

NBP ISLAMIC SAVINGS FUND



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.**



Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	10
CONDENSED INTERIM CASH FLOW STATEMENT	11
NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS	12



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

Al Baraka Islamic Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited



Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae 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,
Scheme No. 5, Clifton Karachi.
UAN: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpfunds.com

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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



DIRECTORS' REPORT

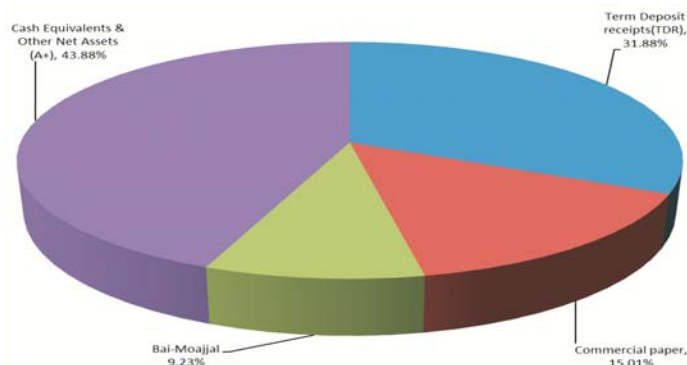
The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited Condensed Interim financial statements of **NBP Islamic Savings Fund (NBP-ISF)** for the quarter ended September 30, 2020.

Fund's Performance

The size of NBP Islamic Savings Fund has decreased from Rs. 3,968 million to Rs. 3,407 million during the period (i.e. a decline of 14%). During the period, the unit price of the Fund has increased from Rs. 9.5313 on June 30, 2020 to Rs. 9.6697 on September 30, 2020, thus showing return of 5.8% p.a. as compared to its benchmark return of 4.4% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

NBP-ISF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'AA- (f)' by PACRA. During the period under review, the market witnessed issuance of a decent size of Shariah Compliant commercial papers to meet the increasing funding need for working capital/bridge financing for fixed capital investments. 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.

The Fund has earned a total income of Rs. 69.72 million during the period. After deducting total expenses of Rs. 15.53 million, the net income is Rs. 54.19 million. The asset allocation of NBP Islamic Savings 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

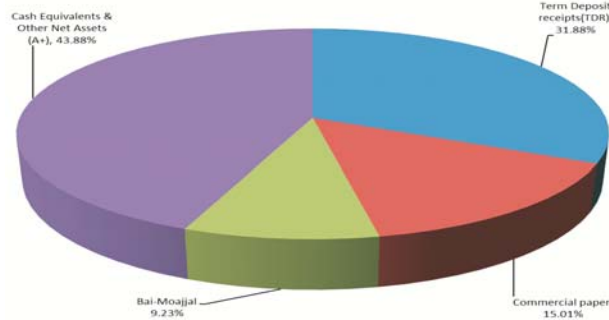
NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 اکتوبر 2020ء کو ختم ہونے والی سہ ماہی کے لئے NBP اسلامک سیونگ فنڈ (NBP-ISF) کے غیر جانچ شدہ منجمد عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NBP اسلامک سیونگ فنڈ کا ساٹھ ماہ کی مدت کے دوران 3,968 ملین روپے سے کم ہو کر 3,407 ملین روپے ہو گیا یعنی 14% کی کمی۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.5313 روپے سے بڑھ کر 30 ستمبر 2020 کو 9.6697 روپے ہو گئی، لہذا اسی مدت کے لیے اپنے بیچ مارک منافع 4.4% کے مقابلے میں 5.8% کا منافع درج کرایا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP-ISF کی اسلامک انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور اسے PACRA کی طرف سے AA-(f) کی مستحکم ریٹنگ دی گئی ہے۔ زبرد جائزہ مدت کے دوران، مارکیٹ میں فلسفہ کیپٹل سرمایہ کاری کے لئے ورکنگ کیپٹل ابرج فنانسنگ کے لئے بڑھتی ہوئی فنڈنگ ضروریات کو پورا کرنے کے لئے شریعہ کمپلیٹ تجارتی پیپرز کے اجراء میں تیزی سے اضافہ ہوا۔ 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۔

