



NBP FUNDS

Managing Your Savings

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NAFA FINANCIAL SECTOR FUND



QUARTERLY REPORT
SEPTEMBER 30, 2019



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	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

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the condensed unaudited financial statements of **NAFA Financial Sector Fund (NFSF)** for the quarter ended September 30, 2019.

Fund's Performance

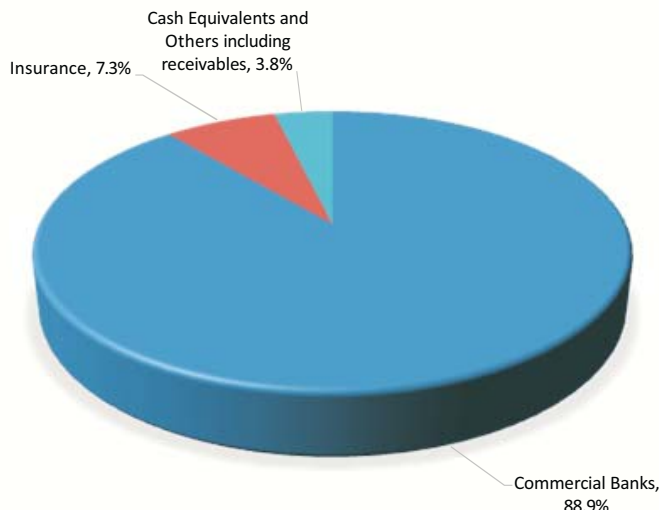
The size of NAFA Financial Sector Fund has decreased from Rs. 1,121 million to Rs. 743 million during the period, i.e. a decrease of 34%. During the period, the unit price of NAFA Financial Sector Fund (NFSF) has decreased from Rs. 9.0609 on June 30, 2019 to Rs. 8.3233 on September 30, 2019, thus showing a decrease of 8.1%. The Benchmark for the same period decreased by 3.7%. Thus, the Fund has underperformed its Benchmark by 4.4% during the period under review. Since inception, the unit price of NAFA Financial Sector Fund has decreased from Rs. 10.0000 on February 14, 2018 to Rs. 8.3233 on September 30, 2019, thus showing a decrease of 16.8%. The Benchmark for the same period decreased by 23.3%. Thus, the Fund has outperformed its Benchmark by 6.5% during the period under review. This performance is net of management fee and all other expenses.

The Stock market started 1QFY2020 on a faltering note and the KSE-100 Index fell sharply to a multi-year low level of 28,765 points by mid-August. The sell-off was witnessed at the local bourse despite positive developments on the external account front, as the IMF accorded approval to USD 6 billion Extended Fund Facility (EFF) along with the immediate release of USD 1 billion. In addition to this, first tranche of USD 500 million was received from Qatar under the USD 3 billion package, and monthly oil facility from Saudi Arabia of USD 275 million was also commenced in July 2019. Drag on the performance of the market was pervasive negative mainly stemming from concerns over slowdown in economic activity amid increasing cost of doing business, rising cost of capital, tapering off consumer demand, and cut in public sector spending. Onerous taxation measures announced in the Federal Budget FY2020 and drive for the documentation of economy with its short-term negative implications for the corporate profitability also had impact on investors' sentiments. Deteriorating relationship between the nuclear-armed India-Pakistan after the repeal of article 370 and imposition of curfew/lockdown in Indian occupied Kashmir also sent jitters in the market.

