

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II



QUARTERLY REPORT
SEPTEMBER 30, 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Allied Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited



Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02,
Beaumont Road,
Karachi - 75530, Pakistan.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the condensed unaudited financial statements of **NAFA Islamic Principal Protected Fund - II (NIPPF - II)** for the quarter ended September 30, 2020.

Fund's Performance

The size of NAFA Islamic Principal Protected Fund-II stood at Rs. 118 million at 30 Sep, 2020. During the period, the unit price of NAFA Islamic Principal Protected Fund-II has increased from Rs. 102.4623 on June 30, 2020 to Rs. 109.5584 on September 30, 2020, thus showing an increase of 6.9%. The Benchmark during the same period increase by 7.0%. Thus, the Fund has underperformed its Benchmark by 0.1% during the period under review. Since inception (June 27, 2014), the unit price of the Fund has shown a growth of 87.6% as compared to 63.8% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 23.8%. This performance is net of management fee and all other expenses.

Carrying forward the positive momentum, the stock market depicted robust performance during 1QFY2021 as the benchmark KMI-30 Index surged by 17.7%. To put things into perspective, after tumbling to a multi-year low level of 41,365 in March this year, the stock market staged a strong 22.1% recovery during 4QFY20. This impressive market performance was mainly driven by encouraging development on the healthcare front. The active cases of Covid-19 after peaking at 109,000 in July, dropped to 9,000 at the end of September; the fatality rate fell sharply, and ratio of new infections to tests also fell to a low single-digit.

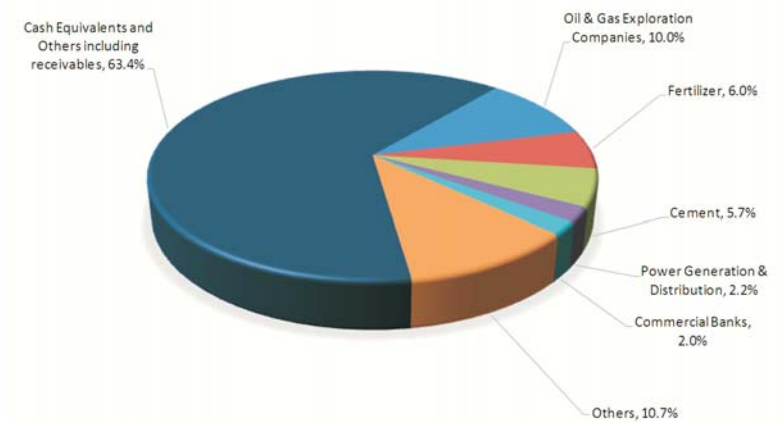
The improvement on the pandemic front allowed re-opening of the economy, which picked-up steam earlier than expected as evidenced by the frequently released economic data such as electricity consumption, retail fuel sales, and industrial output (cement, fertilizers, automobiles, textiles). The encouraging development on the healthcare front and improving economic activity, sparked optimism in investors. External account has so far remained beneficiary of the Coronavirus as workers' remittances have shown a hefty 31% growth in 1QFY21 on a year-on-year basis. Resultantly, the country has posted current account surplus of USD 805 million in the first 2 months of FY2021 versus current account deficit of USD 1,241 million in corresponding period last year.

Looking at the sector wise performance of the market, Automobiles, Cements, Engineering, Glass & Ceramics, Oil & Gas Marketing Companies, Paper & Board, Refineries, Technology and Textiles outperformed the market, while Commercial Banks, Fertilizers, Food & Personal Care, Oil & Gas Exploration, Pharmaceuticals, Power Generation and Distribution and Transport sectors lagged behind. In terms of participant-wise activity, Individuals remained the largest buyers during the quarter with net inflows of USD 108 million. Alongside, Mutual Fund and Insurance were also net buyers, adding positions worth USD 26 million and USD 21 million, respectively. On the other hand, Foreigners and Banks/DFIs were the largest sellers in the market with net outflows amounting to USD 95 million and USD 53 million, respectively.

During 1QFY21, the State Bank of Pakistan (SBP) held Monetary Policy Committee (MPC) meeting in September 2020 and, in line with the market expectation, left the Policy Rate unchanged at 7%. The SBP cited that the outlook for growth and business confidence has improved since the last review. The CPI inflation clocked in at 9% for September 2020, above the market consensus due to spike in prices of perishable food items.