فنڈ کو اس مدت کے دوران 69.72 ملین روپے کی مجموعی آمدنی ہوئی۔ 15.53 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 54.19 ملین روپے رہی۔ 30 ستمبر 2020 کو NBP-ISF کی ایسٹ ایلوکیشن اور اس کی ہر ذیلی ایسٹ کلاس کی اوسط کریڈٹ ریٹنگ درج 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 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: 27 اکتوبر 2020

مقام: کراچی



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

	Un-Audited September 30, 2020	Audited June 30, 2020
Note	(Rupees in '000)	

ASSETS

Balances with banks	4	1,539,753	2,092,481
Investments	5	1,911,849	1,938,519
Profit receivable		24,909	22,621
Receivable against conversion of units		-	16,135
Advances, deposits, prepayments and other receivables		1,464	1,547
Total assets		3,477,975	4,071,303

LIABILITIES

Payable to Management Company	10,021	13,723
Payable to Trustee	243	287
Payable to Securities and Exchange Commission of Pakistan	189	653
Payable on redemption of units	35,516	68,330
Accrued expenses and other liabilities	25,157	20,660
Total liabilities	71,126	103,653

Net Assets

3,406,849	3,967,650
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Unit Holders' Funds (as per statement attached)

3,406,849	3,967,650
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Contingencies and commitments

7

Number of units

Number of units in issue	352,321,394	416,273,709
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Rupees

Rupees

Net asset value per unit

9.6697	9.5313
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The annexed notes 1 to 14 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
	(Rupees in '000)	
INCOME		
Income from sukuk, ijarah bonds and commercial paper	12,971	15,532
Income from term deposits receipts	17,746	-
Profit on bank deposits	32,780	73,237
Income from Bai-Moajjal	6,223	-
Net (Loss) on sale of investment	-	(834)
Net unrealised (diminution) in the value of investments carried 'at fair value through profit or loss'	-	(683)
Total Income	69,720	87,252
EXPENSES		
Remuneration of the Management Company	4,867	5,020
Sindh Sales Tax on Management Fee	633	653
Accounting and operational charges to the Management Company	946	668
Selling and Marketing Expenses	6,623	4,378
Remuneration of the Trustee	710	501
Sindh Sales Tax on Trustee Fee	92	65
Annual fee - Securities and Exchange Commission of Pakistan	189	134
Securities transaction cost	-	8
Settlement and bank charges	28	75
Annual listing fee	7	7
Auditors' remuneration	92	175
Printing Expense	-	1
Rating Fee	104	103
Shariah Advisor Fee	124	110
Legal and Professional Charges	13	7
Total Expenses	14,428	11,905
Net Income from operating activities	55,292	75,347
Provision for sindh workers' welfare fund	(1,106)	(1,507)
Net income for the period before taxation	54,186	73,840
Taxation	-	-
Net income for the period after taxation	54,186	73,840
Allocation of Net income for the period:		
Net income for the period after taxation	54,186	73,840
Income already paid on units redeemed	(7,126)	(10,405)
	47,060	63,435
Accounting income available for distribution:		
- Relating to Capital Gains	-	-
- Excluding Capital Gains	47,060	63,435
	47,060	63,435

The annexed notes 1 to 14 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	54,186	73,840
Other comprehensive income	-	-
Total comprehensive income for the period	54,186	73,840