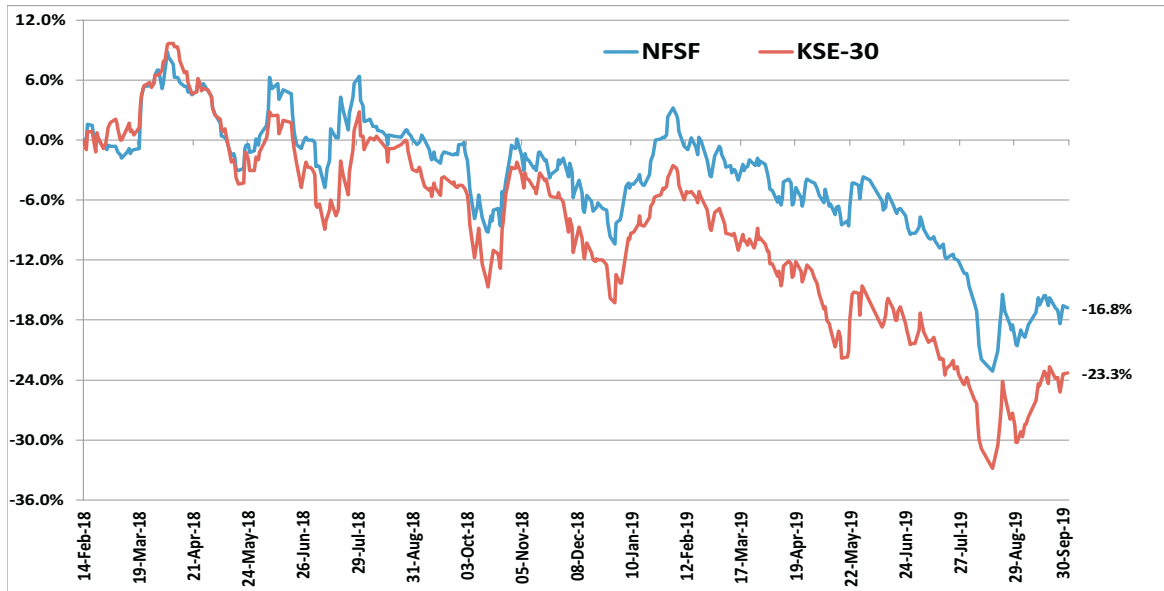
However, the market staged a strong recovery of 12% after bottoming out in mid-August as improving macroeconomic indicators come to fore notably, a significant improvement in Current Account Deficit that dropped by 55% in 2MFY2020 to USD 1.29 billion. Concerns on spiraling inflation started to wane as inflation trajectory appears relatively soft after rebasing of the index. Investors also drew comfort from falling yields on longer tenure government securities, a precursor to reversal of monetary tightening cycle that buoyed the market sentiment. Overall, the benchmark KSE-100 Index finished the quarter under review with a decline of 5.4%. Looking at participant-wise activity during the period, foreign investors remained net buyers with net inflows amounting to USD 23 million. On the local front, Mutual Funds sold equities worth USD 82 million, while individual investors added positions to the tune of USD 49 million.

NAFA Financial Sector Fund has incurred a loss of Rs. 87.904 million during the period. After incurring total expenses of Rs. 7.779 million, the net loss is Rs. 95.683 million.

The asset allocation of the Fund as on September 30, 2019 is as follows:



NFSF Performance versus Benchmark (Since Inception)



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: October 24, 2019
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لئے NAFA فنانسشل سیکٹرز فنڈ (NFSF) کے کنڈیٹس ڈیٹا غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

