

NBP ISLAMIC REGULAR INCOME FUND

ANNUAL REPORT
2021

AM1
Rated by PACRA



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. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

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

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Bankers to the Fund

MCB Bank Limited
Meezan Bank Limited
Bank Al Habib Limited
National Bank of Pakistan
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Silk Bank Limited
United Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Al Baraka Bank of Pakistan



Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shaheed Chaudary Aslam Rd,
Civil Lines, Karachi, 75530

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



Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



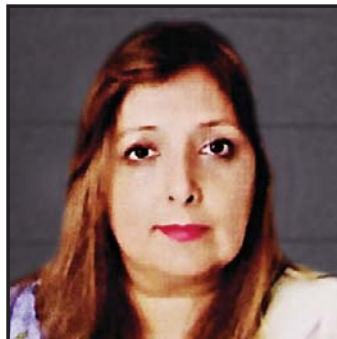
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation &
Strategy Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Salman Ahmed, CFA
Head of Fixed Income



Mr. Zulfiqar Ali, CFA
Head of Business Planning
and Analytics



Mr. Hassan Raza, CFA
Head of Research



Mr. Waheed Abidi
Head of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Muhammad Imran, CFA, ACCA
Head of Portfolio Management



Syed Haseeb Ahmed Shah
Head of Compliance



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Third Annual Report for the period ended June 30, 2021, since launch of **NBP Islamic Regular Income Fund** on October 31, 2018.

Fund's Performance

After lackluster performance in FY20, the stock market (KMI-30 Index) delivered robust returns of 39.3% during FY2021, driven by attractive stock market valuations; earlier than expected lifting of business restrictions and the resultant sharp economic recovery; development & deployment of effective vaccines; and well-coordinated decisive policy response by the monetary and fiscal authorities. The rally at the local bourse picked up steam in 1HFY21 as valuable money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The economic growth rate for FY21 stood at 3.9% after GDP contraction of 0.5% during FY20. The frequently released economic data such as cement dispatches, retail fuels sales, electricity consumption and automobile sales volume also corroborated sharp economic rebound. Coronavirus-induced travel restrictions proved beneficial for the external account as workers' remittances registered a hefty 27% growth during FY2021, clocking-in at USD 29.4 billion. Resultantly, the country posted a Current Account Deficit (CAD) of USD 1.8 billion during FY21 versus USD 4.4 billion last year. The Extended Fund Facility (EFF) with the International Monetary Fund (IMF) that was put on hold in April last year, finally resumed. As a result the country secured the IMF tranche of around USD 500 million. The resumption of IMF program allowed the country to borrow USD 2.5 billion by issuing Eurobonds in the international debt market. Furthermore, the Roshan Digital Account (RDA) launched by the central bank to tap the diaspora was a resounding success as the country attracted around USD 1.6 billion during the year.

In terms of sectoral performance, Auto Assemblers, Cements, Chemicals, Engineering, Glass & Ceramics, Oil & Gas Marketing Companies, Paper & Board, Power Generation & Distribution, Refinery, Technology, and Textile Composite sectors performed better than the market. On the contrary, Fertilizers, Food & Personal Care, Insurance, Oil & Gas Exploration, Sugar, Transport and Pharmaceuticals sectors lagged behind. In terms of participants-wise market activity, Individuals, Companies, and Other Organizations stood as main buyers in the market, with net inflows amounting to USD 332 million, USD 138 million and USD 45 million, respectively. On the other hand, Foreign Investors, Banks/DFIs and Broker Proprietary Trading were large sellers with net outflows of around USD 387 million, USD 95 million, and USD 32 million, respectively.

Trading activity in corporate sukuk further reduced as cumulative traded value stood at Rs. 16 billion compared to Rs. 27 billion in FY2020. However, the fresh issuance of shariah compliant commercial papers helped the undersupplied market for long-term shariah-compliant debt instruments to some extent.

Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country. SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 15.2 trillion. Sovereign yields reflected the market expectation of the bottoming out of the interest rate and eventual reversal of the monetary easing cycle. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 19, 48 and 76 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 1.46%, 1.38%, and 1.25%, respectively.

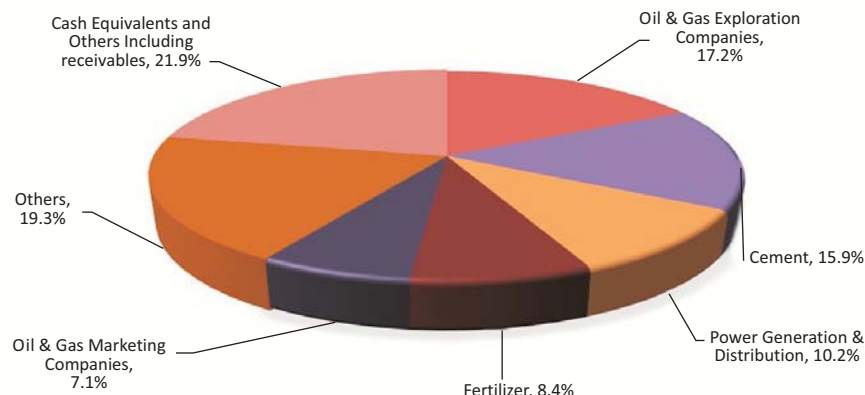
During the fiscal year, NBP Islamic Regular Income Fund increased by 20.5% versus the benchmark increased by 31.5%. Thus, the Fund underperformed the benchmark by 11.0% during the year. The drag on the Fund performance was on account of lagged performance of some of its key holdings belonging to defensive sectors that continued to trade at steep valuation discount compared to the market, during the period under review. We expect these stocks to exhibit strong performance going ahead given their undemanding valuations. Since its launch (October 31, 2018), the Fund has increased by 7.3%. The Benchmark during the same period was increased by 17.7%. Thus, to date underperformance is 10.4%. This underperformance is net of management fee and all other expenses. The Fund size is 148 million as of June 30, 2021.

NBP Islamic Regular Income Fund has earned a total income of Rs. 26.79 million during the year. After deducting total expenses of Rs. 4.40 million, the net income is Rs. 22.39 million. During the year, the unit price of NBP Islamic Regular



Income Fund has increased from Rs. 8.0631 (Ex-Div) on June 30, 2020 to Rs. 9.7140 on June 30, 2021. The resultant per unit gain is Rs. 1.6509 (20.5%).

The asset allocation of NBP Islamic Regular Income Fund as on June 30, 2021 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.45% of the opening ex-NAV (4.60% of the par value) during the year ended June 30, 2021.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Regular Income Fund amounting to Rs. 0.62 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Regular Income Fund by 0.43% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, has resigned in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the replacement would be required. The Board has approved the appointment of Messrs Yousuf Adil Chartered Accountants, offer for appointment for the year ending June 30, 2022.

Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.



4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2021, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Syed Hasan Irtiza Kazmi 3. Ms. Mehnaz Salar 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

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: **September 16, 2021**
Place: Karachi.



ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ کمپنیز کے بورڈ آف ڈائریکٹرز بھد مسرت 31 اکتوبر 2018 کو قائم ہونے والے NBP اسلامک ریگولر انکم فنڈ (NIRIF) کی تیسری سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 20 میں ناقص کارکردگی کے بعد (30-اٹیکس) نے اسٹاک مارکیٹ کی پُرکشش قیمتوں، توقع سے قبل کاروباری پابندیوں کے خاتمے اور تیز ترین معاشی بحالی، ڈیولپمنٹ اور موثر ڈیویڈنڈ کی تیاری اور تعیناتی اور مانیٹری اور فیکل حکام کی طرف سے مربوط کن فیصلہ سازی کے باعث مالی سال 2021 کے دوران 39.3% کا مستحکم منافع دیا ہے۔ مقامی اسٹاک مارکیٹ میں ریلی 1HFY21 میں بھرپور بڑھ گئی کیونکہ قابل قدر رقم اسٹاک مارکیٹ میں داخل ہوئی۔ مضبوط معاشی بحالی اور مضبوط آمدنی میں اضافے نے مارکیٹ کے جذبات کو مزید فروغ دیا۔ یہ بات قابل ذکر ہے کہ مالی سال 21 کے دوران اسٹاک مارکیٹ کی کارکردگی کارپوریٹ آمدنی میں اضافے سے کارفرما تھی کیونکہ مارکیٹ اب بھی 6.5x گینا کی پُرکشش (Price-to-Earning (P/E) پر تجارت کرتی ہے۔

اگرچہ ملک کو زیر جائزہ سال کے دوران کوویڈ 19 کی متعدد لہروں کا سامنا کرنا پڑا، لیکن سمارٹ اور ٹارگٹڈ لاک ڈاؤن نے معیشت کو بغیر کسی رکاوٹ کے جاری رکھا۔ معاشی بحالی شروع میں بتدریج تھی اور سازگار مالیاتی اور مانیٹری پالیسیوں کی مدد سے اس کی رفتار تیز ہو گئی۔ مالی سال 20 کے دوران جی ڈی پی میں 0.5 فیصد کمی کے بعد مالی سال 21 کی معاشی ترقی کی شرح 3.9 فیصد رہی۔ اکثر جاری ہونے والے معاشی اعداد و شمار جیسے کہ سیمنٹ کی ترسیل، خوردہ ایندھن کی فروخت، بجلی کی کھپت اور آٹوموبائل کی فروخت کا حجم بھی تیز معاشی بحالی کی تصدیق کرتا ہے۔ کورونا وائرس سے متاثرہ سفری پابندیاں بیرونی اکاؤنٹ کے لیے فائدہ مند ثابت ہوئیں کیونکہ مالی سال 2021 کے دوران بیرون ملک کام کرنے والے ملازمین کے ترسیلات زر میں 27 فیصد اضافہ ریکارڈ کیا گیا، جو کہ 29.4 ملین امریکی ڈالر ہے۔ نتیجتاً ملک نے مالی سال 21 کے دوران 1.8 ملین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) درج کیا جو گزشتہ سال 4.4 ملین امریکی ڈالر تھا۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ توسیعی فنڈ سہولت (ای ایف ایف) جو کہ گزشتہ سال اپریل میں روک دی گئی تھی، آخر کار دوبارہ بحال ہو گئی۔ اس کے نتیجے میں ملک نے آئی ایم ایف کی تقریباً 500 ملین امریکی ڈالر کی قسط حاصل کر لی۔ آئی ایم ایف پروگرام کی بحالی نے ملک کو بین الاقوامی ڈیٹ مارکیٹ میں یورو بانڈز جاری کر کے 2.5 ملین امریکی ڈالر قرض لینے کی اجازت دی۔ مزید برآں، سنٹرل بینک کی جانب سے پردیسیوں کو مستفید کرنے کے لیے شروع کیا گیا ریشن ڈبیلنگ اکاؤنٹ (آر ڈی اے) ایک شاندار کامیابی تھی کیونکہ ملک نے سال کے دوران تقریباً 1.6 بلین امریکی ڈالر کا زرمبادلہ حاصل کیا۔

شعبہ دارکارکردگی کے تناظر میں آٹو اسمبلرز، سینٹس، یکمیکلز، انجینئرنگ، گلاس اینڈ سٹریس، تیل اور گیس مارکیٹنگ کمپنیوں، کاغذ اور پورڈ، بجلی کی پیداوار اور تقسیم، ریفا سٹری، جینا لوجی، اور نیٹسٹائل کمپوزٹ کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اسکے برعکس کھادیں، خوراک اور ذاتی نگہداشت، انشورنس، تیل اور گیس ایکسپلوریشن چین، ٹرانسپورٹ اور فارماسیوٹیکلز مارکیٹ سے پیچھے رہ گئے۔ مارکیٹ میں شرکاء وارسرگرمی کے لحاظ سے، انفرادی سرمایہ کار، کمپنیاں، اور دیگر آرگنائزیشنز بالترتیب 332 ملین امریکی ڈالر، 138 ملین امریکی ڈالر اور 45 ملین امریکی ڈالر کے خالص آمد کے ساتھ مارکیٹ میں بڑے خریدار ہیں۔ دوسری طرف، غیر ملکی سرمایہ کار، بینک DFIs اور بروکر پروپرائیٹری ٹریڈنگ بالترتیب تقریباً 387 ملین امریکی ڈالر، 95 ملین امریکی ڈالر اور 32 ملین امریکی ڈالر کے خالص اخراج کے ساتھ مارکیٹ میں اہم فروخت کار ہیں۔

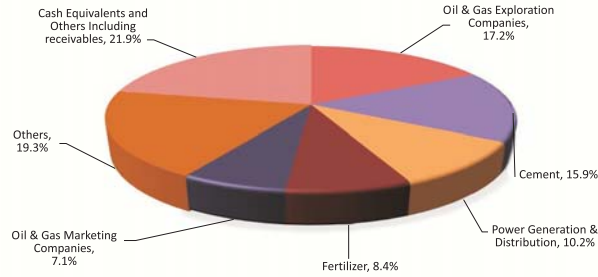
کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2020 میں 27 بلین روپے کے مقابلے میں مجموعی تجارتی قیمت مزید کم ہو گئی جو کہ 16 بلین روپے رہی۔ تاہم، شریعہ کمپلیٹ کمرشل سپر ز کے نئے اجراء نے طویل مدتی شریعہ کمپلیٹ ڈیٹ آلات کے زیر اثر مارکیٹ کی کسی حد تک مدد کی۔

سی پی آئی (CPI) کی پیمائش کردہ افراط زر بنیادی طور پر خوراک کی قیمتوں میں اضافے کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بیچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراط زر میں اضافے کے باوجود، اسٹیٹ بینک نے معیشت میں نمایاں سست روی اور معاشی بحالی کو ملک میں بڑھتے ہوئے کورونا وائرس کی کمی سے پیدا ہونے والے خطرات کے حوالے سے مانیٹری پالیسی کے موثر موقف کو جاری رکھا۔ SBP نے جنوری 2021 (26) کی ٹی بی ٹی نمایاں منعقد کی، جس سے کل 15.2 ٹریلین روپے حاصل کئے۔ حکومتی منافع شرح سود کی کم ترین سطح اور مانیٹری آسانی کے سائیکل کو ختم کرنے کے توقع کی عکاسی کرتا ہے۔ 3 ماہ، 6 ماہ اور 12 ماہ کی ٹی بلز منافع میں بالترتیب 19، 48 اور 76 پیسہ کا اضافہ ہوا۔ اسی طرح 3 ماہ، 5 ماہ، 10 سالہ اور 1.25% تک کا اضافہ ہوا۔

مالی سال کے دوران، NBP اسلامک ریگولر انکم فنڈ 31.5% بیچ مارک اضافے کے مقابلے میں 20.5% زیادہ ہوا۔ لہذا، زیر جائزہ مالی سال کے دوران فنڈ نے اپنے بیچ مارک سے 11.0% کی اہتر کارکردگی ظاہر کی۔ فنڈ کی یہ خراب کارکردگی حفاظتی شعبوں میں کلیدی ہولڈنگز کی خراب کارکردگی کے باعث رہی جسے زیر جائزہ خطراتی مدت کے دوران مارکیٹ کے مقابلے بہت ہی رعایتی قیمتوں پر فروخت کیا گیا۔ ہم توقع کرتے ہیں کہ یہ اسٹاک مستقبل میں دی گئی غیر ضروری قیمتیں مستحکم کارکردگی دکھائیں گے۔ اپنے آغاز (31 اکتوبر 2018) سے، فنڈ نے 7.3% کا اضافہ ظاہر کیا۔ اسی مدت کے دوران بیچ مارک 17.7% زیادہ ہوا۔ چنانچہ اب تک اہتر کارکردگی 10.4% ہے۔ یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کا ساؤز 30 جون 2021 کو 148 ملین روپے ہے۔