NAFA Islamic Principal Protected Fund-II has earned a total income of Rs. 8.79 million during the period. After accounting for expenses of Rs. 0.98 million, the net income is Rs 7.81 million.

The asset allocation of the Fund as on September 30, 2020 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: October 27, 2020
 Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ ٹیکنجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2020ء کو ختم ہونے والی سہ ماہی کے لئے NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ II- (NIPPF-II) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

30 ستمبر 2020 کو NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ II- (NIPPF-II) کا سائز 118 ملین روپے رہا۔ اس مدت کے دوران، اسلامک پرنسپل پروٹیکٹڈ فنڈ II- کے یونٹ کی قیمت 30 جون 2020 کو 102.4623 روپے (Ex-Div) سے بڑھ کر 30 ستمبر 2020 کو 109.5584 روپے ہو گئی، لہذا 6.9% کا اضافہ ظاہر کر رہی ہے۔ اسی مدت کے دوران بیچ مارک میں اضافہ 7.0% ہوا۔ چنانچہ زبرد جانزدہ مدت کے دوران فنڈ نے اپنے بیچ مارک سے 0.1% کی بہتر کارکردگی کا مظاہرہ کیا۔ اپنے آغاز (27 جون 2014) کے وقت سے فنڈ کی یونٹ قیمت نے اپنے بیچ مارک میں 63.8% اضافہ کے مقابلے 87.6% کی نمو دکھائی۔ لہذا فنڈ نے اپنے بیچ مارک سے 23.8% کی بہتر کارکردگی دکھائی۔ فنڈ کی یہ کارکردگی ٹیکنجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مثبت پیشرفت کو آگے بڑھاتے ہوئے، اسٹاک مارکیٹ نے مالی سال 2021 کی پہلی سہ ماہی کے دوران مضبوط کارکردگی کا تاثر دیا جیسا کہ بیچ مارک KMI-30 انڈیکس میں 17.7% فیصد اضافہ ہوا۔ چیزوں کو تناظر میں رکھتے ہوئے، رواں سال مارچ میں 41,365 کی کثیر سالہ کم سطح پر پہنچنے کے بعد، اسٹاک مارکیٹ نے مالی سال 2020 کی چوتھی سہ ماہی کے دوران 22.1% فیصد مضبوط بحالی کا مظاہرہ کیا۔ مارکیٹ کی یہ متاثر کن کارکردگی بنیادی طور پر صحت کی دیکھ بھال کے محاذ پر ترقی کی حوصلہ افزائی کے ذریعہ کارفرما ہوئی۔ جولائی کے مہینے میں کوویڈ 19 کے فعال کیسز 109,000 پر پہنچنے کے بعد، ستمبر کے آخر میں 9,000 رہ گئے، اموات کی شرح میں تیزی سے کمی واقع ہوئی، اور ٹیسٹوں میں نئے انفیکشن کا تناسب بھی کم ہو کر واحد ہندسہ پر آ گیا۔

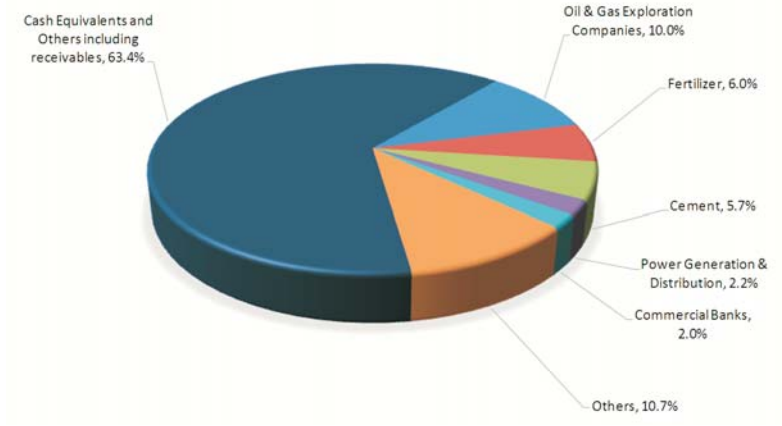
وبائی محاذ پر بہتری سے معیشت دوبارہ چلنے کے قابل ہوئی، جس سے بجلی کی کھپت، خوردہ ایندھن کی فروخت، اور صنعتی پیداوار (سینٹ، کھادیں، آٹوموبائل، ٹیکسٹائل) جیسے متعدد اقتصادی اعداد و شمار ثابت کرتے ہیں کہ پہلے کی توقع سے کہیں زیادہ تیزی پیدا ہو گئی۔ صحت کی دیکھ بھال کے محاذ پر حوصلہ افزائی اور معاشی سرگرمیوں میں بہتری نے سرمایہ کاروں میں پُر امید پیدا کر دی۔ بیرونی اکاؤنٹ اب تک کورونا وائرس میں سرپلس رہا ہے کیونکہ کارکنوں کی ترسیلات زرنے سالانہ بنیاد پر مالی سال 2021 کی پہلی سہ ماہی میں 31% فیصد کا نمایاں اضافہ ظاہر کیا ہے۔ نتیجہ کے طور پر، ملک نے مالی سال 2021 کے پہلے 2 مہینوں میں 805 ملین امریکی ڈالر کا کرنٹ اکاؤنٹ سرپلس درج کرایا ہے جبکہ گذشتہ سال کے اسی عرصے میں کرنٹ اکاؤنٹ خسارہ 1,241 ملین امریکی ڈالر تھا۔