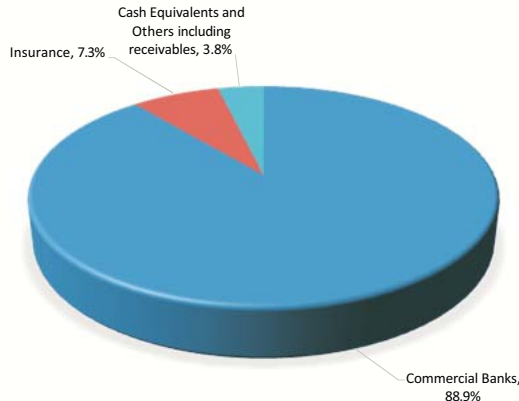
NAFA فنانسشل سیکٹرز فنڈ (NFSF) کا فنڈ سائز اس مدت کے دوران 1,121 ملین روپے سے کم ہو کر 743 ملین روپے ہو گیا، یعنی 34% کمی۔ اس مدت کے دوران، NAFA فنانسشل سیکٹرز فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2019 کو 9.0609 روپے سے کم ہو کر 30 ستمبر 2019 کو 8.3233 روپے ہو چکی ہے، لہذا 8.1% کمی ہوئی۔ اسی مدت کے دوران بیچ مارک میں 3.7% کمی ہوئی۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 4.4% اہتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے یونٹ کی قیمت 10,000 روپے سے کم ہو کر 30 ستمبر 2019 کو 8.3233 روپے ہو گئی، لہذا 16.8% کمی ہوئی ہے۔ اسی مدت کے لئے بیچ مارک میں 23.3% کمی ہوئی۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے بیچ مارک سے 6.5% بہتر رہی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2020ء کی پہلی سہ ماہی میں اسٹاک مارکیٹ کا آغاز مندی سے ہوا اور KSE-100 انڈیکس وسط اگست تک تیزی سے کمی کے بعد 28,765 پوائنٹس کی کثیر سالہ کم ترین سطح پر پہنچ گیا۔ بیرونی کھاتوں کی مدد میں مثبت پیش رفت کے باوجود مقامی مارکیٹ میں فروخت کا رجحان رہا۔ جیسا کہ IMF نے 6 ملین امریکی ڈالر کی توسیعی فنڈ فیسلٹی (EFF) کے ساتھ فوری طور پر 1 بلین امریکی ڈالر جاری کرنے کی منظوری دے دی۔ اس کے علاوہ، 3 بلین امریکی ڈالر منصوبہ کے تحت قطر سے 500 ملین امریکی ڈالر کی وصولی اور سعودی عرب سے 275 ملین امریکی ڈالر کی مالیت کے تیل کی ماہانہ فراہمی کا آغاز جولائی 2019ء میں ہو گیا۔ کاروبار کرنے کی لاگت میں اضافہ، سرمایہ کی بڑھتی قیمت، صارفین کی طلب میں کمی اور سرکاری شعبہ کے اخراجات میں کوئی جیسی سست و معاشی سرگرمیوں نے مارکیٹ کی کارکردگی پر منفی اثر ڈالا۔ مالیاتی سال 2020ء کے لئے وفاقی بجٹ میں زبردست ٹیکس اصلاحات کا نفاذ اور دستاویزی معیشت کو اس کے قلیل مدتی منفی مضمرات کے ساتھ شکل دینے کے اقدام کی وجہ سے سرمایہ داروں کے جذبات پر بُرا اثر پڑا۔ آرٹیکل 370 کے خاتمہ کے بعد دو ایٹمی ممالک انڈیا پاکستان کے درمیان تناؤ اور بھارتی مقبوضہ کشمیر میں کرفیو/لاک ڈاؤن کے اطلاق کے باعث مارکیٹ شدید دباؤ کا شکار رہی۔

