5,799	5,899
Other payable	151	151

**Central Depository Company of Pakistan Limited (Trustee)**

Remuneration of the Trustee	250	253
Sindh sales tax on remuneration of the Trustee	33	33
CDC charges	16	15
Security deposit	100	100

**Employees of the Management Company**

Investment held in the Fund: 3,323,161 Units (June 30, 2021: 4,075,064 Units)	34,682	40,956
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**Portfolio Managed by Management Company**

Investment held in the Fund: 19,193,795 Units (June 30, 2021: 24,923,849 Units)	200,316	250,495
---------------------------------------------------------------------------------	---------	---------

**CDC Trustee NAFA Islamic Capital Preservation Plan-I  
(Fund Managed by Management Company)**

Investment held in the Fund: 1,118,912 units (June 30, 2021: 5,981,867 units)	11,678	60,120
-------------------------------------------------------------------------------	--------	--------



	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- Rupees in '000 -----	
<b>CDC Trustee NAFA Islamic Capital Preservation Plan-II</b> <b>(Fund Managed by Management Company)</b>		
Investment held in the Fund: 1,323,103 units (June 30, 2021: 4,240,068 units)	13,809	42,614
<b>CDC Trustee NAFA Islamic Capital Preservation Plan-III</b> <b>(Fund Managed by Management Company)</b>		
Investment held in the Fund: 363,427 units (June 30, 2021: 4,982,844 units)	3,793	49,537
<b>CDC Trustee NAFA Islamic Capital Preservation Plan-IV</b> <b>(Fund Managed by Management Company)</b>		
Investment held in the Fund: 776,748 units (June 30, 2021: 3,915,905 units)	8,107	39,356
<b>CDC Trustee NAFA Islamic Capital Preservation Plan-V</b> <b>(Fund Managed by Management Company)</b>		
Investment held in the Fund: 112,413 units (June 30, 2021: 4,449,786 units)	1,173	44,722
<b>Fauji Fertilizer Company Limited</b> <b>(Common Directorship with the Management Company)</b>		
Investment held in the Fund: 863 Units (June 30, 2021: Nil Units)	9	-
<b>National Bank of Pakistan - Parent Company of the Management Company</b>		
Bank balance	774	1,398
<b>Bankislami Pakistan Limited - Common Directorship with the Management Company</b>		
Bank balance	513	1,192
<b>The Trustees Karachi Electric Provident Fund - holding more than 10% of units in issue/net assets of the fund**</b>		
Investment held in the Fund: 88,007,256 Units (June 30, 2021: Nil Units)	918,488	-

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.



- 17 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.

## Fair value hierarchy:

- **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 (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

## Fair value hierarchy:

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

		Carrying Value			Fair Value			
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2021	Note	----- Rupees in '000 -----						
Financial assets measured at fair value								
Commercial papers	5.1	520,317	-	520,317	-	520,317	-	520,317
Sukuks	5.2	75,000	-	75,000	-	75,000	-	75,000
Term deposits receipts	5.3	1,300,000	-	1,300,000	-	1,300,000	-	1,300,000
		1,895,317	-	1,895,317	-	1,895,317	-	1,895,317
Financial assets not measured at fair value								
Bank balances	4	-	3,920,053	3,920,053	-	-	-	-
Mark-up accrued	6	-	39,941	39,941	-	-	-	-
Receivable against units transferred	0	-	9,682	9,682	-	-	-	-
Deposit	7	-	100	100	-	-	-	-
		-	3,969,776	3,969,776	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	8	-	11,501	11,501	-	-	-	-
Remuneration payable to the trustee	9	-	283	283	-	-	-	-
Payable against units transferred		-	23,991	23,991	-	-	-	-
Accrued expenses and other liabilities	11	-	978	978	-	-	-	-
Net assets attributable to redeemable units		-	5,827,947	5,827,947	-	-	-	-
		-	5,864,699	5,864,699	-	-	-	-



		Carrying Value			Fair Value			
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2021	Note	Rupees in '000						
Financial assets measured at fair value								
Commercial papers	5.1	186,709	-	186,709	-	186,709	-	186,709
Term deposit receipts	5.2	450,000	-	450,000	-	450,000	-	450,000
Sukuks	5.3	465,000	-	465,000	-	465,000	-	465,000
		1,101,709	-	1,101,709	-	1,101,709	-	1,101,709
Financial assets not measured at fair value								
Bank balances	4	-	3,767,594	3,767,594	-	-	-	-
Mark-up accrued	6	-	30,530	30,530	-	-	-	-
Receivable against units transferred	9	-	7,835	7,835	-	-	-	-
Deposit	7	-	214	214	-	-	-	-
		-	3,806,173	3,806,173	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	8	-	10,180	10,180	-	-	-	-
Remuneration payable to the trustee	9	-	286	286	-	-	-	-
Payable against units transferred		-	37,621	37,621	-	-	-	-
Accrued expenses and other liabilities	11	-	1,442	1,442	-	-	-	-
Net assets attributable to redeemable units		-	4,822,642	4,822,642	-	-	-	-
		-	4,872,171	4,872,171	-	-	-	-

## 17 GENERAL

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

17.2 This condensed interim financial information are unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 have not been reviewed.