NBP اسلامک ریگولر انکم فنڈ کو موجودہ سال کے دوران 26.79 بلین روپے کی کل آمدنی ہوئی ہے۔ 4.40 بلین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 22.39 بلین روپے ہے۔ سال کے دوران این بی پی اسلامک ریگولر انکم فنڈ کے پونٹ کی قیمت 30 جون 2020 کو 8.0631 روپے (EX-Div) سے بڑھ کر 30 جون 2021 کو 9.7140 روپے ہو گئی۔ اس کے نتیجے میں فی پونٹ منافع 1.6509 روپے (20.5%) ہے۔

NBP اسلامک ریگولر انکم فنڈ کی ایسٹ ایلوکیشن 30 جون 2021 کو مطابق ذیل ہے:



آمدنی کی تقسیم

بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 5.45% (بنیادی قدر کا 4.60%) منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین متہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

سندھ ورکرز ویلفیئر فنڈ (SWWF)

مورخہ 12 اگست 2021 کو سندھ ریونیو بورڈ کی جانب سے ایک وضاحتی مراسلہ نمبر SRB/TP/70/2013/8772 میوچل فنڈز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP اسلامک ریگولر انکم فنڈ میں ریکارڈ کی گئی 0.62 بلین روپے ورکرز ویلفیئر فنڈ کی پروویڈنٹس 13 اگست 2021 ریورس کر دیا گیا۔ پروویڈنٹس کی اس ریورسل کے باعث NBP اسلامک ریگولر انکم فنڈ کی NAV میں 0.43% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹ کی صلاحیت میں اپنی پانچ سالہ مدت مکمل کر لی ہے۔ نان بینکنگ فنانس کمپنیز کے ریگولیشن اور نوٹیفیکیشن انڈیکس کے ریگولیشنز، 2008 کے تقاضے (i) 38 کے مطابق ان کی تبدیلی ضروری ہوگی۔ بورڈ نے میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2022 کو ختم ہونے والے سال کے لئے اپنے آپ کو تقرری کے لئے تقرری کی منظوری دی ہے۔

لنڈ کیمپنوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1 بینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔



- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیبل / ایم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیویڈنڈز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران منجمنت کمیٹی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، ای ای او، ای ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی اشریٹ نہیں رکھتی۔
30 جون 2021 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کنٹگری
•1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیئرمین) •2 سید حسن رضی کاظمی •3 محترمہ مہنا سالار •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنت کمیٹی 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 رٹرن 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 منجمنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 16 ستمبر 2021ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Regular Income Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2021



FUND MANAGER REPORT

NBP Islamic Regular Income Fund

NBP Islamic Regular Income Fund is an Open-ended Shariah Compliant Asset Allocation Fund.

Investment Objective of the Fund

The objective of NBP Islamic Regular Income Fund is to provide regular payments to investors by investing in Shariah Compliant Debt, Money Market & Equity investment avenues.

Benchmark

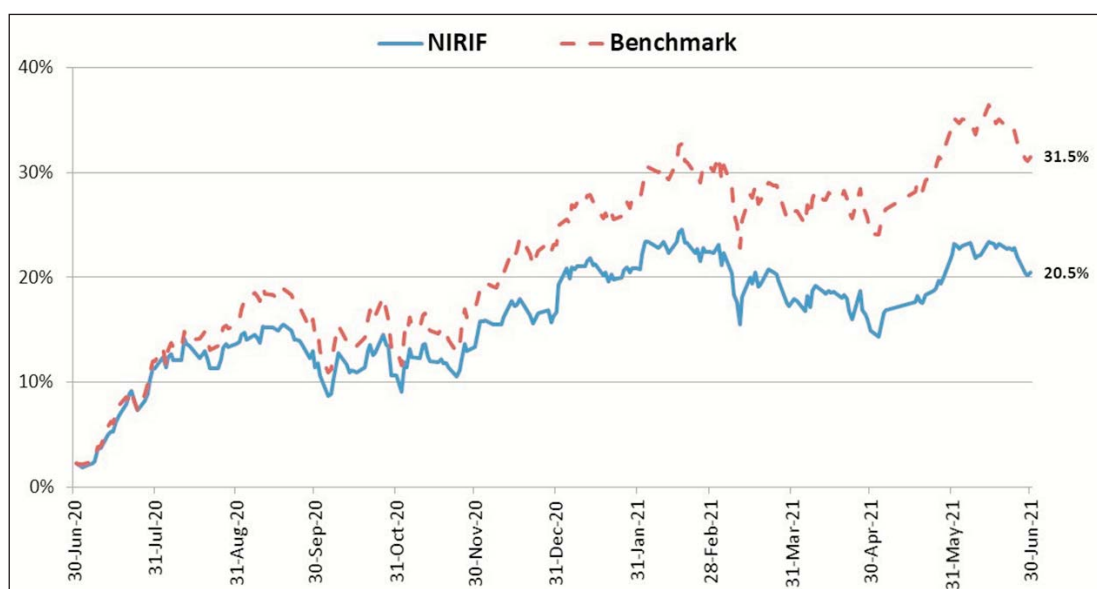
Daily weighted return of KMI-30 Index & 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP, based on Fund's actual allocation.

Fund performance review

This is the third annual report of the Fund. During the fiscal year, NBP Islamic Regular Income Fund increased by 20.5% versus the benchmark increased by 31.5%. Thus, the Fund underperformed the benchmark by 11.0% during the year. Since its launch (October 31, 2018), the Fund has increased by 7.3%. The Benchmark during the same period was increased by 17.7%. Thus, to date underperformance is 10.4%. This underperformance is net of management fee and all other expenses. The Fund size is 148 mln as of June 30, 2021.

NIRIF underperformed during the year as Fund was overweight in key stocks in Oil & Gas Marketing Companies, Oil & Gas Exploration Companies, and Power Generation & Distribution Companies sectors that underperformed the market and underweight in key stocks in Technology & Communication, Commercial Banks, Cement, Refinery, and Fertilizer sectors that outperformed the market, which contributed to the underperformance. The chart below shows the performance of NIRIF against the Benchmark for the year.

NIRIF Performance vs. Benchmark during FY21





After lackluster performance in FY20, the stock market (KMI-30 Index) delivered robust returns of 39.3% during FY2021, driven by attractive stock market valuations; earlier than expected lifting of business restrictions and the resultant sharp economic recovery; development & deployment of effective vaccines; and well-coordinated and decisive policy response by the monetary and fiscal authorities. The rally at the local bourse picked up steam in 1HFY21 as value money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The economic growth rate for FY21 stood at 3.9% after GDP contraction of 0.5% during FY20. The frequently released economic data such as cement dispatches, retail fuels sales, electricity consumption and automobile sales volume also corroborate sharp economic rebound. Coronavirus-induced travel restrictions proved beneficial for the external account as workers' remittances registered a hefty 27% growth during FY2021, clocking-in at USD 29.4 billion. Resultantly, the country posted a Current Account Deficit (CAD) of USD 1.8 billion during FY21 versus a CAD of USD 4.4 billion last year. The Extended Fund Facility (EFF) with the International Monetary Fund (IMF) that was put on hold in April last year, finally resumed, and as a result the country secured the IMF tranche of around USD 500 million. The resumption of IMF program allowed the country to borrow USD 2.5 billion by issuing Eurobonds in the international debt market. Furthermore, the Roshan Digital Account (RDA) launched by the central bank to tap the diaspora was a resounding success as the country attracted around USD 1.6 billion during the year.