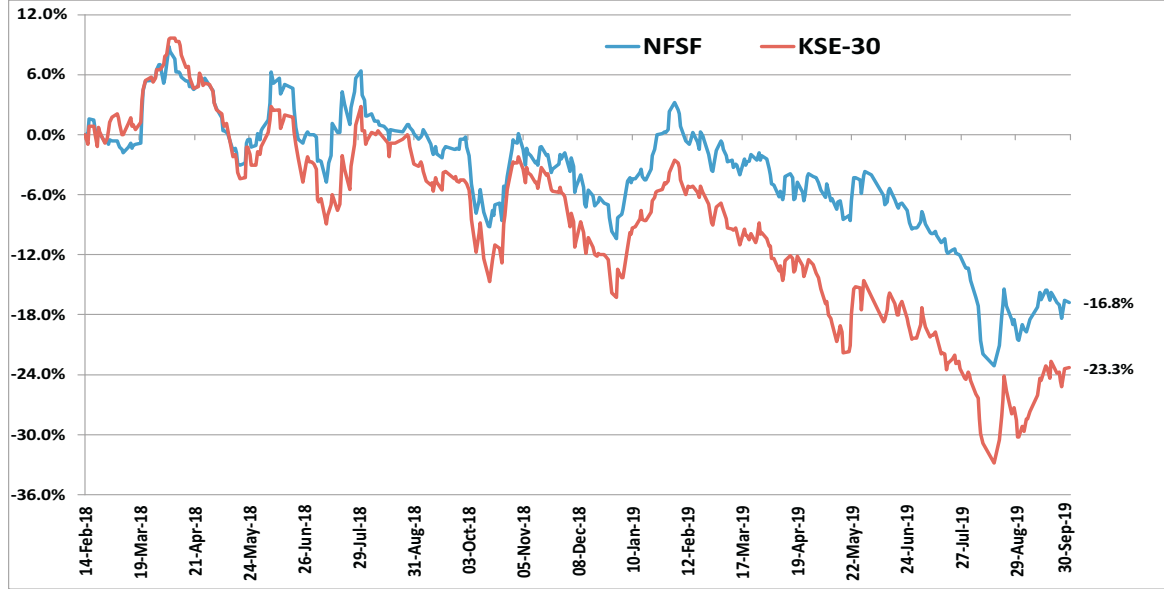
تاہم، وسط اگست میں اقتصادی اشارہ میں بہتری خاص طور پر مالی سال 2020 کے دوسرے ماہ میں کرنٹ اکاؤنٹ خسارہ میں 55 فی صد کمی واقع ہوئی اور یہ خسارہ 1.29 بلین امریکی ڈالر ہو گیا جسکی بدولت مارکیٹ نے اپنے اخطاطی نقطہ سے 12 فی صد کمی منظور بحالی کا مظاہرہ کیا۔ انڈیکس میں تبدیلی کے بعد بڑھتے ہوئے افراط زر میں کچھ کمی واقع ہوئی جبکہ افراط زر میں اضافہ کے خدشات چھائے رہے۔ طویل مدتی حکومتی سیکورٹیز میں منافع کے اضافہ کی وجہ سے سرمایہ داروں کو کچھ اطمینان ہوا۔ یہ سیکورٹیز معاشی استحکام کے لئے متعارف کرائی گئیں جس کی وجہ سے مارکیٹ میں تحریک پیدا ہوئی۔ مجموعی طور پر KSE-100 انڈیکس نے زیر جائزہ سہ ماہی کے دوران 5.4 فی صد کمی کی ساتھ اختتام پذیر ہوا۔ زیر جائزہ مدت کے دوران انفرادی سرگرمی کو دیکھتے ہوئے غیر ملکی سرمایہ دار 23 ملین ڈالر مالیت کے ان فلوز کے ساتھ نمایاں خریدار رہے۔ مقامی سطح پر میوچل فنڈ نے 82 ملین ڈالر کی ایکویٹیٹیز فروخت کیں جب کہ انفرادی سرمایہ داروں نے 49 ملین ڈالر کی سرمایہ داری کی۔

NAFA فنانسشل سیکٹرز فنڈ نے موجودہ مدت کے دوران 87,904 ملین روپے کا مجموعی خسارہ ہوا۔ 7,779 ملین روپے کے مجموعی اخراجات متنبہ کرنے کے بعد خالص خسارہ 95,683 ملین روپے ہے۔

30 ستمبر 2019 کے مطابق فنڈ کی ایسٹ ابلوکیشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بیچ مارک (اپنے قیام سے)



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ پی سی کورٹیز 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 فنانس مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 24 اکتوبر 2019

مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2019

	(Un-Audited) September 30,2019	(Audited) June 30,2019
	Note	
	Rupees in '000	
Assets		
Bank balances	29,597	63,745
Investments	714,157	1,063,204
Dividend and profit receivable	358	889
Deposits and other receivable	2,968	2,948
Preliminary expenses and floatation costs	2,257	2,426
Total assets	749,337	1,133,212
Liabilities		
Payable to NBP Fund Management Limited - Management Company	4,865	6,430
Payable to the Central Depository Company of Pakistan Limited - Trustee	142	204
Payable to the Securities and Exchange Commission of Pakistan	45	1,103
Payable against redemption of units	12	-
Accrued expenses and other liabilities	1,448	4,847
Total liabilities	6,512	12,584
NET ASSETS	742,825	1,120,628
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	742,825	1,120,628
CONTINGENCIES AND COMMITMENTS	5	
	Number of units	
NUMBER OF UNITS IN ISSUE	89,246,749	123,677,243
	----- Rupees -----	
NET ASSET VALUE PER UNIT	8.3233	9.0609

The annexed notes from 1 to 11 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 QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter ended September 30, 2019	Quarter ended September 30, 2018
		Rupees in '000	
Income			
Profit on bank deposits		1,423	2,982
Dividend income		11,343	9,149
(Loss) / Gain on sale of investments - net		(27,096)	814
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(73,574)	(12,988)
Total (loss)		(87,904)	(43)
Expenses			
Remuneration of NBP Fund Management Limited - Management Company		3,530	5,593
Sindh Sales Tax on remuneration of the Management Company		459	727
Accounting and operational expenses		224	280
Selling and marketing expenses	6	2,322	1,119
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		441	531
Sindh Sales Tax on remuneration of the Trustee		57	69
Annual fees to the Securities and Exchange Commission of Pakistan		45	266
Securities transaction cost		365	633
Auditors' remuneration		110	103
Amortization of preliminary expenses and floatation costs		169	169
Annual listing fee		7	8
Printing charges		1	23
Legal and professional charges		9	9
Settlement and bank charges		40	152
Total operating expenses		7,779	9,682
Net (loss) from operating activities		(95,683)	(9,725)
Net (loss) for the period before taxation		(95,683)	(9,725)
Taxation	7	-	-
Net (loss) for the period after taxation		(95,683)	(9,725)
Earnings / (loss) per unit			
Allocation of net income for the period			
Net income for the period after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-

The annexed notes from 1 to 11 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 QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30, 2019	Quarter ended September 30, 2018
	Rupees in '000	
Net (loss) for the period after taxation	(95,683)	(9,725)
Other comprehensive income / (loss) for the period	-	-
Total comprehensive (loss) for the period	<u>(95,683)</u>	<u>(9,725)</u>

The annexed notes from 1 to 11 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 QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30, 2019			Quarter ended September 30, 2018		
----- Rupees in '000 -----						
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
Net assets at beginning of the period	1,283,122	(162,494)	1,120,628	1,065,800	(29,910)	1,035,890
Issue of 2,814,531 units (2018: 60,255,688 units)						
- Capital value	25,502	-	25,502	602,593	-	602,593
- Element of income	(1,338)	-	(1,338)	11,114	-	11,114
Total proceeds on issuance of units	24,164	-	24,164	613,707	-	613,707
Redemption of 37,245,025 units (2018: 40,775,654 units)						
- Capital value	(337,473)	-	(337,473)	(407,781)	-	(407,781)
- Element of loss	31,189	-	31,189	(7,434)	-	(7,434)
Total payments on redemption of units	(306,284)	-	(306,284)	(415,215)	-	(415,215)
Total comprehensive (loss) for the period	-	(95,683)	(95,683)	-	(9,725)	(9,725)
Distribution during the period	-	-	-	-	-	-
Net (loss) for the period after distribution	-	(95,683)	(95,683)	-	(9,725)	(9,725)
Net assets at end of the period	1,001,002	(258,177)	742,825	1,264,292	(39,635)	1,224,657
Undistributed income brought forward						
Realised Income		(33,288)			2,815	
Unrealised (loss)		(129,206)			(32,725)	
		<u>(162,494)</u>			<u>(29,910)</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
		-			-	
Net (loss) for the period after taxation		(95,683)			(9,725)	
Distribution for the period		-			-	
Undistributed loss carried forward		<u>(258,177)</u>			<u>(39,635)</u>	
Undistributed loss carried forward						
- Realised loss		(184,603)			(26,647)	
- Unrealised loss		(73,574)			(12,988)	
		<u>(258,177)</u>			<u>(39,635)</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>9.0609</u>			<u>10.0006</u>
Net assets value per unit at end of the period			<u>8.3233</u>			<u>9.9515</u>