## 18. 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 23, 2022.

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.

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**Toll Free:** 0800-20002

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

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

 /nbpfunds



# NBP GOVERNMENT SECURITIES LIQUID FUND

**HALF YEARLY** REPORT  
DECEMBER 31, 2021



# MISSION STATEMENT

"To become country's most  
investor-focused company,  
by assisting investors  
in achieving their financial goals."



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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Mr. Tauqeer Mazhar	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

MCB Bank Limited	Allied Bank Limited
JS Bank Limited	National Bank of Pakistan
Meezan Bank Limited	Samba Bank Limited
Habib Bank Limited	Zarai Taraqiati Bank Limited
United Bank Limited	Bank Islami Pakistan Limited
Bank Alfalah Limited	Faysal Bank Limited
Bank Al Habib Limited	Soneri Bank Limited
Askari Bank Limited	Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited	



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
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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  
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 financial statements of **NBP Government Securities Liquid Fund (NGSLF)** for the half year ended December 31, 2021.

### Fund's Performance

During 1HFY22, the Monetary Policy Committee (MPC) of SBP raised the Policy Rate by 275 basis points to 9.75%; in order to counter the inflationary pressures and ensure economic sustainability. Average inflation during 1HFY22 remained elevated and stood at 9.8%, owing to high global prices and domestic demand growth. SBP expects inflation to average 9% - 11% during the fiscal year due to the rise in utility charges, motor fuel, house rent, milk, and other household consumables. However, in the near-term, MPC expects monetary policy settings to remain broadly unchanged.

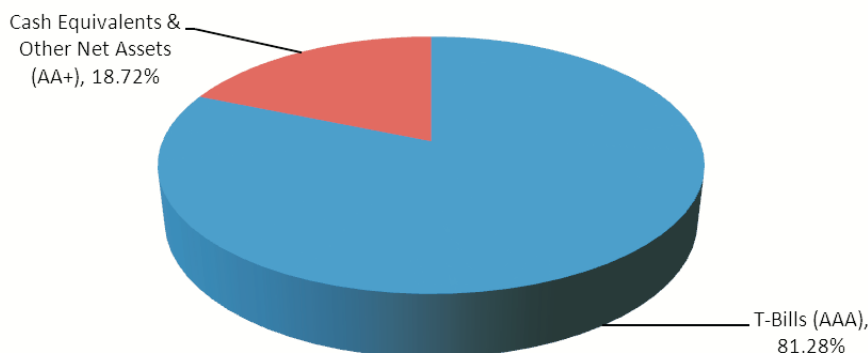
During the period, the SBP held thirteen T-Bill auctions, realizing Rs. 7.7 trillion against a target of Rs. 10.2 trillion and maturity of Rs. 9.5 trillion. The T-Bills yields increased by 3.07%, 3.77% and 3.57% for 3-month, 6-month and 12-month tenures, respectively. This uptick in short-term sovereign yields is primarily reflective of demand versus supply side factors. The market interest tilted towards shorter tenors given the market expectation and uncertainty of monetary easing. In the last auction, cut-off yields on T-Bill for 3-month, 6-month, and 12-month tenures were noted at 10.59%, 11.45% and 11.51%, respectively.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity and interest rate risk is exceptionally low due to 70% minimum investment in Government securities (T-Bills). The Fund invests in AA and above rated Banks/DFIs with maximum maturity of six months.

The size of NBP Government Securities Liquid Fund has decreased from Rs. 1,439 million to Rs. 1,006 million during the period, a decline of 30%. The unit price of the Fund has increased from Rs. 9.6871 (Ex-Div) on June 30, 2021 to Rs. 10.2261 on December 31, 2021, thus posting a return of 11.0% p.a. as compared to the benchmark return of 7.4% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses. During August 2021, provisioning against Sindh Workers' Welfare Fund has been reversed. The reversal of provision has contributed towards an unusual increase in NAV of the Fund. This is one-off event and is not likely to be repeated in the future.

The Fund has earned a total income of Rs. 69.26 million during the period. After deducting total expenses of Rs. 6.06 million, the net income is Rs. 63.20 million.