In terms of sectoral performance, Auto Assemblers, Cements, Chemicals, Engineering, Glass & Ceramics, Oil & Gas Marketing Companies, Paper & Board, Power Generation & Distribution, Refinery, Technology, and Textile Composite sectors performed better than the market. On the contrary, Fertilizers, Food & Personal Care, Insurance, Oil & Gas Exploration, Sugar, Transport and Pharmaceuticals sectors lagged behind. On participants-wise market activity, Individuals, Companies, and Other Organizations stood as main buyers in the market, with net inflows amounting to USD 332 million, USD 138 million and USD 45 million, respectively. On the other hand, Foreign Investors, Banks/DFIs and Broker Proprietary Trading were large sellers with net outflows of around USD 387 million, USD 95 million, and USD 32 million, respectively.

Trading activity in corporate sukuks further reduced as cumulative traded value stood at Rs. 16 billion compared to Rs. 27 billion in FY2020. However, the fresh issuance of shariah compliant commercial papers helped the undersupplied market for long-term shariah-compliant debt instruments to some extent.

Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country. SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 15.2 trillion. Sovereign yields reflected the market expectation of the bottoming out of the interest rate and eventual reversal of the monetary easing cycle. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 19, 48 and 76 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 1.46%, 1.38%, and 1.25%, respectively.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
Equities / Stocks	78.1%	80.7%
Cash Equivalents	22.2%	20.2%
Other Net Liabilities	(0.3%)	(0.9%)
Total	100.0%	100.0%



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-21	4.60	10.3601	9.8999

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
1-1000	7
1001-5000	4
5001-10000	4
10001-50000	3
50001-100000	2
500001-1000000	1
1000001-5000000	1
10000001-100000000	1
Total	23

During the period under question:

During the period there has been no significant change in the state of affairs of the Fund, other than stated in the report. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.625 Million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0411 / 0.51%. For details investors are advised to read note 13.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP Islamic Regular Income Fund amounting to Rs. 0.62 million has been reversed on the clarification received by Sindh Revenue Board vide letter No.SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Regular Income Fund by 0.43% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.



STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Regular Income Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2021. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer



REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, the period from July 1, 2020 to June 30, 2021 was the Third year of operations of NBP Islamic Regular Income Fund (NIRIF). This report is being issued in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance in line with the Shari'ah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries from the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of equity investments of NIRIF in light of Shari'ah requirements. Following is a list of top investments of NIRIF as on June 30, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used)

Company Name	(i) Nature of Business	(ii) Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
The Hub Power Co. Ltd	Power Generation & Distribution Companies	23.52%	0.00%	4.66%	52.68%	(38.21)	
Engro Corporation Limited.	Fertilizer	35.22%	25.23%	4.80%	56.69%	(190.04)	
Lucky Cement Limited	Cement	26.58%	1.36%	2.46%	83.62%	(401.95)	
Pakistan Oilfields Limited	Oil & Gas Exploration Companies	0.00%	5.56%	2.34%	38.84%	13.65	395.41
Oil & Gas Development Company Ltd.	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%	29.95%	100.44	103.77
Pakistan Petroleum Limited	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	30.57%	76.47	90.33
Pakistan State Oil Co. Ltd.	Oil & Gas Marketing Companies	19.79%	0.00%	0.46%	35.35%	(33.23)	



- i. On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIRIF are Shari'ah Compliant and in accordance with the criteria established by us.
- ii. There are investments made by NIRIF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NIRIF for the year ended June 30, 2021 are not in compliance with the Shari'ah principles.

During the year, fund booked charity of amounting PKR 270,273/- wherein amount available for disbursement is PKR 172,571/-, which is inclusive of PKR 60,244/- provisional amount of previous year adjusted after availability of the respective financial statements.

May Allah bless us with best Tawfeeq to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and On Behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Islamic Regular Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Islamic Regular Income Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2021, income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cashflows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
<p>Bank balances and investments (Refer notes 5 and 6 to the financial statements)</p>	
<p>The bank balances and investments constitute the most significant component of the Net Asset Value (NAV). As at 30 June 2021, the bank balances and investments of the Fund amounted to Rs. 32.72 million and Rs. 115.4 million respectively.</p> <p>The valuation of investments and existence of bank balances for the determination of NAV of the Fund as at 30 June 2021 were considered high-risk area and therefore, we considered these as key audit matters.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Tested the design and implementation of the key controls for valuation of investments; • Re-performed valuations to assess that investments are carried as per the valuation methodology specified in the accounting policies; • Obtained bank reconciliation statements and tested reconciling items on a sample basis; and • Obtained independent confirmations for verifying bank balances as at 30 June 2021 and reconciled them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.



Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is **Amyr Malik**.

Date: September 30, 2021
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Assets			
Bank balances	5	32,716	22,096
Investments	6	115,396	88,443
Dividend and profit receivable	7	822	158
Receivable against sale of shares		708	-
Preliminary expenses and floatation costs	8	472	674
Advances and deposits	9	1,114	526
Total assets		151,228	111,897
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10	1,192	618
Payable to Central Depository Company of Pakistan Limited - Trustee	11	32	20
Payable to Securities and Exchange Commission of Pakistan	12	26	22
Accrued expenses and other liabilities	13	2,311	1,697
Total liabilities		3,561	2,357
Net assets		147,667	109,540
Unit holders' fund (as per statement attached)		147,667	109,540
Contingency and commitment	14		
		(Number of units)	
Number of units in issue	17	15,201,440	12,981,879
		(Rupees)	
Net assets value per unit		9.7140	8.4379

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
Income			
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL		15,340	(428)
Dividend income		6,458	5,949
Gain on sale of investments at fair value through profit or loss (FVTPL) - net		3,124	2,718
Profit on bank deposits		1,867	2,998
Total Income		26,789	11,237
Expenses			
Remuneration to Central Depository Company of Pakistan Limited - Trustee	11.1	264	219
Sindh Sales Tax on remuneration of Trustee	11.2	34	28
Annual fee - Securities and Exchange Commission of Pakistan	12	26	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.2	178	109
Selling and marketing expenses	10.3	2,126	1,363
Auditors' remuneration	19	380	336
Securities transaction cost		108	182
Settlement and bank charges		29	26
Charity expense		271	180
Listing fee		27	22
Professional charges		204	50
Amortisation of preliminary expenses and floatation costs	8	202	203
Shariah advisor fee		17	16
Printing and other charges		80	73
Total Expenses		3,946	2,829
Net income from operating activities		22,843	8,408
Provision for Sindh Workers' Welfare Fund	13.1	(457)	(168)
Net income for the year before taxation		22,386	8,240
Taxation	15	-	-
Net income for the year after taxation		22,386	8,240
Allocation of net income for the year			
Net income for the year		22,386	8,240
Income already paid on units redeemed		(283)	(36)
		22,103	8,204
Accounting income available for distribution:			
- Relating to capital gains		18,349	2,688
- Excluding capital gains		3,754	5,516
		22,103	8,204

The annexed notes from 1 to 33 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in '000)	
Net income for the year	22,386	8,240
Other comprehensive income for the year	-	-
Total comprehensive income for the year	22,386	8,240

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2021

Note	2021			2020		
	Value	Accumulated loss	Total	Value	Accumulated loss	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	126,613	(17,073)	109,540	126,095	(19,572)	106,523
Issue of 4,675,758 (2020 : 13,641,225) units						
- Capital value	39,454	-	39,454	112,919	-	112,919
- Element of income / (loss)	5,946	-	5,946	(2,632)	-	(2,632)
Total proceeds on issuance of units	45,400	-	45,400	110,287	-	110,287
Redemption of 2,456,197 (2020 : 13,528,019) units						
- Capital value	(20,725)	-	(20,725)	(111,981)	-	(111,981)
- Element of income / (loss)	(2,455)	(283)	(2,738)	2,237	(36)	2,201
Total payments on redemption of units	(23,180)	(283)	(23,463)	(109,744)	(36)	(109,780)
Interim distribution at the rate of Re. 0.4602 per unit (2020: Re. 0.4644 per unit) paid on 23 June 2021 (2020: 24 June 2020)						
- Cash distribution	17.2	-	(6,000)	-	(5,705)	(5,705)
- Refund of capital		(196)	-	(25)	-	(25)
		(196)	(6,000)	(25)	(5,705)	(5,730)
Total comprehensive income for the year	-	22,386	22,386	-	8,240	8,240
Net assets at end of the year	148,637	(970)	147,667	126,613	(17,073)	109,540
Accumulated loss brought forward						
- Realised		(16,645)			(1,666)	
- Unrealised		(428)			(17,906)	
		(17,073)			(19,572)	
Accounting income available for distribution						
- Relating to capital gains		18,349			2,688	
- Excluding capital gains		3,754			5,516	
		22,103			8,204	
Interim distribution for the year						
- Cash distribution	17.2	(6,000)			(5,705)	
Accumulated loss carried forward		(970)			(17,073)	
Accumulated loss carried forward						
- Realised		(16,310)			(16,645)	
- Unrealised		15,340			(428)	
		(970)			(17,073)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			8.4379			8.2777
Net assets value per unit at end of the year			9.7140			8.4379