The annexed notes from 1 to 11 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 QUARTER ENDED SEPTEMBER 30, 2019

	Quarter ended September 30, 2019	Quarter ended September 30, 2018
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period before taxation	(95,683)	(9,725)
Adjustments for:		
Amortization of preliminary expenses and floatation costs	169	169
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	73,574	12,988
	73,743	13,157
(Increase) in assets		
Investments	275,473	(136,713)
Dividend and profit receivable	531	(5,065)
Deposits and other receivable	(20)	(20)
	275,984	(141,798)
Increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	(1,565)	2,488
Payable to the Central Depository Company of Pakistan Limited - Trustee	(62)	3
Payable to the Securities and Exchange Commission of Pakistan	(1,058)	(67)
Payable against purchase of investment	-	38,119
Accrued expenses and other liabilities	(3,399)	464
	(6,084)	41,007
Net cash generated from / (used in) operating activities	247,960	(97,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	24,164	613,707
Net payments against redemption of units	(306,272)	(415,215)
Net cash (used in) / generated from financing activities	(282,108)	198,492
Net increase in cash and cash equivalents	(34,148)	101,133
Cash and cash equivalents at the beginning of the period	63,745	142,327
Cash and cash equivalents at the end of the period	29,597	243,460

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Financial Sector Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the 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 equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription 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 7, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of NAFA Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 to the Management Company. The Fund has not yet been rated.

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

The duration of the fund is perpetual. However, the SECP or the Management Company may wind it up on the occurrence of certain events as specified in offering document 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 Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial

statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2019.

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

3 SUMMARY OF ACCOUNTING POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2019 that have a material effect on the financial statements of the Fund.

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
4 INVESTMENTS	Note	Rupees in '000	
At fair value through profit or loss			
Quoted equity securities	4.1	<u>714,157</u>	<u>1,063,204</u>

4.1 Investments in equity securities - listed

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

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / right shares	Sales during the period	As at September 30, 2019	Market Value as at September 30, 2019	Investment as a percentage of		
							Market value as a percentage of net assets	Market value as a percentage of total investment	Paid up capital of investee company held
----- Number of shares -----						(Rupees in '000)	----- % -----		
COMMERCIAL BANKS									
Allied Bank Limited	1,026,000	-	-	131,900	894,100	77,581	10.44	10.86	0.08
Askari Bank Limited	1,552,000	-	-	732,500	819,500	14,415	1.94	2.02	0.07
Bank Al-Falah Limited	2,523,850	101,000	-	586,500	2,038,350	83,450	11.23	11.69	0.11
Bank Al-Habib Limited	1,903,000	-	-	662,500	1,240,500	82,878	11.16	11.60	0.11
Bank Of Punjab Limited	3,262,500	-	-	736,000	2,526,500	22,031	2.97	3.08	0.10
Faysal Bank Limited	1,667,875	-	-	594,000	1,073,875	17,214	2.32	2.41	0.07
Habib Bank Limited	1,395,700	72,300	-	607,900	860,100	101,638	13.68	14.23	0.06
Habib Metropolitan Bank Limited	156,500	-	-	89,500	67,000	1,940	0.26	0.27	0.01
MCB Bank Limited	868,300	-	-	393,600	474,700	80,495	10.84	11.27	0.04
National Bank Of Pakistan	392,000	370,000	-	234,500	527,500	15,271	2.06	2.14	0.02
United Bank Limited	1,040,900	87,000	-	260,400	867,500	119,915	16.14	16.79	0.07
Meezan Bank Limited	539,550	61,000	-	-	600,550	43,264	5.82	6.06	0.05
INSURANCE									
Adamjee Insurance Company Limited	2,064,500	-	-	137,000	1,927,500	54,066	7.28	7.57	0.55
Total as at September 30, 2019					<u>13,917,675</u>	<u>714,157</u>	<u>96</u>	<u>100</u>	
Carrying value as at September 30, 2019						<u><u>787,731</u></u>			

- 4.1.2** Investments include shares with market value of Rs 127.98 (June 30, 2019: 132.778) million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2019 and June 30, 2019.

