

# NBP ISLAMIC ACTIVE ALLOCATION EQUITY 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

Bank Islami Pakistan Limited  
Habib Bank Limited  
United Bank Limited  
Dubai Islamic Bank Limited  
Silk Bank Limited  
Al Baraka Bank Limited



## **Auditor**

Grant Thornton Anjum Rahman.  
1st & 3rd Floor,  
Modern Motors House, Beaumont Road,  
Karachi, 75530

## **Legal Advisor**

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

## **Head Office**

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

## **Lahore Office**

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

## **Islamabad Office**

1st Floor, Ranjha Arcade  
Main Double Road, Gulberg Greens,  
Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office**

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

## **Multan Office**

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

## Board of Directors



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



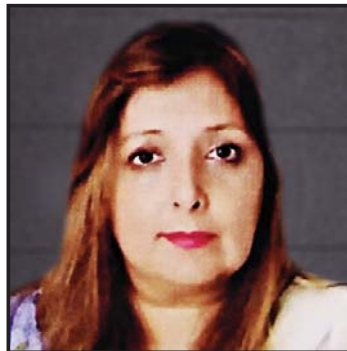
**Mr. Tauqeer Mazhar**  
Director



**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 Asset Management Limited is pleased to present the Sixth Annual Report for the period ended June 30, 2021, since launch of **NBP Islamic Active Allocation Equity Fund** on January 18, 2016.

### 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 valueable 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.

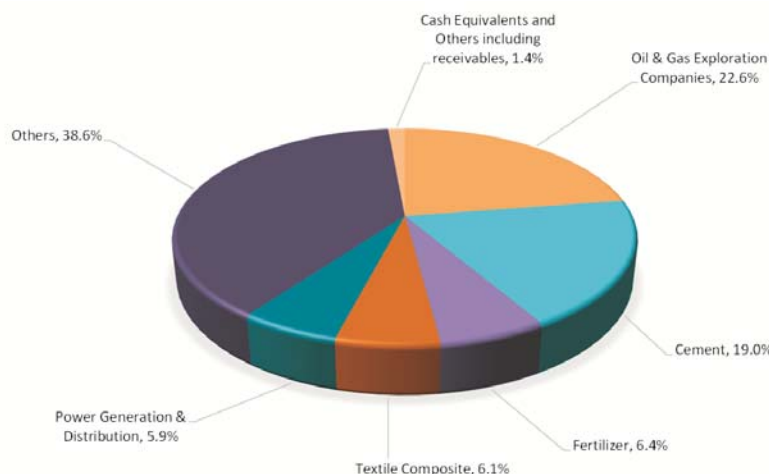
In terms of sectoral performance, Auto Assemblers, Cements, Chemicals, Engineering, Glass & Ceramics, Oil & Gas Marketing Companies, Paper & Board, Power Generation & Distribution, Refinery, Technology, and Textile Composite sectors performed better than the market. On the contrary, Fertilizers, Food & 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.

During the fiscal year, NBP Islamic Active Allocation Equity Fund increased by 37.7% as against the KMI-30 index increased by 39.3%, underperforming the benchmark by 1.6% during the year. The Fund was overweight in key stocks in Power Generation & Distribution, Engineering, Textile Composite, and Oil & Gas Exploration Companies, sectors that underperformed the market and underweight in key stocks in Cement, Refinery, Automobile Assembler and Fertilizer sectors that outperformed the market, which contributed to the underperformance. Since its inception on January 18, 2016, the return of NBP Islamic Active Allocation Equity Fund was 54.6%, while the benchmark increased by 46.7%. Thus, the Fund outperformed by 7.9% during the period. The performance of the Fund is net of management fee and all other expenses. The Fund size is 580 million as of June 30, 2021.

NAFA Islamic Active Allocation Equity Fund has earned a total income of Rs. 243.89 million during the period. After deducting total expenses of Rs. 30.78 million, the net income is Rs. 213.11 million. During the year, the unit price of NAFA Islamic Active Allocation Equity Fund has increased from Rs. 8.3391 (Ex-Div) on June 30, 2020 to Rs. 11.4819 on June 30, 2021. The resultant per unit gain is Rs. 3.1428 (37.7%).