The annexed notes 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		22,386	8,240
Adjustments			
Net unrealised (appreciation) / diminution on re-measurement of investments at FVTPL		(15,340)	428
Provision for Sindh Workers' Welfare Fund		457	168
Amortization of preliminary expense and floatation cost	8	202	203
		<u>7,705</u>	<u>9,039</u>
(Increase) / decrease in assets			
Investments - net		(12,321)	(7,491)
Dividend and profit receivable		(664)	717
Advances and deposits		(588)	(3)
Receivable from sale of investments		-	-
		<u>(13,573)</u>	<u>(6,777)</u>
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		574	(630)
Payable to Central Depository Company of Pakistan Limited - Trustee		12	-
Payable to Securities and Exchange Commission of Pakistan		4	(46)
Accrued expenses and other liabilities		157	1,082
		<u>747</u>	<u>406</u>
Net cash (used) in / generated operating activities		<u>(5,121)</u>	<u>2,668</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issue of units	18	45,204	110,262
Payments against redemption of units		(23,463)	(109,780)
Distribution paid	17.2	(6,000)	(5,705)
Net cash generated from / (used in) financing activities		<u>15,741</u>	<u>(5,223)</u>
Net increase / (decrease) in cash and cash equivalents during the year		<u>10,620</u>	<u>(2,555)</u>
Cash and cash equivalents at beginning of the year		22,096	24,651
Cash and cash equivalents at end of the year	5	<u><u>32,716</u></u>	<u><u>22,096</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Islamic Regular Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 07 August 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and accordingly the Trust Deed was executed on 09 August 2018.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as "Shariah Compliant Asset Allocation Fund" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund, is to provide regular monthly payments to investors by investing in Shariah Compliant Debt, Money Market and Equity investment avenues.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an Asset Manager Rating of 'AM1' for the Management Company. The Fund has not yet been rated.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.7 The Fund also provides accidental death (free), life takaful and health coverage to unitholders of the Fund as stated in the Offering Document.

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

- 1.8 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Collective Investments Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020).

1.9 Impact of COVID- 19 on the financial statements

The Management Company of the Fund expects that going forward uncertainties associated with COVID-19 would reduce and have concluded that there were no significant impact of COVID-19 that could have materially affected the operations and financial position of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1 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
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the 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.

2.1.2 The SECP vide SRO 800 (I)/2021 dated 22 June 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after June 30, 2022 (earlier application permitted)". As permitted the Fund has already applied IFRS-9 during the period ended 30 June 2019, except for impairment requirements as referred in note 2.1.3 to these financial statements.

2.1.3 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for investments which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousand rupees, unless otherwise stated.

2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the subsequent year is included in the following notes:

- (a) Valuation of investment (note 4.1.3);
- (b) Provisions (note 4.3); and
- (d) Classification and impairment of financial assets (notes 4.1.2 and 4.1.7).

3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

Following are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on or after 01 July 2021. However, these do not have any significant impact on the Fund's financial reporting.

- Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted.



The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis.

In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) - the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.



- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a entity's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)



- The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 July 2021 and are not likely to have an impact on the Fund's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented in the financial statements.

4.1 Financial Instruments

The Fund has applied IFRS 9 (refer note 2.1.2) in the preparation of these financial statements, except for impairment requirements as referred in note 2.1.3.

4.1.1 Recognition and initial measurement

The Fund initially recognises regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument.

Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

4.1.2 Classification - Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: This includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: This includes equity securities. These financial assets are held for trading and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment of whether contractual cash flows are solely payments of principal and interest For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).



Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

4.1.3 Subsequent measurement - Financial assets

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Equity investments

Equity investments are marked-to-market on the basis of rates at year end date as quoted on Pakistan Stock Exchange (PSX), as all equity investments are made in listed securities only.

4.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognised in income statement.

Financial liabilities are initially classified as measured at amortised cost and also subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement. Any gain or loss on derecognition is also recognised in income statement.

4.1.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market prices used for financial assets held by the Fund is current bid price.

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

4.1.6 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.



4.1.7 Impairment of financial assets

The Fund at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated October 24, 2012.

4.1.8 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in income statement.

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognised.

4.1.9 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

4.1.10 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.1.11 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.2 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of five years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.



4.3 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

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.

4.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load if applicable, is payable to the investment facilitators and the Management Company / distributors.

Units redeemed are recorded at the redemption price, applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.6 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the period under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the period. The income already paid (Element of Income) on redemption of units during the period are taken separately in statement of movement in unit holders' fund.

4.7 Earnings per unit

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



4.8 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.9 Income recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Income on deposits with banks and mark-up / return on investments in debt and government securities is recognised using effective yield method.
- Dividend income on equity securities held for spread transactions is recognised when the right to receive the dividend is established. For quoted equity securities, this is usually the ex-dividend date.

4.10 Distribution

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

5 BANK BALANCES

	Note	2021 (Rupees in '000)	2020
In current accounts		2,014	167
In savings accounts	5.1	30,702	21,929
		<u>32,716</u>	<u>22,096</u>

5.1 These carry a rate of return ranging from 6.0% to 7.0% per annum (2020: 3.0% to 7.5% per annum).

6 INVESTMENTS

	Note	2021 (Rupees in '000)	2020
Financial assets at fair value through profit or loss			
Listed equity securities	6.1	115,396	88,443