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





## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.34% of the opening ex-NAV (5.46% of the par value) during the period ended December 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: **February 23, 2022**  
Place: Karachi.





## ڈائریکٹرز رپورٹ

NBP فنڈ میجمنٹ لمیٹڈ کے یورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2021ء کو ختم ہونے والی ششماہی کے لئے NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

1HFY22 کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے افراط زر کے دباؤ کو کم کرنے اور اقتصادی استحکام کو یقینی بنانے کے لئے پالیسی شرح میں 275 پیمبر کا اضافہ کرتے ہوئے 9.75 فیصد کر دیا۔ 1HFY22 کے دوران اوسط افراط زر عالمی قیمتیں اور مقامی طلب نموز یادہ ہونے کی وجہ سے 9.8 فیصد پر بلند رہا۔ یوٹیٹی چارجز، موٹر فیول، ہاؤس رینٹ، دودھ اور دیگر گھریلو استعمال کی اشیاء کی قیمتیں بڑھنے کے باعث، SBP کو مالی سال کے دوران افراط زر اوسطاً 11%-9% رہنے کی امید ہے۔ تاہم، قریب مدت میں، MPC کو توقعات ہیں کہ مانیٹری پالیسی بڑے پیمانے پر تبدیل نہیں ہوگی۔

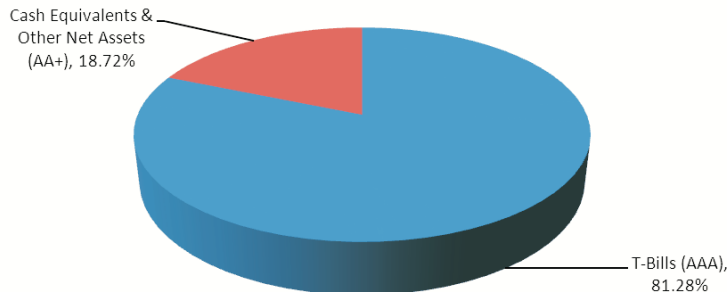
اسٹیٹ بینک پاکستان نے اس عرصے کے دوران تیرہ ٹی بلز کی نیلامی کی، جس میں 10.2 ٹریلین روپے کے ہدف اور 9.5 ٹریلین روپے کی میچورٹی کے مقابل 7.7 ٹریلین روپے حاصل کئے۔ ٹی بلز کے شرح منافع میں 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے بالترتیب 3.07 فیصد، 3.77 فیصد اور 3.57 فیصد اضافہ ہوا۔ مختصر مدتی شرح منافع میں یہ اضافہ بنیادی طور پر سود بمقابلہ طلب کے عوامل کی عکاسی ہے۔ مارکیٹ توقعات اور مالیاتی آسانی کی غیر یقینی کو دیکھتے ہوئے مارکیٹ کا جھکاؤ مختصر مدتوں کی طرف رہا۔ گزشتہ نیلامی میں 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے شرح منافع بالترتیب 10.59 فیصد، 11.45 فیصد اور 11.51 فیصد درج کی گئی تھی۔

NGSLF کو PACRA کی طرف سے مستحکم ریٹنگ "AAA(f)" دی گئی ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور لیکویڈیٹی پروفائل کی عکاسی کرتی ہے۔ T-Bills اس فنڈ کی بڑی ایسیٹ کلاس ہے۔ گورنمنٹ سیکورٹیز (T-Bills) میں کم از کم 70% سرمایہ کاری کے باعث فنڈ کے کریڈٹ، لیکویڈیٹی اور انٹرسٹ ریٹ کے خطرات کی زد میں آنے کے امکانات نہ ہونے کے برابر ہیں۔ فنڈ کو زیادہ سے زیادہ چھ ماہ کی میچورٹی کے ساتھ AA یا زائد ریٹنگ والے بینکوں/DFIs میں انویسٹ کرنے کی اجازت ہے۔

اس مدت کے دوران NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کا سائز 1,439 ملین روپے سے کم ہو کر 1,006 ملین روپے ہو گیا یعنی 30% کی کمی ہوئی۔ زبرد جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 9.6871 روپے (Ex-Div) سے بڑھ کر 10.2261 کو 31 دسمبر 2021 کو 10.2261 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 7.4% کے مقابلے میں 11.0% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ و کرکڑ و ملفیئر فنڈ کی پروڈیٹنگ ریورس کر دی گئی۔ اس پروڈیٹن کے ریورسل کے باعث فنڈ کی NAV میں غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

فنڈ نے اس مدت کے دوران 69.26 ملین روپے کی مجموعی آمدنی کمائی، 6.06 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 63.20 ملین روپے ہے۔