The asset allocation of the 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 5.92% of the opening ex-NAV (5.16% 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 ACTIVE ALLOCATION EQUITY FUND amounting to Rs. 36.13 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 ACTIVE ALLOCATION EQUITY FUND by 6.42% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## Auditors

The present auditors, Messrs Grant Thornton Anjum Rahman & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-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 28 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 19 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
<b>Independent Directors</b>	<ol style="list-style-type: none"> <li>1. Mr. Khalid Mansoor</li> <li>2. Mr. Saad Amanullah Khan</li> <li>3. Mr. Humayun Bashir</li> </ol>
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	<ol style="list-style-type: none"> <li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Syed Hasan Irtiza Kazmi</li> <li>3. Ms. Mehnaz Salar</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol>

## 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 ایسٹ میجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ کی چھٹی سالانہ رپورٹ برائے تختہ سال 30 جون 2021 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

### فنڈ کی کارکردگی

مالی سال 20 میں ناقص کارکردگی کے بعد (KSE-100 انڈیکس) نے اسٹاک مارکیٹ کی پُرکشش قیموں، توقع سے قبل کاروباری پابندیوں کے خاتمے اور تیز ترین معاشی بحالی، ڈیولپمنٹ اور موثر ویکسین کی تیاری اور تعیناتی اور مانیٹری اور فیکل حکام کی طرف سے مربوط کن فیصلہ سازی کے باعث مالی سال 2021 کے دوران %37.6 کا مستحکم منافع دیا ہے۔ مقامی اسٹاک مارکیٹ میں ریپلی 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 کارفرمانہ کیونکہ مارکیٹ اب بھی 6.5x گننا 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 ٹانگہ 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 سینٹ 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 بلین امریکی ڈالر ہے۔ نتیجتاً ملک نے مالی سال 21 کے دوران %1.8 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) درج کیا جو گزشتہ سال %4.4 بلین 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 بلین 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 بلین امریکی ڈالر قرض لینے کی اجازت دی۔ مزید برآں، سنٹرل بینک کی جانب سے پریوینٹو سٹیفینڈ کرنے کے لیے شروع کیا گیا روٹن ڈیجیٹل اکاؤنٹ (آر ڈی اے) ایک شاندار کامیابی تھی کیونکہ ملک نے سال کے دوران تقریباً %1.6 بلین امریکی ڈالر کا زرمبادلہ حاصل کیا۔

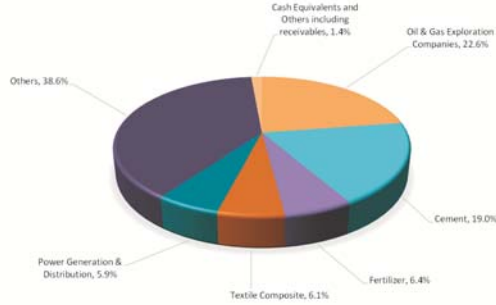
شعبہ دار کارکردگی کے تناظر میں آٹو اسمبلر، ز، سینٹ، کیمیکلز، انجینئرنگ، گلاس اینڈ سرکس، تیل اور گیس مارکیٹنگ کمپنیوں، کاغذ اور بورڈ، بجلی کی پیداوار اور تقسیم، ریفاؤنڈری، ٹیکنالوجی، اور نیٹ ورکسنگ کمپوزٹ کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اسکے برعکس کھادیں، خوراک اور ذاتی نگہداشت، انشورنس، تیل اور گیس ایکسپلوریشن، چینی، ٹرانسپورٹ اور فارماسیوٹیکلز مارکیٹ سے پیچھے رہ گئے۔ مارکیٹ میں شرکاء و سرگرمی کے لحاظ سے، انفرادی سرمایہ کار، کمپنیاں، اور دیگر آرگنائزیشنز بالترتیب %332 بلین امریکی ڈالر، %138 بلین امریکی ڈالر اور %45 بلین امریکی ڈالر کے خالص آمد کے ساتھ مارکیٹ میں بڑے خریدار رہے۔ دوسری طرف، غیر ملکی سرمایہ کار، بینک / DFIs اور بروکر پروپرائیٹری ٹریڈنگ بالترتیب تقریباً %387 بلین امریکی ڈالر، %95 بلین امریکی ڈالر اور %32 بلین امریکی ڈالر کے خالص اخراج کے ساتھ مارکیٹ میں اہم فروخت کار رہے۔

مالی سال کے دوران، این پی پی اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ میں %37.7 فیصد اضافہ واقع ہوا ہے جبکہ ایم آئی %30 انڈیکس کے مقابلہ میں %39.3 فیصد اضافہ ہوا ہے، جو سال کے دوران بیچ مارک کی %1.6 فیصد کی اتار کار کردگی سے فنڈ نے بجلی کی پیداوار اور تقسیم، انجینئرنگ، نیٹ ورکسنگ، کیمیکلز، تیل اور گیس ایکسپلوریشن کمپنیوں، ان شعبوں میں کلیدی ذخائر کو زیادہ اہمیت دی جس نے مارکیٹ سے اتار کارکردگی کا مظاہرہ کیا کو زیادہ اہمیت دی اور سینٹ، ریفاؤنڈری، آٹوموبائل اسمبلر سیکٹروں اور فریلائیڈ سیکٹرز میں کلیدی اسٹاک کو اہمیت نہیں دی گئی جنہوں نے مارکیٹ سے بہتر کارکردگی دکھائی، جس وجہ سے فنڈ اتار کارکردگی کا مظاہرہ کیا۔ اپنے آغاز (18 جنوری 2016) سے این پی پی اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ کا منافع %54.6 تھا، جبکہ بیچ مارک میں %46.7 کا اضافہ ہوا، لہذا فنڈ نے مدت کے دوران %7.9 کی بہتر کارکردگی دکھائی۔ فنڈ کی یہ کارکردگی منجمنٹ فیس اور تمام اخراجات کے بعد خالص ہے۔ 30 جون 2021 کو فنڈ کا سائز %580 بلین روپے ہے۔