6.1 Investment in listed equity securities

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

Name of the Investee Company	As at 01 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 June 2021	Market value / carrying value as at 30 June 2021	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
Oil and Gas Exploration Company										
Pakistan Oilfields Limited	31,200	1,300	-	-	4,700	27,800	10,949	7.41	9.49	0.01
Pakistan Petroleum Limited	68,920	23,500	-	-	13,000	79,420	6,896	4.67	5.98	-
Oil & Gas Development Company Limited	68,600	25,000	-	-	13,800	79,800	7,584	5.14	6.57	-
							25,429	17.22	22.04	
Oil and Gas Marketing Company										
Pakistan State Oil Company Limited	23,520	7,500	-	-	1,700	29,320	6,575	4.45	5.70	0.01
Attock Petroleum Limited	10,700	-	-	-	-	10,700	3,435	2.33	2.98	0.01
Sui Northern Gas Pipelines Limited	15,500	-	-	-	6,600	8,900	432	0.29	0.37	-
							10,442	7.07	9.05	
Fertilizer										
Engro Corporation Limited	45,760	10,200	-	-	17,100	38,860	11,449	7.75	9.92	0.01
Engro Fertilizers Limited	123,000	4,000	-	-	113,500	13,500	948	0.64	0.82	-
							12,397	8.39	10.74	
Chemical										
Sitara Chemical Industries Limited	-	2,000	-	-	-	2,000	704	0.48	0.61	0.090
Engro Polymer and Chemicals Limited	8,000	52,500	-	-	-	60,500	2,858	1.94	2.48	0.010
							3,562	2.42	3.09	
Cement										
Kohat Cement Company Limited	24,300	500	-	-	1,000	23,800	4,914	3.33	4.26	0.01
D.G. Khan Cement Company Limited	8,700	3,000	-	-	4,400	7,300	861	0.58	0.75	-
Fauji Cement Company Limited	176,500	15,000	-	-	6,500	185,000	4,255	2.88	3.69	0.01
Maple Leaf Cement Factory Limited	26,000	-	-	-	7,500	18,500	869	0.59	0.75	-
Lucky Cement Limited	13,400	1,300	-	-	1,800	12,900	11,138	7.54	9.65	-
Attock Cement Pakistan Limited	-	8,000	-	-	-	8,000	1,439	0.97	1.25	0.08
							23,476	15.89	20.35	
Automobile Parts & Accessories										
Agriauto Industries Limited	4,000	-	-	-	-	4,000	1,097	0.74	0.95	0.01
Automobile Assembler										
Millat Tractors Limited	1,500	3,100	575	-	-	5,175	5,587	3.78	4.84	0.09
Honda Atlas Cars (Pakistan) Limited	1,100	-	-	-	1,100	-	-	-	-	-
Indus Motor Company Limited	6,500	-	-	-	5,100	1,400	484	0.33	0.42	-
							6,071	4.11	5.26	
Transport										
Pakistan National Shipping Corporation Limited	17,000	-	-	-	12,500	4,500	327	0.22	0.28	-
Textile Composite										
Nishat Mills Limited	28,500	6,500	-	-	-	35,000	3,266	2.21	2.83	0.01
Interloop Limited	-	25,500	-	-	1,000	24,500	1,716	1.16	1.49	0.03
Kohinoor Textile Mills Limited	-	45,500	-	-	-	45,500	3,421	2.32	2.96	0.15
							8,403	5.69	7.28	
Food and Personal Care										
At-Tahur Limited	-	60,000	-	-	-	60,000	1,398	0.95	1.21	-
Power Generation and Distribution										
The Hub Power Company Limited	161,972	33,500	-	-	12,000	183,472	14,617	9.90	12.67	0.01
Saif Power Limited	29,500	-	-	-	-	29,500	512	0.35	0.44	0.01
							15,129	10.25	13.11	
Engineering										
Agha Steel Industries Limited	-	36,000	-	-	36,000	-	-	-	-	-
Mughal Iron & Steel Industries	-	500	80	-	-	580	61	0.04	0.05	-
							61	0.04	0.05	
Pharmaceuticals										
AGP Limited	-	6,500	-	-	-	6,500	763	0.52	0.66	0.02
The Searle Company Limited	-	2,600	-	-	-	2,600	631	0.43	0.55	0.01
Abbott Laboratories (Pakistan) Limited	-	900	-	-	-	900	713	0.48	0.62	0.01
							2,107	1.43	1.83	
Glass & Ceramics										
Shabbir Tiles and Ceramics Limited	-	120,000	-	-	22,000	98,000	3,268	2.21	2.83	0.41
Sugar & Allied Industries										
Faran Sugar Mills Limited	7,000	-	-	-	-	7,000	228	0.15	0.20	0.03
Habib Sugar Mills Limited	11,500	-	-	-	-	11,500	380	0.26	0.33	0.01
							608	0.41	0.53	
Commercial Banks										
Meezan Bank Limited	11,500	2,500	1,050	-	1,000	14,050	1,621	1.10	1.40	-
Total - 30 June 2021	924,172	496,900	1,705	-	282,300	1,140,477	115,396	78.14	100.00	
Carrying value before fair value adjustment as at 30 June 2021							100,056			



7 DIVIDEND AND PROFIT RECEIVABLE

	2021	2020
	(Rupees in '000)	
Dividend receivable on Equity Securities	670	-
Profit receivable on Savings Deposits	152	158
	<u>822</u>	<u>158</u>

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

Opening balance	674	877
Less: Amortisation for the year	(202)	(203)
Closing balance	<u>472</u>	<u>674</u>

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

9 ADVANCES AND DEPOSIT

	Note	2021	2020
		(Rupees in '000)	
Advance tax	9.1	426	426
Security deposit		100	100
Advance against IPO subscription	9.2	588	-
		<u>1,114</u>	<u>526</u>

9.1 As per clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. No. 1(43) DG (WHT)/2008- VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withhold on dividends and profit on bank deposits as at 30 June 2021 amounts to Rs. 0.426 million (2020: Rs. 0.426 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS.

Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2021 as in the opinion of the management, the amount of tax deducted at source will be refunded.

9.2 This represents amount paid as 28% margin money in respect of IPO subscription of 49,979 shares at the rate of Rs. 42 each of Pakistan Aluminium Beverage Cans Limited. Subsequently, 17,040 shares at the strike price of Rs. 49 have been issued.



10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2021 (Rupees in '000)	2020
	Sales and transfer load	10.2	324	24
	Sales tax payable on sales and transfer load	10.3	42	3
	Allocation of expenses related to registrar services, accounting, operation and valuation services		51	27
	Selling and marketing		595	384
	Other payable		180	180
			1,192	618

10.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. The Management Company was entitled to charge remuneration at the rate of 2% till 11 July 2019 and with effective from 12 July 2019 the Management Company has revised its rates and is entitled to charge remuneration at the rate of 1.5 % of the average annual net assets of the Fund. However, the Management Company has waived and not charged remuneration amounted to Rs. 1.979 million (2020: 1.656 million) during the year.

10.2 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O. 639 (I)/2019, has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. The Management Company has charged 0.1% till 26 October 2020 and 0.15% from there onwards, of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services.

10.3 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. Subsequently, the Management Company revised selling and marketing expenses rate in the last year and has since charged accordingly as follows:

Period	Rate per annum
01 July 2019 to 11 July 2019	0.4% of net assets or actual expenses whichever is lower.
12 July 2019 to 16 December 2019	1.15% of net assets or actual expenses whichever is lower.
17 December 2019 to 10 May 2020	1.35% of net assets or actual expenses whichever is lower.
11 May 2020 to 25 January 2021	1.50% of net assets or actual expenses whichever is lower.
26 January 2021 to 30 June 2021	1.75% of net assets or actual expenses whichever is lower.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021 (Rupees in '000)	2020
	Trustee Remuneration	11.1	23	18
	Sindh Sales Tax on Trustee remuneration	11.2	3	2
	Settlement Charges CDC		6	-
			32	20



- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.

Net assets	Tariff per annum
Upto Rs. 1,000 million	0.20% per annum of net assets,
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

The remuneration is paid to the Trustee monthly in arrears.

- 11.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% was charged on trustee remuneration.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP at an amount equal to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2021	2020
		(Rupees in '000)	
Provision for SWWF	13.1	625	168
Auditors' remuneration		299	272
Bank charges		17	-
Settlement charges		-	5
Charity payable	13.2	319	255
Shariah Advisor Fee		17	16
Withholding tax		889	866
Legal fees		107	100
Printing charges		38	15
		2,311	1,697

- 13.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was passed by the Government of Sindh as a result of which every industrial establishment, the definition of which was extended to include mutual funds, located in the Province of Sindh and the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act.

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of financial institutions. The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014. Accordingly provision for SWWF since inception of the Fund has been made.



Subsequent to the year ended 30 June 2021, SRB through its letter dated 12 August 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from 21 May 2015 to 12 August 2021 (from inception till 12 August 2021 in case of the Fund), on 13 August 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the current year, the net asset value of the Fund as at 30 June 2021 would have been higher by Re. 0.0411 per unit (30 June 2020: Re. 0.0129).

13.2 This represents the charity payable against haram portion of the dividend income determined on the rates specified by Shariah advisor.

14 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 30 June 2021 (30 June 2020: Nil) except for as disclosed elsewhere in these financial statements.

15 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 4.10 and 17.2), no provision for taxation has been made in these financial statements.

16 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 3.13% (2020: 2.74%) per annum. Total expense ratio (excluding government levies) is 2.74% (2020: 2.54%) per annum.