مارکیٹ کی ٹیکسٹ اور کارکردگی پر نظر ڈالیں تو، آٹوموبائل، سینٹ، انجینئرنگ، گلاس اور سراسر اسٹیل اینڈ گیس مارکیٹنگ کمپنیاں، سپیر اینڈ بورڈ، ریفا سٹریٹ، ٹیکنالوجی اور ٹیکسٹائل نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، کھاد، خوراک اور ذاتی نگہداشت، اسٹیل اینڈ گیس ایکسپلوریشن، دواسازی، بجلی پیدا اور تقسیم کرنے اور ٹرانسپورٹ کے شعبے پیچھے رہے۔ شراکت دار سرگرمی کے لحاظ سے، انفرادی سرمایہ کار (ریٹیل) سہ ماہی کے دوران 108 ملین امریکی ڈالر کی خالص خریداری کے ساتھ سب سے زیادہ خریدار رہے۔ اس کے علاوہ، میو جیل فنڈ اور انشورنس بھی خالص خریدار رہے، جنہوں نے بالترتیب 26 ملین امریکی ڈالر اور 21 ملین امریکی ڈالر تک پوزیشن کو مستحکم کیا۔ دوسری طرف، غیر ملکی اور بینک/DFIs مارکیٹ میں بالترتیب 95 ملین امریکی ڈالر اور 53 ملین امریکی ڈالر کے خالص آؤٹ فلوز کے ساتھ سب سے بڑے فروخت کنندگان رہے۔

مالی سال 2021 کی پہلی سہ ماہی میں اسٹیٹ بینک آف پاکستان نے ستمبر 2020 میں مانیٹری پالیسی کمیٹی (MPC) کا اجلاس طلب کیا، اور مارکیٹ توقعات کے مطابق، پالیسی کی شرح 7% پر برقرار رکھی۔ اسٹیٹ بینک آف پاکستان نے حوالہ دیا کہ آخری جائزہ کے بعد سے شرح نمو اور کاروباری اعتماد میں بہتری آئی ہے۔ روزمرہ استعمال ہونے والی اشیائے خورد و نوش کی قیمتوں میں اضافے کے باعث سی پی آئی افراط زر کی شرح ستمبر 2020 میں 9% فیصد رہی۔

NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ II کو موجودہ مدت کے دوران 8.79 ملین روپے کی مجموعی آمدنی ہوئی ہے۔ 0.98 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 7.81 ملین روپے ہے۔

30 ستمبر 2020 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



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 آرٹسٹس 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: 27 اکتوبر 2020

مقام: کراچی



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2020

	(Un-Audited) As at September 30, 2020	(Audited) As at June 30, 2020
	Note -----Rupees in '000-----	
ASSETS		
Bank balances	4 87,973	89,900
Investments	5 43,272	36,253
Dividend and profit receivable	1,090	867
Advances, deposits and prepayments	2,622	2,600
Total assets	134,957	129,620
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	484	466
Payable to Central Depository Company of Pakistan Limited -Trustee	15	14
Payable to the Securities and Exchange Commission of Pakistan	6	22
Accrued expenses and other liabilities	16,105	16,777
Total liabilities	16,610	17,279
NET ASSETS	<u><u>118,347</u></u>	<u><u>112,341</u></u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u><u>118,347</u></u>	<u><u>112,341</u></u>
CONTINGENCIES AND COMMITMENTS	7	
	-----Number of units-----	
NUMBER OF UNITS IN ISSUE	<u><u>1,080,219</u></u>	<u><u>1,096,416</u></u>
	-----Rupees-----	
NET ASSET VALUE PER UNIT	<u><u>109.5584</u></u>	<u><u>102.4623</u></u>