NAFA اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ نے مدت کے دوران %243.89 بلین روپے کی کل آمدنی کمائی ہے۔ %30.78 بلین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی %213.11 بلین روپے ہے۔ سال کے دوران NAFA اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ کی یونٹ پرائس 30 جون 2020 کو %8.3391 روپے (Ex-Div) سے بڑھ کر %11.4819 کو %2021 جون 30 کو پہنچے ہوگی۔ جس کے نتیجے میں فی یونٹ منافع %3.1428 روپے (%37.7) ہے۔



30 جون 2021 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



### آمدنی کی تقسیم

مبجست کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 5.92% (بنیادی قدر کا 5.16%) نقد منافع منقسمہ کی منظوری دی ہے۔

### ٹیکسیشن

چونکہ مذکورہ بالا نقد 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 منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر ایک 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 فنڈ ز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ میں ریکارڈ کی گئی 36.13 بلین روپے ورکرز ویلفیئر فنڈ کی پروویڈنٹنگ کو 13 اگست 2021 رپورس کر دیا گیا۔ پروویڈنٹ کی اس رپورس کے باعث NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ کی NAV میں 6.42% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

### آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھارٹن انٹرمیڈیاٹ اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2022 کو ختم ہونے والے سال کے دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

### لینڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. مبنجست کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ 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۔ شمار پائی 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 ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، 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 مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی بیکٹری 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 19 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2021 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
<ul style="list-style-type: none"> <li>•1 جناب خالد منصور</li> <li>•2 جناب سعد امان اللہ خان</li> <li>•3 جناب ہمایوں بشیر</li> </ul>	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ul style="list-style-type: none"> <li>•1 شیخ محمد عبدالواحد سیٹھی (چیرمین)</li> <li>•2 سید حسن ارتضیٰ کاظمی</li> <li>•3 محترمہ مہناز سالار</li> <li>•4 جناب علی سیدگل</li> <li>•5 جناب عمران ظفر</li> </ul>	نان ایگزیکٹو ڈائریکٹرز

## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ 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 ڈسٹری بیوٹرز کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP** فنڈ مینجمنٹ 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 Active Allocation Equity 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 Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2021

## FUND MANAGER REPORT

### NBP Islamic Active Allocation Equity Fund

NBP Islamic Active Allocation Equity Fund (NIAAEF)

#### Investment Objective of the Fund

The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of Shari'ah Compliant listed equities.