درج ذیل چارٹ NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ کی ایسٹ ایبلویشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پینکشن شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





## آمدنی کی تقسیم

میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 31 دسمبر 2021 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV کا 5.34% (par value کا 5.46%) عبوری نقد ڈیویڈنڈ منظور کیا۔

## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے میٹجمنٹ 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 ٹرسٹی 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 فنانس میجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 23 فروری 2022ء

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 Government Securities Liquid Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 25, 2022



## **REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Government Securities Liquid Fund** (the Fund) as at December 31, 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to and forming part of the condensed interim financial statements for the half year ended December 31, 2021 (here-in-after referred to as the 'condensed interim financial statements'). NBP Fund Management Limited (the Management Company) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### **Scope of Review**

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

### **Conclusion**

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

### **Other matter**

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's review report is **Nadeem Yousuf Adil**.

**Yousuf Adil**  
**Chartered Accountants**

**Place:** Karachi

**Date:** February 28, 2022



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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank balances	4	1,044,794	1,501,997
Investments	5	817,588	1,434,754
Mark-up accrued		2,082	5,345
Advances and prepayments		9,991	10,212
<b>Total assets</b>		<b>1,874,455</b>	<b>2,952,308</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - Management Company	6	1,708	2,929
Payable to Central Depository Company of Pakistan Limited - Trustee	7	49	83
Payable to the Securities and Exchange Commission of Pakistan	8	108	401
Payable against purchase of investments		817,573	1,434,608
Payable against redemption of units		740	252
Accrued expenses and other liabilities	9	48,379	74,851
<b>Total liabilities</b>		<b>868,557</b>	<b>1,513,124</b>
<b>NET ASSETS</b>		<b>1,005,898</b>	<b>1,439,184</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,005,898</b>	<b>1,439,184</b>
<b>Contingencies and commitments</b>	10		
		----- Number of units -----	
<b>Number of units in issue</b>		<b>98,365,880</b>	<b>140,893,274</b>
		<b>Rupees</b>	
<b>Net asset value per unit</b>		<b>10.2261</b>	<b>10.2147</b>

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note		Rupees in '000			
<b>INCOME</b>					
		32,557	62,272	17,655	30,514
		11,217	14,174	2,737	7,450
		-	1,926	-	-
		(488)	(258)	(185)	(8)
				-	-
5.2	classified as 'financial assets at fair value through profit or loss'	15	79	69	337
<b>Total income</b>		<b>43,301</b>	<b>78,193</b>	<b>20,276</b>	<b>38,293</b>
<b>EXPENSES</b>					
6.1	Remuneration of NBP Fund Management Limited - Management Company	1,111	3,591	480	1,331
6.2	Sindh Sales Tax on remuneration of the Management Company	144	467	62	173
6.4	Reimbursement of operational expenses to the Management Company	676	1,174	300	610
6.3	Reimbursement of selling and marketing expenses	2,703	5,409	1,201	2,591
7.1	Remuneration of Central Depository Company of Pakistan Limited - Trustee	327	703	132	337
7.2	Sindh Sales Tax on remuneration of the Trustee	43	91	18	43
8	Annual fee to the Securities and Exchange Commission of Pakistan	108	216	48	103
	Auditors' remuneration	451	447	171	241
	Securities transaction costs	5	6	5	-
	Bank charges	1	45	1	8
	Listing fee	14	14	7	7
	Mutual fund rating fee	234	265	117	132
	Legal and professional charges	236	142	196	55
	Printing charges	2	60	1	45
<b>Total expenses</b>		<b>6,055</b>	<b>12,630</b>	<b>2,739</b>	<b>5,676</b>
<b>Net income from operating activities</b>		<b>37,246</b>	<b>65,563</b>	<b>17,537</b>	<b>32,617</b>
9.1	Reversal / (provision) for Sindh Workers' Welfare Fund	25,954	(1,311)	-	(652)
<b>Net income for the period before taxation</b>		<b>63,200</b>	<b>64,252</b>	<b>17,537</b>	<b>31,965</b>
11	Taxation	-	-	-	-
<b>Net income for the period after taxation</b>		<b>63,200</b>	<b>64,252</b>	<b>17,537</b>	<b>31,965</b>
<b>Allocation of net income for the period</b>					
	Net income for the period after taxation	63,200	64,252	17,537	31,965
	Income already paid on redemption of units	(10,247)	(2,416)	(563)	(504)
		<b>52,953</b>	<b>61,836</b>	<b>16,974</b>	<b>31,461</b>
<b>Accounting income available for distribution:</b>					
	- Relating to capital gain	-	-	-	-
	- Excluding capital gain	52,953	61,836	16,974	31,461
		<b>52,953</b>	<b>61,836</b>	<b>16,974</b>	<b>31,461</b>