The annexed notes 1 to 13 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, 2020

	Quarter ended September 30, 2020	Quarter ended September 30, 2019
Note	-----Rupees in '000-----	
INCOME		
Capital gain/ (loss) on sale of investments - net	400	(261)
Profit on bank deposits	1,365	3,075
Dividend income	287	392
Unrealised appreciation/ (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	6,739	(1,004)
Total Income	8,791	2,202
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company	362	320
Sindh sales tax on Management Company's remuneration	47	42
Accounting and operational charges to the Management Company	30	26
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	39	34
Sindh sales tax on Trustee remuneration	5	5
Annual fee - Securities and Exchange Commission of Pakistan	6	5
Auditors' remuneration	83	71
Annual listing fee	6	6
Settlement and bank charges	105	105
Selling and marketing expenses	119	105
Securities transaction cost	16	28
Shariah advisor fee	5	5
Total Expenses	823	752
Net income from operating activities	7,968	1,450
Provision for Sindh Workers' Welfare Fund	(159)	(29)
Net income for the period before taxation	7,809	1,421
Taxation	-	-
Net income for the period after taxation	7,809	1,421
Allocation of Net Income for the period:		
Net income for the period after taxation	7,809	1,421
Income already paid on units redeemed	(143)	-
	7,666	1,421
Accounting income available for distribution		
-Relating to capital gains	7,003	-
-Excluding capital gains	663	1,421
	7,666	1,421

The annexed notes 1 to 13 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, 2020

	Quarter ended September 30, 2020	Quarter ended September 30, 2019
	-----Rupees in '000-----	
Net income for the period after taxation	7,809	1,421
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u><u>7,809</u></u>	<u><u>1,421</u></u>

The annexed notes 1 to 13 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, 2020

	Quarter ended September 30, 2020			Quarter ended September 30, 2019		
	----- Rupees in '000 -----					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	(13,103)	125,444	112,341	(16,864)	123,189	106,325
Redemption of 16,196 units (September 30, 2019: 20,615 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,659)	-	(1,659)	(2,066)	-	(2,066)
- Element of income	(1)	(143)	(144)	21	-	21
Total payments on redemption of units	(1,660)	(143)	(1,803)	(2,045)	-	(2,045)
Total comprehensive income for the period	-	7,809	7,809	-	1,421	1,421
Net assets at end of the period	(14,763)	133,110	118,347	(18,909)	124,610	105,701
Undistributed income brought forward						
- Realised		122,055			128,256	
- Unrealised		3,389			(5,067)	
		<u>125,444</u>			<u>123,189</u>	
Accounting income available for distribution						
- Relating to capital gains		7,003			-	
- Excluding capital gains		663			1,421	
		<u>7,666</u>			<u>1,421</u>	
Undistributed income carried forward		<u>133,110</u>			<u>124,610</u>	
Undistributed income carried forward						
- Realised		126,371			125,614	
- Unrealised (loss) / income		6,739			(1,004)	
		<u>133,110</u>			<u>124,610</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>102,4623</u>			<u>100,2278</u>
Net assets value per unit at end of the period			<u>109,5584</u>			<u>101,6147</u>

The annexed notes 1 to 13 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, 2020

Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income for the period before taxation	7,809	1,421
Adjustments		
Unrealised (appreciation)/ diminution on re-measurement of investments classified as 'financial assets 'at fair value through profit or loss' - net	(6,739)	1,004
	<u>1,070</u>	<u>2,425</u>
(Increase) in assets		
Investments	(280)	(18,996)
Dividend and profit receivable	(223)	(461)
Advances, deposits and prepayments	(22)	(17)
	<u>(525)</u>	<u>(19,474)</u>
(Decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	18	(343)
Payable to Central Depository Company of Pakistan Limited -Trustee	1	(1)
Payable to the Securities and Exchange Commission of Pakistan	(16)	(83)
Accrued expenses and other liabilities	(672)	333
	<u>(669)</u>	<u>(94)</u>
Net cash (used in) operating activities	<u>(124)</u>	<u>(17,143)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on redemption of units	(1,803)	(2,045)
Net cash (used in) financing activities	(1,803)	(2,045)
Net (decrease) in cash and cash equivalents during the period	<u>(1,927)</u>	<u>(19,188)</u>
Cash and cash equivalents at the beginning of the period	89,900	95,050
Cash and cash equivalents at the end of the period	<u><u>87,973</u></u>	<u><u>75,862</u></u>

The annexed notes 1 to 13 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, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Principal Protected Fund-II (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 07, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 29, 2014 under 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 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-End "Shariah Compliant Capital Protected Fund Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited.