#### Benchmark

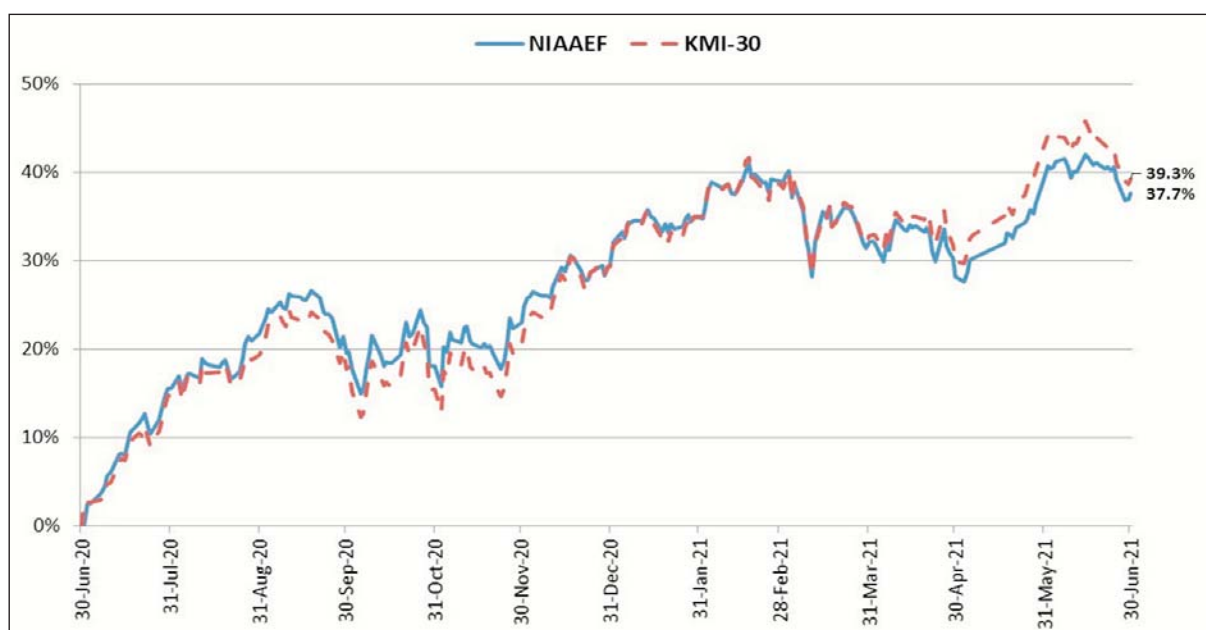
KMI-30 Index

#### Fund Performance Review

This is the sixth annual report of the Fund. During the fiscal year, NBP Islamic Active Allocation Equity Fund increased by 37.7% as against the KMI-30 index increased by 39.3%, underperforming the benchmark by 1.6% during the year. Since its inception on January 18, 2016, the return of NBP Islamic Active Allocation Equity Fund was 54.6%, while the benchmark increased by 46.7%. Thus, the Fund outperformed by 7.9% during the period. The performance of the Fund is net of management fee and all other expenses. The fund size of NBP Islamic Active Allocation Equity Fund is Rs.580 mln as of June 30, 2021.

NIAAEF underperformed during the year as the Fund was overweight in key stocks in Power Generation & Distribution, Engineering, Textile Composite, and Oil & Gas Exploration Companies, sectors that underperformed the market and underweight in key stocks in Cement, Refinery, Automobile Assembler and Fertilizer sectors that outperformed the market, which contributed to the underperformance. The chart below shows the performance of NIAAEF against the Benchmark for the year.

**NIAAEF Performance vs. Benchmark during FY21**



Since inception of the Fund, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. At the end of the year, the allocation in equities was around 98.6%.

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.

### Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
Equities / Stocks	98.6%	97.1%
Cash Equivalents	5.0%	7.0%
Other Net Liabilities	(3.6%)	(4.1%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-21	5.16%	12.2431	11.7275

## Unit Holding Pattern of NBP Islamic Active Allocation Equity as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
100001-500000	1
500001-1000000	1
10000001-100000000	7
100000001-1000000000	4
<b>Total</b>	<b>13</b>

### During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated in the report. NBP Islamic Money Market Fund does not have any soft commission arrangement with any broker in the industry.

### Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 35,882,456/-If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs 0.7101/8.52%. For details investors are advised to read the Note 12.2 of the Financial Statements of the scheme

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND amounting to Rs. 36.13 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 ACTIVE ALLOCATION EQUITY FUND by 6.42% 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 Active Allocation Equity 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 Sixth year of operations of NBP Islamic Active Allocation Equity Fund (NIAAEF). This report is being issued in accordance with clause 3.7 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 NIAAEF in light of Shari'ah requirements. Following is a list of top investments of NIAAEF 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)	(ii)	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum Company Limited.	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	42.91%	356.34	1339.82
Engro Corporation Limited.	Fertilizer	35.22%	25.23%	4.80%	56.69%	(190.04)	
Pakistan Petroleum Limited.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	30.57%	76.47	90.33
Oil & Gas Development Company Limited	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%	29.95%	100.44	103.77
Lucky Cement Limited	Cement	26.58%	1.36%	2.46%	83.62%	(401.95)	
Hub Power Company Limited.	Power Generation & Distribution	23.52%	0.00%	4.66%	52.68%	(38.21)	
Kohat Cement Limited.	Cement	19.54%	0.15%	0.02%	92.76%	(54.20)	



- ii) On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIAAEF are Shari'ah Compliant and in accordance with the criteria established by us.
- iii) There are investments made by NIAAEF 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 NIAAEF 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 923,490/- wherein amount available for disbursement is PKR 789,637 /-, which is inclusive of PKR 417,003 /- 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 AUDITOR'S REPORT

To the Unit holders of NBP Islamic Active Allocation Equity Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Islamic Active Allocation Equity Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and income statement, statement of comprehensive income, statement of movements in unit holder's fund, statement of cash flows 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 June 30, 2021 and of its financial performance and its cash flows for the year then ended in accordance with approved 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and the Management Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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.

Key Audit Matter	How the matter was addressed in our audit
<p><b>Net Asset Value</b> (Refer note 5 to the annexed financial statements)</p>	
<p>Investments constitute the most significant component of the net assets value (NAV). Investments of the Fund as at June 30, 2021 amounted to Rs. 571.89 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered as a high risk area and therefore, we consider this as a Key Audit Matter (KAM).</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of the key controls for valuation of investment.</li> <li>• Obtained independent external report for verifying the existence of the investment portfolio as at June 30, 2021 and reconciled it with the books and records of the Fund.</li> <li>• Re-performed valuation to assess that the investments are carried as per the valuation methodology specified in the accounting policies.</li> </ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

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 auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or 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 Board of Directors (the Board) for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved 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 the management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Fund's financial reporting process.