17 NUMBER OF UNITS IN ISSUE

	Note	2021	2020
		Number of units	
Total units in issue at beginning of the year		12,981,879	12,868,673
Add: Units issued against			
- Sale	17.1	4,655,962	13,638,282
- Refund of capital at zero value	17.2	19,796	2,943
		4,675,758	13,641,225
Less: Units redeemed		(2,456,197)	(13,528,019)
Total units in issue at end of the year		15,201,440	12,981,879

17.1 This includes 517,022 units (2020: 578,035) issued against dividend re-investment amounting to Rs. 5.11 million (2020: Rs. 4.85 million) net of taxation.

17.2 The Management Company on 23 June 2021 declared interim distribution amounted to Re. 0.4602 per unit (for full year) for the year ended 30 June 2021. The aggregate cash distribution amounted to Rs. 6 million. The refund of capital / element of income was made by issuing 19,796 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above. This refund of capital is in addition to cash distribution.



18 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
Note	----- (Rupees in '000) -----			
Balance as at 1 July 2020	-	-	-	-
Issuance of units	45,400	-	-	45,400
Redemption of units	-	(23,463)	-	(23,463)
Dividend announced	-	-	(6,196)	(6,196)
Refund of capital on zero value	(196)	-	196	-
	45,204	(23,463)	(6,000)	15,741
Amount received against issuance of units	(45,204)	-	-	(45,204)
Amount paid against redemption of units	-	23,463	-	23,463
Dividend reinvested	-	-	6,000	6,000
Net cash generated from financing activities	(45,204)	23,463	6,000	(15,741)
Balance as at 30 June 2021	-	-	-	-

19 AUDITORS' REMUNERATION	2021	2020
	(Rupees in '000)	
Statutory audit fee	187	170
Half yearly review fee	75	68
Out of pocket expenses and others including government levy	118	98
	380	336

20 FINANCIAL INSTRUMENTS BY CATEGORY	As at 30 June 2021		
	At amortized cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Assets			
Bank balances	32,716	-	32,716
Investments	-	115,396	115,396
Dividend and profit receivable	822	-	822
Receivable against sale of shares	708	-	708
Advances and deposit	688	-	688
	34,934	115,396	150,330
	----- (Rupees in '000) -----		
	At fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	1,192	1,192
Payable to Central Depository Company of Pakistan Limited - Trustee	-	32	32
Accrued expenses and other liabilities	-	797	797
	-	2,021	2,021



	As at 30 June 2020		
	At amortized cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
Assets			
Bank balances	22,096	-	22,096
Investments	-	88,443	88,443
Dividend and profit receivable	158	-	158
Deposits	100	-	100
	<u>22,354</u>	<u>88,443</u>	<u>110,797</u>

	As at 30 June 2020		
	At fair value through profit or loss	Other financial liabilities	Total
----- (Rupees in '000) -----			
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	618	618
Payable to Central Depository Company of Pakistan Limited - Trustee	-	20	20
Accrued expenses and other liabilities	-	663	663
	<u>-</u>	<u>1,301</u>	<u>1,301</u>

21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 21.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and officers of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 21.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 21.3** Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 21.4** The details of significant transactions and balances with connected persons for the year ended and as at year end except those disclosed elsewhere in these financial statements are as follows:



21.5 Transactions during the year:

	2021	2020
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Units issued: nil units (2020: 12,209,553 units)	-	97,893
Units redeemed: nil units (2020: 12,209,553 units)	-	97,893
Dividend Re-invest: 505,865 units (2020: 574,967 Units)	5,001	4,820
Allocation of expenses related to registrar services, accounting, operation and valuation services	178	109
Selling and marketing expenses	2,126	1,363
Sales load and others	300	23
Sindh sales tax on sales load	39	3
Employees of the Management Company		
Units issued: 232,526 units (2020: 340,010 units)	2,227	2,990
Units redeemed: 248,821 units (2020: 323,649 units)	2,411	2,864
Dividend Re-invest: 2 units (2020: 87 units)	-	1
Bank Islami Pakistan Limited		
Markup on bank balances	646	879
Central Depository Company of Pakistan Limited - Trustee		
Trustee Remuneration	264	219
Sales tax on remuneration to Trustee	34	28
CDC charges	7	9
Pakistan Stock Exchange		
Listing fee paid	27	25
National Bank of Pakistan Limited - Islamic Banking		
Markup on bank balances	-	-
Taurus Securities Limited		
Brokerage charges	10	15
The Hub Power Company Limited		
Shares purchased: 33,500 shares (2020: 39,000 shares)	2,758	2,772
Shares sold: 12,000 shares (2020: 25,000 shares)	972	2,378

21.6 Amounts outstanding as at year end:

	2021	2020
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Units held: 13,290,385 units (2020: 12,784,520 units)	129,103	107,874
Allocation of expenses related to registrar services, accounting, operation and valuation services	51	27
Selling and marketing expenses	595	384
Sales load and others	366	27
Other payable	180	180



	2021	2020
	(Rupees in '000)	
National Bank of Pakistan Limited - Islamic Banking		
Bank Balance	-	14
Mark-up on bank balance	2	2
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	23	18
Sindh Sales Tax on Trustee remuneration	3	2
CDC charges	6	5
Security deposit	100	100
Bank Islami Pakistan Limited		
Bank balance	1,541	19,320
Markup on bank balance	202	119
Employees of the Management Company		
Units held: 155 units (2020: 16,448 units)	2	139
The Hub Power Company Limited		
Shares held: 183,472 shares (2020: 161,972 shares)	16,417	11,743

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	33
2	Mr. Sajjad Anwar	CFA / MBA Finance	21
3	Mr. Asim Wahab Khan*	CFA	15
4	Mr. Hassan Raza	ACCA, BSC and CFA	10
5	Mr. Muhammad Ali Bhabha	CFA, MBA, FRM and MS	26

*Mr. Asim Wahab Khan is the Fund Manager of the Fund. He is also managing NBP Balanced fund, NBP Financial Sector Fund, NBP Islamic Energy fund, NBP Islamic Sarmaya Izafa Fund, NBP Sarmaya Izafa Fund, NBP Stock Fund and NBP Islamic Active Allocation Equity Fund.

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID/ PAYABLE

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2021:

S. No	Particulars	Percentage (%)
1	Foundation Securities	10.48
2	Taurus Securities Limited	10.37
3	BMA Capital Management Limited	9.17
4	Ismail Iqbal Securities (Pvt) Limited	8.82
5	Insight Securities (Pvt) Limited	7.95
6	BIPL Securities Limited	6.49
7	Alfalah Securities (Pvt) Limited	5.88
8	Intermarket Securities	5.51
9	Topline Securities Limited	5.12
10	EFG Hermes Pakistan Limited	4.98

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2020:



S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	9.53
2	Aqeel Karim Dehdi Securities (Pvt) Limited	6.18
3	Arif Habib Securities Limited	6.16
4	Insight Securities (Pvt.) Limited	6.05
5	Al Habib Capital Markets (Pvt) Limited	5.90
6	Optimus Capital Management Limited	5.88
7	Intermarket Securities	5.80
8	Spectrum Securities (Pvt) Limited	5.27
9	Foundation Securities	5.20
10	Sherman Securities (Pvt) Limited	5.13

24 PATTERN OF UNIT HOLDING

Category	As at 30 June 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
	Individuals	21	13,439
Associated companies and directors	1	129,103	87.43
Retirement funds	1	5,125	3.47
	23	147,667	100.00

Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
	Individuals	9	1,665
Associated companies and directors	1	107,875	98.48
	10	109,540	100.00

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 76th, 77th, 78th, 79th, 80th Board meetings were held on 16 July 2020, 17 September 2020, 27 October 2020, 26 February 2021 and 30 April 2021, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of Meetings			Meetings not attended
	Held during	Attended	Leave	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
Mr. Saad ur Rahman Khan (note 25.1)	3	2	1	77th Meeting
Syed Hasan Irtiza Kazmi	5	5	-	-
Mr. Ali Saigol	5	5	-	-
Mr. Imran Zaffar	5	5	-	-
Mr. Khalid Mansoor	5	5	-	-
Mr. Humayun Bashir	5	5	-	-
Mr. Saad Amanullah Khan	5	5	-	-
Dr. Amjad Waheed	5	5	-	-
Ms. Mehnaz Salar (note 25.2)	2	2	-	-



25.1 Mr. Saad ur Rahman Khan resigned as Director on 03 December 2020.

25.2 Ms. Mehnaz Salar was appointed as Director on the Board with effect from 3 February 2021.

26 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, Offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of listed equity securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

26.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

26.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

26.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the market profit rates. The Fund's profit rate is monitored on a quarterly basis by the board of directors.