The objective of NAFA Islamic Principal Protected Fund-II is to earn a potentially high return through dynamic asset allocation between shariah compliant equities and Money Market investment avenues, while providing principal protection. Principal protection means that the net realisable value of the Fund shall not fall below the initial investment value (adjusted for distributions / redemptions during the life of the Fund), provided that the units are held till the completion of the initial maturity of the Fund.

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 Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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



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

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

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

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

3 ACCOUNTING POLICIES

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.
- 3.2 There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2020 that have a material effect on the financial statements of the Fund.

4 BANK BALANCES

	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
Note	------(Rupees in '000)-----	
In current accounts	255	121
In savings accounts	4.1 <u>75,607</u>	<u>89,779</u>
	<u><u>75,862</u></u>	<u><u>89,900</u></u>

- 4.1 These accounts carry mark-up at rates ranging from 2.48% to 6.60% (June 2020: 3.02% to 14.45%) per annum.

5 INVESTMENTS

	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
Note	------(Rupees in '000)-----	
Financial assets classified as 'at fair value through profit or loss'		
Listed equity securities	5.1 <u>43,272</u>	<u>36,253</u>



5.1 Investment in listed equity securities

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

Name of the Investee Company	As at 1 July 2020	Purchases during the year	Bonus Shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 September 2020	Market value /carrying value as at 30 September 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held*
	(Number of shares)						(Rupees in '000)	(%)		
Pharma and Bio Tech										
AGP Limited NC	3,000	-	-	-	-	3,000	327	0.28	0.76	-
The Searle Company Limited	943	-	-	-	-	943	242	0.20	0.56	-
	3,943	-	-	-	-	3,943	569	0.48	1.32	
Commercial Banks										
Meezan Bank Limited	28,687	-	2,619	-	2,500	28,806	2,368	2.00	5.47	-
	28,687	-	2,619	-	2,500	28,806	2,368	2.00	5.47	
Cement										
Lucky Cement Limited	6,300	-	-	-	-	6,300	4,077	3.44	9.42	-
Kohat Cement Company Limited	15,830	-	-	-	-	15,830	2,703	2.28	6.25	0.01
	22,130	-	-	-	-	22,130	6,779	5.72	15.67	
Fertilizer										
Engro Corporation Limited	17,390	3,800	-	-	4,800	16,390	4,934	4.17	11.40	-
Engro Fertilizers Limited	31,000	26,500	-	-	21,000	36,500	2,220	1.88	5.13	-
	48,390	30,300	-	-	25,800	52,890	7,154	6.05	16.53	
Power Generation & Distribution										
The Hub Power Company Limited	33,659	-	-	-	-	33,659	2,641	2.23	6.10	-
	33,659	-	-	-	-	33,659	2,641	2.23	6.10	
Textile Composite										
Nishat Mills Limited	20,500	-	-	-	1,000	19,500	1,971	1.67	4.55	0.01
Kohinoor Textile Mills Limited	4,737	-	-	-	-	4,737	256	0.22	0.59	-
	25,237	-	-	-	1,000	24,237	2,227	1.89	5.14	
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited	10,020	-	-	-	600	9,420	1,886	1.59	4.36	-
Sui Northern Gas Pipelines	7,500	-	-	-	1,000	6,500	402	0.34	0.93	-
Hascol Petroleum Limited	1,121	-	-	-	-	1,121	23	0.02	0.05	-
	18,641	-	-	-	1,600	17,041	2,310	1.95	5.34	
Engineering										
Mughal Iron and Steel Industries Limited	27,226	-	-	-	5,000	22,226	1,429	1.21	3.30	0.01
International Steels Limited	100	-	-	-	-	100	8	0.01	0.02	-
	27,326	-	-	-	5,000	22,326	1,436	1.22	3.32	
Glass & Ceramics										
Tariq Glass industries Limited	14,250	-	-	-	3,500	10,750	974	0.82	2.25	0.01
	14,250	-	-	-	3,500	10,750	974	0.82	2.25	
Technology and Communication										
Systems Limited	5,900	-	-	-	-	5,900	1,605	1.36	3.71	-
	5,900	-	-	-	-	5,900	1,605	1.36	3.71	
Refinery										
National Refinery Limited	200	-	-	-	200	-	-	-	-	-
	200	-	-	-	200	-	-	-	-	
Chemical										
Engro Polymer & Chemicals Limited	55,529	-	-	-	4,000	51,529	2,075	1.75	4.79	0.01
	55,529	-	-	-	4,000	51,529	2,075	1.75	4.79	
Oil & Gas Exploration Companies										
Oil & Gas Development Company Limited	18,900	-	-	-	-	18,900	1,958	1.65	4.52	-
Pakistan Oilfields Limited	4,750	3,700	-	-	600	7,850	3,307	2.79	7.64	-
Pakistan Petroleum Limited	24,328	2,900	-	-	1,200	26,028	2,396	2.02	5.54	-
Mari Petroleum Limited	3,132	-	-	-	100	3,032	4,152	3.51	9.60	-
	51,110	6,600	-	-	1,900	55,810	11,814	9.97	27.30	
Transport										
P.N.S.C.NC	17,000	-	-	-	2,500	14,500	1,320	1.12	3.06	0.01
	17,000	-	-	-	2,500	14,500	1,320	1.12	3.06	
Total - 30 September 2020	352,002	36,900	2,619	-	48,000	343,521	43,272	36.56	100.00	
Carrying value before fair value adjustment as at 30 September 2020							36,533			