The annexed notes 1 to 14 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		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	(Rupees in '000)					
Net assets at the beginning of the period	3,907,523	60,127	3,967,650	3,585,988	56,382	3,642,370
Issuance of 57,172,686 units (2019: 56,467,942 units)						
- Capital Value	544,930		544,930	537,722		537,722
- Element of income	2,659		2,659	6,725		6,725
Total proceeds on issuance of units	547,589	-	547,589	544,447		544,447
Redemption of 121,125,001 units (2019: 183,200,709 units)						
- Capital Value	(1,154,479)	-	(1,154,479)	(1,744,547)	-	(1,744,547)
- Element of loss	(971)	(7,126)	(8,097)	(1,350)	(10,405)	(11,755)
Total payments on redemption of units	(1,155,450)	(7,126)	(1,162,576)	(1,745,897)	(10,405)	(1,756,302)
Total comprehensive income for the period	-	54,186	54,186	-	73,840	73,840
Net assets at the end of the period	<u>3,299,662</u>	<u>107,187</u>	<u>3,406,849</u>	<u>2,384,538</u>	<u>119,817</u>	<u>2,504,355</u>
Accumulated income brought forward						
- Realised income		60,127			58,700	
- Unrealised income		-			(2,318)	
		<u>60,127</u>			<u>56,382</u>	
Accounting income available for distribution for the period:						
- Relating to Capital Gains		-			-	
- Excluding Capital Gains					63,435	
		<u>47,060</u>			<u>63,435</u>	
Undistributed carried forward		<u>107,187</u>			<u>119,817</u>	
Undistributed income comprising of:						
- Realised income		107,187			120,500	
- Unrealised income		-			(683)	
		<u>107,187</u>			<u>119,817</u>	
Net Asset Value per unit at beginning of the period	<u>9.5313</u>			<u>9.9920</u>		
Net Asset Value per unit at period end	<u>9.6697</u>			<u>9.6473</u>		

The annexed notes 1 to 14 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

	Quarter Ended September 30, 2020	Quarter Ended September 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	54,186	73,840
Adjustments		
Amortisation of preliminary expenses and floatation costs	-	-
loss on sale of investments	-	834
Net unrealised diminution in the value of investments carried 'at fair value through profit or loss'	-	683
	<u>54,186</u>	<u>75,357</u>
Decrease in assets		
Investments	26,670	722,634
Profit receivable	(2,288)	854
Advances, deposits, prepayments and other receivables	83	110
	<u>24,465</u>	<u>723,598</u>
(Decrease) in liabilities		
Payable to Management Company	(3,702)	(1,514)
Payable to Trustee	(44)	(147)
Payable to Securities and Exchange Commission of Pakistan	(464)	(2,149)
Accrued expenses and other liabilities	4,497	(17,778)
	<u>287</u>	<u>(21,588)</u>
Net cash generated from operating activities	<u>78,938</u>	<u>777,367</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	563,724	529,870
Payments on redemption of units	(1,195,390)	(1,730,230)
Net cash used in financing activities	<u>(631,666)</u>	<u>(1,200,360)</u>
Net decrease in cash and cash equivalents during the period	<u>(552,728)</u>	<u>(422,993)</u>
Cash and cash equivalents at the beginning of the period	2,092,481	2,118,188
Cash and cash equivalents at the end of the period	4 <u><u>1,539,753</u></u>	<u><u>1,695,195</u></u>

The annexed notes 1 to 14 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

NBP Islamic saving 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 August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as shariah-compliant income scheme as per the criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters. CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC on November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on July 17, 2014 CDC was re-appointed as the new Trustee of the Fund, after MCBFSL retired on prior day.

The Fund is an open-ended mutual fund and classified as shariah compliant "income" 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.

Management Company has obtained approval of SECP, pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Income Fund' with effect from March 14, 2017.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

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

Title of the assets of the Fund is held in the name of CDC as a 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 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.



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

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, 2020.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.
- 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	Note	(Un-Audited)	(Audited)
			September 30, 2020	June 30, 2020
			(Rupees in '000)	
	In current accounts		26,273	22,104
	In savings accounts		<u>1,513,480</u>	<u>2,070,377</u>
			<u><u>1,539,753</u></u>	<u><u>2,092,481</u></u>
5	INVESTMENTS		(Un-Audited)	(Audited)
			September 30, 2020	June 30, 2020
	(Rupees in '000)			
	At fair value through profit or loss			
	Commercial Paper	5.1	511,339	414,009
	Term Deposit Receipt	5.2	1,086,000	1,210,000
	Bai-Moajjal	5.3	314,510	314,510
			<u><u>1,911,849</u></u>	<u><u>1,938,519</u></u>



- 5.1** This represents Commercial paper of K-Electric Limited which carries profit at rates ranging from 5.92% to 7.12% per annum
- 5.2** This represents three month term deposit receipt of 586 million with UBL Ameen at 6.65% and 39 days term deposit receipt of 500 million having profit of 6.75% with Bank Islami Pakistan Limited (related party) being matured on Nov 06, 2020 and October 30, 2020 respectively.
- 5.3** This represents bai-muajjals of commercial paper with Pak Brunei Investment Company on June 15, 2020. This carry profit at the rate of 7.85% and will mature on December 14, 2020.