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

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

Chief Financial Officer

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>----- Rupees in '000 -----</b>			
Net income for the period after taxation	<b>63,200</b>	64,252	<b>17,537</b>	31,965
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>63,200</b>	64,252	<b>17,537</b>	31,965

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

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

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

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

\_\_\_\_\_  
**Director**



## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,					
	2021			2020		
	Rupees in '000					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the period	1,335,998	103,186	1,439,184	2,123,920	101,482	2,225,402
Issue 35,952,884 units (2020: 92,210,581 units)						
- Capital value (at net assets value per unit at the beginning of the period including capital distribution)	367,248	-	367,248	940,751	-	940,751
- Element of income	1,589	-	1,589	1,326	-	1,326
Total proceeds on issuance of units	368,837	-	368,837	942,077	-	942,077
Redemption of 78,480,278 units (2020: 101,168,587 units)						
- Capital value (at net assets value per unit at the beginning of the period)	(801,652)	-	(801,652)	(1,032,142)	-	(1,032,142)
- Element of loss	(140)	(10,247)	(10,387)	(521)	(2,416)	(2,937)
Total payments on redemption of units	(801,792)	(10,247)	(812,039)	(1,032,663)	(2,416)	(1,035,079)
Total comprehensive income for the period	-	63,200	63,200	-	64,252	64,252
Interim distributions during the period (Note 15)	(1,450)	(51,834)	(53,284)	(652)	(58,858)	(59,510)
Net assets at end of the period	901,593	104,305	1,005,898	2,032,682	104,460	2,137,142
Undistributed income brought forward						
- Realised		102,815			100,082	
- Unrealised		371			1,400	
		103,186			101,482	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		52,953			61,836	
		52,953			61,836	
Interim distributions during the period (Note 15)		(51,834)			(58,858)	
Undistributed income carried forward		104,305			104,460	
Undistributed income carried forward						
- Realised		104,290			104,381	
- Unrealised		15			79	
		104,305			104,460	
			- Rupees -			- Rupees -
Net assets value per unit at beginning of the period			10.2147			10.2022
Net assets value per unit at end of the period			10.2261			10.2171

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**





## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended	
	December 31, 2021	December 31, 2020
Note	Rupees in '000	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	63,200	64,252
<b>Adjustments</b>		
Return / markup on		
- government securities	(32,557)	(62,272)
- bank balances	(11,217)	(14,174)
- Money Market letter placements	-	(1,926)
(Reversal) / provision for Sindh Workers' Welfare Fund	(25,954)	1,311
Net realised gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	(15)	(79)
	(6,543)	(12,888)
<b>Decrease / (increase) in assets</b>		
Investments - net	617,181	(596,396)
Advances, deposits and other receivables	221	252
	617,402	(596,144)
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(1,221)	(1,456)
Payable to Central Depository Company of Pakistan Limited - Trustee	(34)	(3)
Payable to the Securities and Exchange Commission of Pakistan	(293)	(258)
Payable against purchase of investment	(617,035)	2,174,430
Accrued expenses and other liabilities	(518)	(642)
	(619,101)	2,172,071
Mark-up received on;	(8,242)	1,563,039
- government securities	32,557	62,272
- bank balances	14,480	14,580
- Money Market letter placements	-	1,926
	47,037	78,778
<b>Net cash generated from operating activities</b>	38,795	1,641,817
<b>Cash flows from financing activities</b>		
Amount received on issue of units	367,387	1,005,425
Payment against redemption of units	(811,551)	(975,699)
Distribution paid	(51,834)	(58,858)
<b>Net cash (used in) financing activities</b>	(495,998)	(29,132)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(457,203)	1,612,685
Cash and cash equivalents at beginning of the period	1,501,997	651,697
<b>Cash and cash equivalents at end of the period</b>	1,044,794	2,264,382

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## **NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

### **1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** NBP Government Securities Liquid Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 10 April 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (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 categorised as "money market scheme" and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund 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 generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term government securities.

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

During the year ended 30 June, 2021 The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

### **2. BASIS OF PREPARATION**

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

This condensed interim financial information has been prepared, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- 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 ; and
- The requirements of the Trust Deed , the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The "NBFC Regulation") and the directives issued by the SECP.

Wherever provisions of and directives issued under the Companies Act , 2017 ,the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or the directives issued by the SECP differ with the requirements of the IAS 34, the provisions of and directives issued under the Companies Act, 2017, requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.



**2.1.1** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2021.

**2.1.2** 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 this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2021.