* Nil values due to rounded off difference



- 5.1.1** Investments include shares with market value of Rs. 5.967 million (30 June 2020: Rs. 5.562 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.

6 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

The Fund, being prudent, recognised provision for SWWF amounting to Rs 4.023 million as at September 30, 2020 in this condensed interim financial information, Had the provision not been made, net assets value per unit at September 30, 2020 would have been higher by Rs. 3.725 per unit (June 30, 2020: Rs. 3.592 per unit).

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the September 30, 2020 and June 30, 2020.

8 SELLING AND MARKETING EXPENSE

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 0.4% per annum of the net assets of the Fund.

9 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.

10 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2020 is 3.29% (2019: 2.97%) which includes 0.73% (2019: 0.31%) 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'.

11 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

- 11.2** 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.
- 11.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 11.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

-----**(Un-Audited)**-----
Quarter **Quarter**
ended **ended**
September **September**
30, 2020 **30, 2019**
 -----**(Rupees in '000)**-----

11.5 Details of the transactions with connected persons are as follows:

NBP Fund Management Limited - Management Company

Remuneration for the period	362	320
Sindh Sales Tax on remuneration of management company	47	42
Accounting and operational charges to the Management Company	30	26
Selling and marketing expenses	119	105

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	39	34
Sindh Sales Tax on remuneration of Trustee	5	5

Taurus Securities Limited

Brokerage expense	-	2
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National Clearing Company of Pakistan Limited

NCCPL Charges	92	92
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Pakistan Stock Exchange

Listing Fee	25	22
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(Un-Audited) **(Audited)**
September **June**
30, 2020 **30, 2020**
 -----**(Rupees in '000)**-----

11.6 Amounts/ balances outstanding as at period/ year end

NBP Fund Management Limited - Management Company

Management fee payable	123	115
Sindh Sales Tax payable on remuneration of the Management Company	16	15
Accounting and operational charges payable to the Management Company	30	28
Selling and marketing expenses	119	112
Sales tax payable on sales and transfer load	196	196



	(Un-Audited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	13	12
Sindh Sales Tax on remuneration of Trustee	2	2
Security deposit	100	100
Employees of the Management Company		
Units held: 2,489 units (June 30, 2020: 2,489 Units)	273	255
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
City School Provident Fund Trust		
Units held: 501,751 units (June 30, 2020: 501,751 units)	54,971	51,411
Mehreen Dawood		
Units held: 226,687 units (June 30, 2020: 226,687)	24,835	23,227
Novartis Pharma (Pakistan) Ltd - Senior Provident Fund		
Units held: 115,864 (June 30, 2020: 115,864 units)	12,694	11,872
Taimur Dawood		
Units held: 111,320 (June 30, 2020: 111,320 units)	12,196	11,406
National Clearing Company of Pakistan Limited		
NCCPL Charges Payable	68	55
Security Deposit	2,500	2,500

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on October 27, 2020.

13 GENERAL

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

13.2 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

Head Office

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