## Auditor's 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 auditor's 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 the management;
- Conclude on the appropriateness of the 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 auditor's 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 auditor's 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 the Board 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 to the Board 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 the Board, 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 auditor's 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.

#### **Other matter**

The financial statements of the Fund for the year ended June 30, 2020, were audited by another firm of auditors who in their audit report dated September 29, 2020 expressed an un-modified opinion.

#### **Report on Other Legal and Regulatory Requirements**

Further, we report that the Fund's financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

#### **Grant Thornton Anjum Rahman**

Chartered Accountants

Karachi

Date September 30, 2021



## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	2021	2020
Note	-----Rupees in '000-----	
<b>ASSETS</b>		
Bank balances	4 <b>28,948</b>	46,323
Investments	5 <b>571,886</b>	643,918
Receivable against sale of investments	7,179	14,615
Dividend and profit receivable	6 <b>435</b>	234
Deposits, prepayments and other receivables	7 <b>15,890</b>	11,731
Preliminary expenses and floatation costs	8 <b>-</b>	110
<b>Total assets</b>	<b>624,338</b>	716,931
<b>LIABILITIES</b>		
Payable to NBP Fund Management Limited - the Management Company	9 <b>5,477</b>	5,038
Payable to Central Depository Company of Pakistan Limited - the Trustee	10 <b>113</b>	129
Payable to the Securities and Exchange Commission of Pakistan	11 <b>124</b>	202
Payable against redemption of units	<b>420</b>	13,107
Accrued expenses and other liabilities	12 <b>37,998</b>	34,985
<b>Total liabilities</b>	<b>44,132</b>	53,461
<b>NET ASSETS</b>	<b>580,206</b>	663,470
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>580,206</b>	663,470
<b>CONTINGENCIES AND COMMITMENTS</b>	13	
	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	14 <b>50,532,331</b>	<b>76,211,277</b>
	-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	<b>11.4819</b>	8.7057

The annexed notes from 1 to 31 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	2020
-----Rupees in '000-----			
<b>Income</b>			
Profit on bank deposits		2,871	9,981
Dividend income		23,827	47,641
Gain on sale of investments - net		79,929	85,339
Net unrealized appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	137,266	19,767
<b>Total income</b>		<b>243,893</b>	<b>162,728</b>
<b>Expenses</b>			
Remuneration of NBP Fund Management Limited - the Management Company	9.1	9,302	15,333
Sindh sales tax on remuneration of the Management Company	9.2	1,209	1,993
Allocated expenses	9.4	827	1,010
Selling and marketing expenses	9.5	11,220	12,478
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	1,240	1,899
Sindh sales tax on remuneration of the Trustee	10.2	161	247
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	124	202
Auditors' remuneration	15	576	634
Amortization of preliminary expenses and floatation costs	8	110	200
Shariah advisor fee		76	146
Securities transaction cost		838	3,636
Settlement and bank charges		371	853
Legal and professional charges		185	64
Mutual fund rating fee		190	232
<b>Total operating expenses</b>		<b>26,429</b>	<b>38,927</b>
<b>Net income from operating activities</b>		<b>217,464</b>	<b>123,801</b>
Provision against Sindh Workers' Welfare Fund	12.2	(4,349)	(2,476)
<b>Net income for the year before taxation</b>		<b>213,115</b>	<b>121,325</b>
Taxation	17	-	-
<b>Net income for the year after taxation</b>		<b>213,115</b>	<b>121,325</b>
<b>Earnings / (loss) per unit</b>	18		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		213,115	121,325
Income already paid on units redeemed		(90,976)	(12,694)
		<b>122,139</b>	<b>108,631</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		123,290	102,762
- Excluding capital gains		(1,151)	5,869
		<b>122,139</b>	<b>108,631</b>

The annexed notes from 1 to 31 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-----	
<b>Net income for the year after taxation</b>	213,115	121,325
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>213,115</u>	<u>121,325</u>

The annexed notes from 1 to 31 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