At the date of statement of financial position, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2021	2020
	(Rupees in '000)	
Variable rate instruments		
Bank balances	<u>30,702</u>	<u>21,929</u>



a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 0.307 million (2020: 0.2193 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at 30 June 2021						
Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
%	----- (Rupees in '000) -----					
On-balance sheet financial instruments						
Financial Assets						
Bank balances	6.00 - 7.00	30,702	-	-	2,014	32,716
Investments		-	-	-	115,396	115,396
Dividend and profit receivable		-	-	-	822	822
Receivable against sale of shares		-	-	-	708	708
Advances and deposit		-	-	-	688	688
		<u>30,702</u>	<u>-</u>	<u>-</u>	<u>119,628</u>	<u>150,330</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	1,192	1,192
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	32	32
Accrued expenses and other liabilities		-	-	-	797	797
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,021</u>	<u>2,021</u>
On-balance sheet gap		<u>30,702</u>	<u>-</u>	<u>-</u>	<u>117,607</u>	<u>148,309</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>30,702</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		<u>30,702</u>	<u>30,702</u>	<u>30,702</u>		



As at 30 June 2020

Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
%	----- (Rupees in '000) -----					
On-balance sheet financial instruments						
Financial Assets						
Bank balances	3.00 - 7.50	21,929	-	-	167	22,096
Investments		-	-	-	88,443	88,443
Dividend and profit receivable		-	-	-	158	158
Deposit		-	-	-	100	100
		<u>21,929</u>	<u>-</u>	<u>-</u>	<u>88,868</u>	<u>110,797</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	618	618
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	20	20
Accrued expenses and other liabilities		-	-	-	663	663
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,301</u>	<u>1,301</u>
On-balance sheet gap		<u>21,929</u>	<u>-</u>	<u>-</u>	<u>87,567</u>	<u>109,496</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>21,929</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		<u>21,929</u>	<u>21,929</u>	<u>21,929</u>		

26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities at fair value through profit and loss.

The Fund manages the risk by limiting exposure to any single investee company to the extent of 15% of issued capital of that investee company and the net assets of the Fund with overall limit of 40% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 5% increase / decrease in KMI 30 index on 30 June 2021, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 5.77 million (2020: 4.422 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.



The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 index.

26.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its bank balances. Risks attributable to bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2021 and 30 June 2020.

Balances with banks	(Rupees in '000)	
AAA	2,835	1,218
AA+	1	315
AA-	40	-
AA	27,549	1,218
A+	2,271	19,325
A-	15	15
A	5	5
	32,716	22,096

The maximum exposure to credit risk before any credit enhancement as at 30 June 2021 is the carrying amount of the financial assets.

Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

26.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to tenth percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current period, no borrowing was obtained by the Fund.



In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

30 June 2021					
Total	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
Financial liabilities					
Payable to NBP Fund					
Management Limited - Management Company	1,192	1,192	-	-	
Payable to Central Depository					
Company of Pakistan Limited - Trustee	32	32	-	-	
Accrued expenses and other liabilities	797	797	-	-	
	<u>2,021</u>	<u>2,021</u>	<u>-</u>	<u>-</u>	
Unit holders' fund	<u>147,667</u>	<u>147,667</u>	<u>-</u>	<u>-</u>	
30 June 2020					
Total	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
Financial liabilities					
Payable to NBP Fund					
Management Limited - Management Company	618	618	-	-	
Payable to Central Depository					
Company of Pakistan Limited - Trustee	20	20	-	-	
Accrued expenses and other liabilities	663	663	-	-	
	<u>1,301</u>	<u>1,301</u>	<u>-</u>	<u>-</u>	
Unit holders' fund	<u>109,540</u>	<u>109,540</u>	<u>-</u>	<u>-</u>	

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).



- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		30 June 2021				30 June 2020			
		Carrying amount			Total	Fair value			Total
Note		At fair value	Amortized	Other financial	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
(Rupees in '000)									
Financial assets measured at fair value									
	Investments - Listed equity securities	115,396	-	-	115,396	115,396	-	-	115,396
Financial assets not measured at fair value									
27.1	Bank balances	-	32,716	-	32,716				
	Dividend and profit receivable	-	822	-	822				
	Receivable against sale of shares	-	708	-	708				
	Advances and deposit	-	688	-	688				
		-	34,934	-	34,934				
Financial liabilities not measured at fair value									
27.1	Payable to NBP Fund Management Limited - Management Company	-	-	1,192	1,192				
	Payable to Central Depository Company of Pakistan	-	-	32	32				
	Accrued expenses and other liabilities	-	-	797	797				
		-	-	2,021	2,021				
On-balance sheet financial instruments									
(Rupees in '000)									
Financial assets measured at fair value									
	Investments - Listed equity securities	88,443	-	-	88,443	88,443	-	-	88,443
Financial assets not measured at fair value									
27.1	Bank balances	-	22,096	-	22,096				
	Dividend and profit receivable	-	158	-	158				
	Security deposit	-	100	-	100				
		-	22,354	-	22,354				
Financial liabilities not measured at fair value									
27.1	Payable to NBP Fund Management Limited - Management Company	-	-	618	618				
	Payable to Central Depository Company of Pakistan	-	-	20	20				
	Accrued expenses and other liabilities	-	-	663	663				
		-	-	1,301	1,301				



- 27.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 27.2** Financial instruments not measured at FVTPL include net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

28 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. The Fund has no restrictions on the subscription and redemption of units.

As at 30 June 2021, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 16, 2021 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019
Net assets (Rs. '000')	147,667	109,540	106,523
Net Income (Rs. '000')	22,386	8,240	(19,572)
Net Asset Value per units (Rs.)	9.7140	8.4379	8.2777
Selling price per unit	10.0433	8.7239	8.5583
Redemption price per unit	9.714	8.4379	8.2777
Ex - Highest offer price per unit (Rs.)	10.3818	10.0832	10.3213
Ex - Lowest offer price per unit (Rs.)	8.4921	7.0588	8.4067
Ex - Highest redemption price per unit (Rs.)	10.0414	9.7526	10.0000
Ex - Lowest redemption price per unit (Rs.)	8.2137	6.8274	8.1311
Fiscal Year Opening Ex Nav	8.0631	7.8432	10.0000
Total return of the fund	20.47%	7.58%	-17.20%
Capital growth	15.83%	2.04%	-17.20%
Income distribution as % of Ex-NAV	4.65%	5.54%	0.00%
Income distribution as % of Par Value	4.60%	4.64%	0.00%
Distribution			
Interim Distribution per unit	0.4602	0.4644	-
Final distribution per unit	0	-	-
Distribution dates			
Interim	23/Jun/2021	24/Jun/2020	-
Final		-	-
Average annual return (launch date October 31, 2018)			
(Since inception to June 30, 2021)	2.67%		
(Since inception to June 30, 2020)		-6.72%	
(Since inception to June 30, 2019)			-17.20%
Portfolio Composition (see Fund Manager report)			

Statement of past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.



PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Islamic Regular Income Fund** duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. www.nbpfund.com. A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NBP ISLAMIC REGULAR INCOME FUND			
Resolutions	For	Against	Abstain*
3	3	Nil	N/A
100%	100%	-	-

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