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 17 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

The Fund, being prudent, recognised provision for SWWF amounting to Rs.19.747 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. 0.056 per unit (June 30, 2020: Rs. 0.0448 per unit).

7 CONTINGENCIES AND COMMITMENTS

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

8 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 0.7% 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, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

10 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended September 30, 2020 is 1.64% (June 30, 2020: 2.06%) which includes 0.21% (June 30, 2020: 0.34%) representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Shariah compliant income scheme'.



11 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to categorize 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	Value of Investment before Provision	Provision held, if any	Value of Investment after Provision	% of net assets	% of gross assets
New Allied Electronics Industries (Private) Limited - Sukuk 1	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	110,000	(110,000)	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk 2	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	4,905	(4,905)	-	-	-
Total carrying value		<u>114,905</u>	<u>(114,905)</u>			

11.1 At the time of purchase, these sukuks were in compliance with the aforementioned Circular. However, they either subsequently defaulted or were downgraded to non investment grade.

12 TRANSACTIONS WITH CONNECTED PERSONS

12.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund. Limited 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.

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

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

12.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.



-----Un-audited-----

Quarter Ended September 30, 2020	Quarter Ended September 30, 2019
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12.5 Details of the transactions with connected persons are as follows:

(Rupees in '000)

NBP Fund Management Limited - Management Company

Management fee expense for the period	4,867	5,020
Sindh Sales Tax on Management Fee	633	653
Reimbursement of operational expenses	946	668
Sales load & transfer load	1,104	982
Selling & Marketing expenses	6,623	4,378
Units issued / transferred in 1,038 units (2019: Nil units)	10	-

Central Depository Company of Pakistan Limited - Trustee

Trustee fee expense for the period	710	510
Sindh Sales Tax on Trustee Fee	92	65
Settlement Charges	2	2

Bank Islami Pakistan Limited (Common Directorship)

Profit on savings account	421	22,295
Profit on Term deposit receipts	7,698	14,690
Placement of term deposit receipts	1,090,000	1,135,000

Chief Financial Officer of the Management Company

Units issued / transferred in Nil units (2019: 51,525 units)	-	500
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Employees of the Management Company

Units issued / transferred in 388,025 units (2019: 60,196 units)	3,721	579
Units redeemed / transferred out 1,625,025 units (2019: 435,888 units)	15,571	4,176

Pakistan Stock Exchange (Common Directorship)

Listing fees paid	25	25
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(Un-Audited) (Audited)

As at September 30, 2020	As at June 30, 2020
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(Rupees in '000)

12.6 Amounts outstanding as at quarter end

NBP Fund Management Limited - Management Company

Management fee payable	1,447	1,959
Sindh Sales Tax payable on Management Fee	188	255
Sindh Sales Tax on sales load	48	1,013
Sales load & transfer load	769	2,430
Accounting and operational charges to the Management Company	946	971
Selling & Marketing payable	6,623	7,095
Investment held in the Fund 1,038 units: (June 30, 2020: Nil units)	10	-

Central Depository Company of Pakistan Limited

Remuneration payable	215	254
Sindh Sales Tax payable	28	33
Settlement Charges payable	5	3
Security deposits	100	100



	(Un-Audited)	(Audited)
	As at September 30, 2020	As at June 30, 2020
(Rupees in '000)		

National Bank of Pakistan - Parent of the Management Company

Balance in account	4,514	9,119
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Employees of Management Company

Investment held by the executives in the Fund 1,394,643 units;(June 30, 2020: 2,633,581 units)	13,486	25,101
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Chief Financial Officer of the Management Company

Investment held in the Fund 5,877 units: (June 30, 2020: 5,877 units)	57	56
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**BankIslami Pakistan Limited (Common Directorship
with the Management Company)**

Balance in savings accounts	2,159	2,058
Profit Receivable on Bank Balance	15	1,060
Term deposit receipts	500,000	590,000
Profit Receivable on TDR	925	113

13 DATE OF AUTHORISATION FOR ISSUE

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

14 GENERAL

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

14.2 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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