	2021			2020		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
----- Rupees in '000 -----						
Net assets at beginning of the year	859,763	(196,293)	663,470	1,428,540	(246,840)	1,181,700
Issue of 19,330,348 units (2020: 105,833,411 units)						
- Capital value (at ex - net asset value per unit)	169,676	-	169,676	961,200	-	961,200
- Element of income	42,228	-	42,228	3,194	-	3,194
Total proceeds on issuance of units	211,904	-	211,904	964,394	-	964,394
Redemption of 45,009,294 units (2020: 159,733,436 units)						
- Capital value (at ex - net asset value per unit)	(391,837)	-	(391,837)	(1,450,731)	-	(1,450,731)
- Element of (loss)	(71)	(90,976)	(91,047)	(77,274)	(12,694)	(89,968)
Total payments on redemption of units	(391,908)	(90,976)	(482,884)	(1,528,005)	(12,694)	(1,540,699)
Total comprehensive income for the year	-	213,115	213,115	-	121,325	121,325
Interim cash distribution for the year ended June 30, 2021 @ Rs 0.5156 per unit (2020: 0.8978 per unit) (Date of declaration: 25-june-2021 )	(5,399)	(20,000)	(25,399)	(5,166)	(58,084)	(63,250)
<b>Net assets at end of the year</b>	<b>674,360</b>	<b>(94,154)</b>	<b>580,206</b>	<b>859,763</b>	<b>(196,293)</b>	<b>663,470</b>
Accumulated loss brought forward						
- Realized (loss)		(216,060)			(9,695)	
- Unrealized gain / (loss)		19,767			(237,145)	
		(196,293)			(246,840)	
Accounting income available for distribution						
- Relating to capital gains		123,290			102,762	
- Excluding capital gains / (loss)		(1,151)			5,869	
		122,139			108,631	
Distribution during the year						
Interim cash distribution for the year ended June 30, 2021 @ Rs 0.5156 per unit (2020: 0.8978 per unit) (Date of declaration: 25-june-2021 )		(20,000)			(58,084)	
Accumulated loss carried forward		(94,154)			(196,293)	
Accumulated loss carried forward						
- Realized loss		(231,420)			(216,060)	
- Unrealized income		137,266			19,767	
		(94,154)			(196,293)	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year			8.7057			9.0822
Net assets value per unit at end of the year			11.4819			8.7057

The annexed notes from 1 to 31 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	2020
		-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		213,115	121,325
<b>Adjustments for:</b>			
Profit on bank deposits		(2,871)	(9,981)
Provision against Sindh Workers' Welfare Fund		4,349	2,476
Amortization of preliminary expenses and floatation costs	8	110	200
Dividend income		(23,827)	(47,641)
Net unrealized (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(137,266)	(19,767)
		(159,505)	(74,713)
<b>Decrease / (increase) in assets</b>			
Investments		209,298	504,016
Receivable against sale of investments		7,436	46,552
Deposits, prepayments and other receivables		(4,159)	287
		212,575	550,855
<b>(decrease) / Increase in liabilities</b>			
Payable to NBP Fund Management Limited - the Management Company		439	(3,983)
Payable to Central Depository Company of Pakistan Limited - the Trustee		(16)	(86)
Payable to the Securities and Exchange Commission of Pakistan		(78)	(1,528)
Accrued expenses and other liabilities		(1,336)	(1,040)
		(991)	(6,637)
		265,194	590,830
Dividend received		23,689	47,999
Profit received on bank deposit		2,808	11,221
<b>Net cash generated from operating activities</b>		291,691	650,050
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units - net of refund of element		206,505	959,228
Net payments against redemption of units		(495,571)	(1,527,592)
Dividend paid		(20,000)	(58,084)
<b>Net cash used in financing activities</b>		(309,066)	(626,448)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(17,375)	23,602
Cash and cash equivalents at the beginning of the year		46,323	22,721
<b>Cash and cash equivalents at the end of the year</b>	4	28,948	46,323

The annexed notes from 1 to 31 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

NBP Islamic Active Allocation Equity Fund (the Fund) is an open ended mutual fund constituted under a trust deed entered into on November 3, 2015 between NBP Fund Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an asset management company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorized as an open ended 'Shariah compliant equity scheme' by the board of directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan.

The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of Shariah Compliant listed equity securities. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has maintained an asset manager rating of 'AM1' as on 23 June 2021 (2020: AM1) to the Management Company and performance ranking "4 Star" to the Fund on August 6, 2021 (February 28, 2020: "3 Star").

The Trust Act, 1882 has been repealed due to promulgation of the 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 Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020)

The title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

## 2.2 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

The Fund has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

New or Revised Standard or Interpretation	Effective Date "(Annual periods beginning on or after)"
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Definition of a Business (Amendments to IFRS 3)	January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	January 1, 2020

## 2.3 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Fund

2.3.1 The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date "(Annual periods beginning on or after)"
Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2022
IFRS 3 - References to Conceptual Framework	January 1, 2022
IAS 16 - Proceeds before intended use	January 1, 2022
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

The Fund is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Fund.

## 2.3.2 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.



## Standard or Interpretation

## IASB effective Date "(Annual periods beginning on or after)"

IFRS 17 - Insurance Contracts

January 1, 2023

IFRS 9 - ECL model on the financial assets due from Government

July 1, 2021

**2.3.3** There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for SWWF (note 13.2) provision for Federal Excise Duty (note 10.3) and provision for taxation (notes 3.14 and 17).

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values. Further the accrual basis of accounting is used except for the cash flow.