6 SELLING AND MARKETING EXPENSES

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 1.15% per annum of the net assets of the Fund.

7 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

8 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2019 is 3.48% (2018: 3.46%) which includes 0.25% (2018: 0.38%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% (as amended by S.R.O 639 dated June 20, 2019) prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Shari'ah compliant equity scheme'.

9 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 9.1** Connected persons include NBP Fund Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons 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.

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

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

- 9.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of NBFC Regulations, 2008 and the Trust Deed.

9.5 Details of the transactions with related parties / connected persons during the period are as follows:

	(Un-Audited)	
	Quarter ended September 30, 2019	Quarter ended September 30, 2018
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration for the period	3,530	5,593
Sindh Sales Tax on remuneration of Management Company	459	727
Units issued during the period: Nil (2018: 4,814,847)	-	50,000
Units redeemed during the period: Nil (2018: 4,379,424 units)	-	45,134
Selling and marketing expense	2,322	1,119
Accounting and operational charges	224	280
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	441	531
Sindh Sales Tax on remuneration	57	69
Employees of the Management Company		
Units issued during the period - 1,233 (2018: 577,908)	10	5,912
Units redeemed during the period - 7,365 (2018: 352,135)	61	3,623
National Bank of Pakistan - (Parent of the Management Company)		
Shares purchased - 370,000 (2018: 287,000)	11,717	15,096
Shares sold - 234,500 (2018: 299,000)	6,746	14,545
Portfolio Managed by the Management Company		
Units redeemed during the period: 1,329,651 (2018: 253,700)	11,780	2,700
Taurus Securities Limited - (Subsidiary of Parent Company)		
Brokerage expense	49	30
BankIslami Pakistan Limited - (Common Directorship)		
Profit income	842	2,224
Askari Bank Limited - Common Directorship		
Shares sold - 732,500 (2018: Nil)	12,435	-
	(Un-Audited)	(Audited)
	As at	As at
	September 30,	June 30,
	2019	2019
	(Rupees in '000)	

9.6 Amounts / balances outstanding as at period end

NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	941	1,973
Sindh Sales Tax on remuneration of Management Company	122	256
Sales load payable	1,112	1,067
Sindh Sales Tax payable on sales load and transfer load	144	139
Selling and marketing expenses payable	2,322	2,396
Accounting and operational charges payable	224	599
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	126	181
Sindh Sales Tax payable on trustee fee	16	24
Security deposit	100	100

	(Un-Audited) As at September 30, 2019 (Rupees in '000)	(Audited) As at June 30, 2019
Employees of the Management Company Units held: 235,489 (2019: 241,621)	1,960	2,189
National Bank of Pakistan - (Parent of the Management Company) Shares held: 527,500 shares (2019: 392,000 shares)	15,271	13,195
BankIslami Pakistan Limited - (Common Directorship) Bank balances Profit receivable	12,062 186	41,331 449
Summit Bank Limited - (Common Directorship) Bank balances	956	1,178
Portfolio Managed by the Management Company Units held 6,935,421 (2019: 8,199,644)	57,725	74,296
Askari Bank Limited - common directorship Shares held: 819,500 (2019: 1,552,000)	14,415	29,348
United Bank Limited - unit holder with more than 10% holding Units held 24,926,964 (2019: 24,926,964)	207,475	225,861

10 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 24, 2019.

11 GENERAL

Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

- 11.1 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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