## **2.2 Basis of Measurement**

These condensed interim financial statements have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

## **2.3 Functional and presentation currency**

These condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

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

The principal accounting policies applied in the preparation of this condensed interim financial statements as set out below:

**3.1** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2021.

**3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

**3.3** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

**3.4** The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2021.

	Note	(Un-audited) December 31, 2021 ----- Rupees in '000 -----	(Audited) June 30, 2021
<b>4. BANK BALANCES</b>			
Current accounts	4.1	26	3,040
Savings accounts	4.2 & 4.3	1,044,768	1,498,957
		<b>1,044,794</b>	<b>1,501,997</b>



- 4.1 These include bank balances of Rs. 0.026 million (June 30, 2021: Rs. 0.026 million), maintained with National Bank of Pakistan (related party).
- 4.2 These accounts carry rates of return ranging from 6.50% to 10.79% (June 30, 2021: 4.50% to 8.1%) per annum.
- 4.3 These includes bank balances of Rs. 0.237 million (June 30, 2021: Rs. 0.151 million) and Rs. 0.814 million (June 30, 2021: Rs. 0.798 million) maintained with Bankislami Pakistan limited and National Bank of Pakistan (related parties) respectively.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	
<b>5. INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss</b>			
Government securities - Market Treasury Bills	5.1	<b>817,588</b>	<b>1,434,754</b>

## 5.1 Investment in government securities - Market Treasury bills

Issue Date	Tenure	Face value				Market value as at December 31, 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2021	Purchases during the period	Sales / matured during the period	As at December 31, 2021			
----- Rupees in '000 -----								

Carrying value before mark to market as at December 31, 2021

**817,573**



		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- Rupees in '000 -----	-----
<b>5.2</b>	<b>Net unrealised gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'</b>		
Market value of investments	5.1	817,588	1,434,754
Less: carrying value of investments before mark to market	5.1	(817,573)	(1,434,383)
		<u>15</u>	<u>371</u>
<b>6.</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
Remuneration of the Management Company	6.1	158	226
Sindh Sales Tax on remuneration of the Management Company	6.2	20	29
Reimbursement of selling and marketing expenses	6.3	1,201	2,058
Reimbursement of operational expenses	6.4	300	514
Sales Load Including Sindh Sales Tax		16	94
ADC charges Including Sindh Sales Tax		13	8
		<u>1,708</u>	<u>2,929</u>
<b>6.1</b>	Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to an accrued remuneration. During the year, Management Company has charged remuneration as follows:		
-	1% per annum on the daily income of the Fund subject to minimum 0.2% of average annual net assets and maximum 1% of average annual net assets.		
	For the purpose of above calculation, daily net income is equals to gross income minus all expenses of the Fund excluding management remuneration and related sales tax thereon.		
<b>6.2</b>	This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2021: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.		
<b>6.3</b>	SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now removed cap of 0.4% on all open end funds (except "Fund of Funds") in relation to selling and marketing expenses. In addition to the requirement of Board approval, now these expenses to be paid to AMC on reimbursement basis and subject to approval of the Trustee.		
	In pursuance of above, the Fund has charged selling and marketing expenses at 0.5% of daily net asset value of the Fund.		
<b>6.4</b>	As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme. Accordingly, the Management Company has charged 0.125% of the average annual net assets.		
<b>7.</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
Remuneration of the Trustee	7.1	43	73
Sindh Sales Tax on remuneration of the Trustee	7.2	6	10
		<u>49</u>	<u>83</u>



**7.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund. During the period remuneration has been charged as follows:

- 0.065% per annum of average net assets till 30 September, 2021.
- 0.055% per annum of average net assets applicable from 1 October, 2021.

**7.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (30 June 2021: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

## **8. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019, fee has been reduced to 0.02% per annum from 0.075% per annum. The fee is paid annually in arrears.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
		----- Rupees in '000 -----	
<b>9. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	9.1	-	25,955
Federal Excise Duty on management remuneration	9.2	45,779	45,779
Auditors' remuneration		550	621
Bank charges		32	41
Brokerage		5	-
Withholding tax		837	1,184
Capital gain tax		5	20
Legal and Professional charges		94	141
Others		1,077	1,110
		<b>48,379</b>	<b>74,851</b>

**9.1** SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

**9.2** The legal status of applicability of Federal Excise Duty (FED) on the Fund is same as disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2021, and the appeal, filed by tax authorities against the order in the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 45.779 million as at December 31, 2021. Had the provision not being made, the net asset value per unit as at December 31, 2021 would have been higher by Rs.0.4654 per unit (June 30, 2021: Rs.0.3249 per unit).

## **10. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2021 and June 30, 2021.



## 11. 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% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account.

Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90% of the Fund's accounting income for the year ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

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

## 12. TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by average net assets value for the period) is 1.12% per annum (2020: 1.29%) including 0.05% (2020: 0.19%) representing government levies on collective investment scheme such as sales tax and Securities and Exchange Commission of Pakistan fee for the period.

## 13. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

**13.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, 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 and unit holders holding ten percent or more units of the Fund.

**13.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

**13.3** Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**13.4** The details of significant transactions carried out by the Fund with connected persons and balances with them at period end are as follows:

	(Un-audited)	
	Half year ended	
	December 31, 2021	December 31, 2020
	Rupees in '000	
<b>13.5 Transactions during the period</b>		
<b>NBP Fund Management Limited (Management Company)</b>		
Remuneration of the Management Company	1,111	3,591
Sindh Sales Tax on remuneration of the Management Company	144	467
Reimbursement of operational expenses to the Management Company	676	1,174
Reimbursement of selling and marketing expenses	2,703	5,409
Sales Load	101	73
Sales tax on sales Load	13	10
ADC charges including sindh sales tax	6	-



	<div>----- (Un-audited) -----</div> <div>Half year ended</div> <div>December 31,      December 31,</div> <div>2021                      2020</div> <div>----- Rupees in '000 -----</div>	
<b>National Bank of Pakistan</b> <b>(Parent of the Management Company)</b>		
Bank profit earned in saving account	19	119
Market Treasury Bills purchased during the period	862,008	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee for the period	327	703
Sindh Sales Tax for the period on Trustee fee	43	91
<b>Portfolios managed by management Company</b>		
Units issued / transferred out in Nil units (2020: 4,274,070 units)	-	43,660
<b>Employees of the Management Company</b>		
Dividend reinvested 14,165 units (2020: 7,825 units)	145	80
Units issued / transferred in 5,039 units (2020: 16,196 units)	52	165
Units redeemed / transferred out 37,175 units (2020: 223,529 units)	382	2,286
<b>NBP Employees Pension Fund - (Subsidiary of parent company)</b>		
Dividend reinvested 1,342,490 units (2020: 688,961 units)	13,716	7,029
Units issued / transferred in 36,599 units (2020: Nil)	372	-
<b>Fauji Fertilizer Company Limited- (Common directorship)</b>		
Dividend reinvested 19 units (2020: 4 units)	-	-
Units Issued / transferred In Nil units (2020: 48,976,303 units)	-	500,004
Units redeemed / transferred Out Nil units (2020: 48,975,914 ununits)	-	501,322
<b>NBP Financial Sector Income Fund-</b> <b>(Entity managed by management company)</b>		
Market Treasury Bills purchased during the period	-	24,966
<b>*Pakistan Stock Exchange Limited- (Common Directorship)</b>		
Listing Fee paid	-	25
<b>National Fullerton Asset Management Limited -</b> <b>(Provident fund of management company)</b>		
Units issued / transferred in Nil units (2020: 554,926 units)	-	5,666
Units redeemed / transferred out Nil units (2020: 437,453 units)	-	4,482
<b>*K &amp; N's Foods Private Limited</b> <b>(Unit holder of 10% or more of units of the CIS)</b>		
Dividend reinvested Nil units (2020: 1,567,304 units)	-	15,990





		----- (Un-audited) -----	
		Half year ended	
		December 31, 2021	December 31, 2020
		----- Rupees in '000 -----	
<b>*Fauji Akbar Portia Marine Terminals Limited</b> <b>(Unit holder of 10% or more of units of the CIS)</b>			
Dividend reinvested Nil units (2020: 911,339 units)	-		9,298
<b>**United Energy Pakistan Employees Gratuity Fund</b> <b>(Unit holder of 10% or more of units of the Fund)</b>			
Dividend reinvested 112,392 units (2020: Nil units)	297		-
Units issued / transferred in 10,881,287 units (2020: Nil units)	112,000		-
Units redeemed / transferred out 6,998,313 units (2020: Nil units)	71,656		-
	(Un-audited)	(Audited)	
	December 31, 2021	June 30, 2021	
	----- Rupees in '000 -----		
13.6	<b>Amounts outstanding as at period / year end are as follows:</b>		
<b>NBP Fund Management Limited (Management Company)</b>			
Remuneration of the Management Company	158		226
Sindh Sales Tax on remuneration of the Management Company	20		29
Reimbursement of operational expenses	300		514
Reimbursement of selling and marketing expenses	1,201		2,058
Sales load including Sindh sales Tax	16		94
ADC charges Including Sindh Sales Tax	13		8
<b>Central Depository Company of Pakistan Limited (Trustee)</b>			
Remuneration of the Trustee	43		73
Sindh Sales Tax on remuneration of the Trustee	6		10
<b>National Bank of Pakistan</b> <b>(Parent of the Management Company)</b>			
Bank balance	840		869
Mark up receivable	20		45
<b>Bankislami Pakistan Limited (Common Directorship)</b>			
Bank Balance	237		-
<b>**United Energy Pakistan Employees Gratuity Fund</b> <b>(Unit holder of 10% or more of units of the Fund)</b>			
Investment held in the Fund: 10,072,834 units (June 30,2021: Nil units)	103,006		-
<b>Employees of the Management Company</b>			
Investment held in the Fund: 321,414 units (June 30,2021: 339,391 units)	3,287		3,467
<b>NBP Employees Pension Fund - (Subsidiary of Parent Company)</b>			
Investment held in the Fund: 26,707,749 units (June 30,2021: 25,328,660 units)	273,116		258,725
<b>*Fauji Akbar Portia Marine Terminals Ltd.</b> <b>(Unit holder of 10% or more of units of the CIS)</b>			
Investment held in the Fund: Nil units (June 30,2021: 39,127,774 units)	-		399,678
<b>Fauji Fertilizer Company Limited- Related Party - (Common Directorship)</b>			
Investment held in the Fund: 424 units (June 30,2021: 405 units)	4		4



- \* Current period transactions / balances with these parties have not been disclosed as they did not remain connected persons and related parties during / as at period end.
- \*\* Prior period transactions/ balances with these parties have not been disclosed as they were not connected persons and related parties during / prior period.

## 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

		Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
December 31, 2021	Note	Rupees '000						
Financial assets measured at fair value								
Government securities - Market Treasury Bills	5	817,588	-	817,588	-	817,588	-	817,588
Financial assets not measured at fair value								
Bank balances	4	-	1,044,794	1,044,794	-	-	-	-
Markup on bank balances		-	2,082	2,082	-	-	-	-
		-	1,046,876	1,046,876	-	-	-	-
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company	6	-	1,708	1,708	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	7	-	49	49	-	-	-	-
Payable against purchase of investment		-	817,573	817,573	-	-	-	-
Payable against redemption of units		-	740	740	-	-	-	-
Accrued expenses and other liabilities	9	-	1,758	1,758	-	-	-	-
		-	821,828	821,828	-	-	-	-



		Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2021	Note	Rupees '000						
<b>Financial assets measured at fair value</b>								
Government Securities - Market Treasury Bills	5	1,434,754	-	1,434,754	-	1,434,754		1,434,754
<b>Financial assets not measured at fair value</b>								
Bank balances	4	-	1,501,997	1,501,997	-	-	-	-
Markup on bank balances		-	5,345	5,345	-	-	-	-
		-	1,507,342	1,507,342	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Payable to the Management Company	8	-	2,929	2,929	-	-	-	-
Remuneration payable to the Trustee	9	-	83	83	-	-	-	-
Payable against purchase of investments			1,434,608	1,434,608				
Payable against redemption of units		-	252	252	-	-	-	-
Accrued expenses and other liabilities	9	-	1,913	1,913	-	-	-	-
		-	1,439,785	1,439,785	-	-	-	-

## 15. INTERIM DISTRIBUTIONS MADE DURING THE YEAR

Rate per unit	Declaration date	Cash distribution		
		Capital value	Undistributed income	Total
----- For the period ended December 31, 2021 -----				
----- Rupees in '000 -----				
Re. 0.0489	July 28, 2021	22	6,809	6,831
Re. 0.2519	August 26, 2021	4	23,031	23,035
Re. 0.0611	September 28, 2021	281	5,569	5,850
Re. 0.0514	October 26, 2021	93	4,844	4,937
Re. 0.0541	November 26, 2021	53	4,861	4,914
Re. 0.0782	December 28, 2021	997	6,720	7,717
		1,450	51,834	53,284
----- For the period ended December 31, 2020 -----				
----- Rupees in '000 -----				
Re. 0.0422	July 28, 2020	104	8,903	9,007
Re. 0.0478	August 28, 2020	34	9,940	9,974
Re. 0.0523	September 28, 2020	45	10,487	10,532
Re. 0.0498	October 27, 2020	18	9,944	9,962
Re. 0.0513	November 26, 2020	42	10,219	10,261
Re. 0.0481	December 24, 2020	409	9,365	9,774
		652	58,858	59,510



## 16. GENERAL

**16.1** Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

**16.2** These condensed interim financial statements are unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended December 31, 2021 in these condensed interim financial statements, wherever appearing, have not been reviewed by the auditors.

## 17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 23, 2022 by the Board of directors of the Management Company.

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

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

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

\_\_\_\_\_  
**Director**

## Head Office

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