## 2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**3.1** The principal accounting policies applied in the presented financial statements are set out below. These policies have been applied consistently to all the years.

### 3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### 3.3 Financial assets

#### 3.3.1 Initial recognition and measurement

Financial assets are recognized at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognized at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognized at fair value and transaction costs are recognized in the income statement.

## 3.3.2 Classification and subsequent measurement

### 3.3.2.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of assets and liabilities at fair value, with gains and losses recognized in the income statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment 'at fair value through other comprehensive income' (FVOCI). Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognized in the income statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the income statement.

### 3.3.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 3.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 3.3.5 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. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

## 3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

## 3.5 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 realize the assets and settle the liabilities simultaneously.

## 3.6 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.

## 3.7 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in 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.

## 3.8 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as at the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

## 3.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the board of directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the board of directors of the Management Company.

## 3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net asset value per unit 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 the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

## 3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- "Unrealized gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the period in which these arise."
- Profit on bank balances is recognised on a time proportionate basis using effective interest rate method.
- Dividend income is recognised when the right to receive the dividend is established.

### 3.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

### 3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortized over a period of 5 years in accordance with the requirements set out in the trust deed of the Fund.

### 3.14 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 realized or unrealised, is distributed as cash dividend 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.

### 3.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 18.

### 3.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

4	<b>BANK BALANCES</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
			<b>Rupees in '000</b>	
	Balances with banks in:			
	-Savings accounts	4.1	<u>28,948</u>	<u>46,323</u>
4.1	These include a balance of Rs 17.455 million (2020: Rs 35.814 million) maintained with Bank Islami Pakistan Limited (a related party) that carries profit at the rate of 7% per annum (2020: 7.25% per annum). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 6.25% to 6.77% per annum (2020: 4.5% to 7.5% per annum).			
5	<b>INVESTMENTS</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
			<b>Rupees in '000</b>	
	<b>At fair value through profit or loss</b>			
	Quoted equity securities	5.1	<u>571,886</u>	<u>643,918</u>



## 5.1 Investments in equity securities - listed

Name of the investee company	As at July 01, 2020	Acquired during the year	Bonus / Right shares received during the year	Sold during the year	As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	----- Number of shares -----					Rupees in '000	----- Percentage -----		
<b>AUTOMOBILE ASSEMBLER</b>									
Honda Atlas Car Limited	32,400	6,300	-	30,400	8,300	2,869	0.50%	0.49%	0.01%
Indus Motor Company Limited	1,500	-	-	1,500	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited	8,300	900	1,063	700	9,563	10,323	1.81%	1.78%	0.02%
						13,192	2.31%	2.27%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Agriauto Industries Limited*	3,600	-	-	3,600	-	-	0.00%	0.00%	0.00%
Panther Tyres Limited	-	71,036	-	-	71,036	4,911	0.86%	0.85%	0.05%
Thal Limited*	33,300	-	-	17,000	16,300	6,891	1.21%	1.19%	0.02%
						11,802	2.07%	2.04%	
<b>CEMENT</b>									
Cherat Cement Company Limited	17,500	-	-	17,500	-	-	0.00%	0.00%	0.00%
D. G. Khan Cement Company Limited	21,500	-	-	21,500	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	377,000	81,000	-	29,500	428,500	9,856	1.72%	1.70%	0.03%
Kohat Cement Company Limited	257,030	3,000	-	84,500	175,530	36,245	6.34%	6.25%	0.09%
Lucky Cement Limited [note 5.1.1]	94,200	6,500	-	34,900	65,800	56,814	9.93%	9.79%	0.02%
Maple Leaf Cement Factory Limited	383,750	55,000	-	282,500	156,250	7,341	1.28%	1.27%	0.01%
						110,256	19.27%	19.01%	
<b>CHEMICAL</b>									
Dynea Pakistan Limited*	4,500	-	-	4,500	-	-	0.00%	0.00%	0.00%
Engro Polymer & Chemicals Limited	463,916	20,000	-	57,500	426,416	20,144	3.52%	3.47%	0.05%
Lotte Chemical Pakistan Limited	-	189,500	-	-	189,500	2,926	0.51%	0.50%	0.01%
ICI Pakistan Limited	12,200	-	-	4,100	8,100	7,037	1.23%	1.21%	0.01%
						30,107	5.26%	5.18%	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited	500,583	-	36,958	279,500	258,042	29,781	5.21%	5.13%	0.02%
<b>ENGINEERING</b>									
Agha steel limited	-	289,500	-	244,000	45,500	1,535	0.27%	0.26%	0.01%
Amreli Steels Limited	227,000	-	-	227,000	-	-	0.00%	0.00%	0.00%
International Industries Limited	430	10,000	-	430	10,000	2,110	0.37%	0.36%	0.01%
International Steels Limited**	81,100	6,700	-	81,100	6,700	626	0.11%	0.11%	0.00%
Ittefaq Iron Industries Limited	568,500	-	-	568,500	-	-	0.00%	0.00%	0.00%
Mughal Iron and Steel Industries Limited	260,500	23,500	24,240	138,000	170,240	17,773	3.11%	3.06%	0.06%
						22,044	3.86%	3.79%	
<b>FERTILIZER</b>									
Engro Fertilizers Limited [note 5.1.1]	29,500	-	-	29,500	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited [note 5.1.1]	202,790	21,500	-	99,200	125,090	36,853	6.44%	6.35%	0.02%
						36,853	6.44%	6.35%	

# NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND



**NBP FUNDS**  
Managing Your Savings

Name of the investee company	As at July 01, 2020	Acquired during the year	Bonus / Right shares received during the year	Sold during the year	As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	----- Number of shares -----					Rupees in '000	----- Percentage -----		
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>									
Al Shaheer Corporation Limited [note 5.1.2]	189,706	98,500	49,458	254,417	83,247	1,659	0.29%	0.29%	0.03%
Al Tahir Limited	125,000	260,000	3,250	125,000	263,250	6,134	1.07%	1.06%	0.15%
Unity Foods Limited	-	15,500	-	4,500	11,000	490	0.09%	0.08%	0.00%
						8,283	1.45%	1.43%	
<b>GLASS &amp; CERAMICS</b>									
Ghani Global Glass Limited	440,000	153,500	238,700	678,000	154,200	4,173	0.73%	0.72%	0.06%
Ghani Value Glass Limited	15,500	-	-	15,500	-	-	0.00%	0.00%	0.00%
Shabir Tiles Limited	-	240,000	-	-	240,000	8,004	1.40%	1.38%	0.07%
Tariq Glass Industries Limited	196,250	-	26,313	105,000	117,563	12,506	2.19%	2.16%	0.09%
						24,683	4.32%	4.26%	
<b>OIL AND GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	49,117	-	-	21,100	28,017	42,709	7.47%	7.36%	0.02%
Oil & Gas Development Co. Limited [note 5.1.1]	420,000	89,300	-	151,000	358,300	34,049	5.95%	5.87%	0.01%
Pakistan Oilfields Limited [note 5.1.1]	71,420	-	-	27,700	43,720	17,220	3.01%	2.97%	0.02%
Pakistan Petroleum Limited [note 5.1.1]	653,580	32,500	-	255,100	430,980	37,422	6.54%	6.45%	0.02%
						131,400	22.97%	22.65%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Attock Petroleum Limited	10,550	-	-	3,700	6,850	2,199	0.38%	0.38%	0.01%
Pakistan State Oil Company Limited [note 5.1.1 & 5.1.2]	99,998	33,000	-	44,400	88,598	19,868	3.47%	3.42%	0.02%
Sui Northern Gas Pipelines Limited	190,500	-	-	160,100	30,400	1,477	0.26%	0.25%	0.00%
						23,544	4.11%	4.05%	
<b>PAPER &amp; BOARD</b>									
Cherat Packaging Limited	34,626	-	-	34,626	-	-	0.00%	0.00%	0.00%
Packages Limited	14,000	-	-	11,800	2,200	1,199	0.21%	0.21%	0.00%
Roshan Packages Limited	200,000	-	-	84,500	115,500	3,805	0.67%	0.66%	0.08%
						5,004	0.88%	0.87%	
<b>PHARMACEUTICALS</b>									
AGP Limited	13,500	28,000	-	-	41,500	4,869	0.85%	0.84%	0.01%
Ferozsons Laboratories Limited	9,000	-	-	9,000	-	-	0.00%	0.00%	0.00%
Glaxosmithkline Pakistan Limited	33,400	-	-	9,300	24,100	3,993	0.70%	0.69%	0.01%
Hignnoon laboratories Limited	-	1,800	180	-	1,980	1,188	0.21%	0.20%	0.01%
IBL Health Care Limited	-	27,500	-	10,000	17,500	1,945	0.34%	0.34%	0.03%
The Searle Company Limited [note 5.1.2]	55,754	15,800	5,811	22,500	54,865	13,311	2.33%	2.29%	0.02%
						25,306	4.43%	4.36%	



Name of the investee company	As at July 01, 2020	Acquired during the year	Bonus / Right shares received during the year	Sold during the year	As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
						Rupees in '000	Percentage		
----- Number of shares -----						----- Percentage -----			
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited** [note 5.1.1]	552,712	49,478	-	169,500	432,690	34,472	6.03%	5.94%	0.03%
<b>SUGAR AND ALLIED INDUSTRIES</b>									
Faran Sugar Mills Limited	29,000	-	-	-	29,000	943	0.16%	0.16%	0.12%
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Netsol Technologies Limited	40,400	-	-	40,400	-	-	0.00%	0.00%	0.00%
Systems Limited	82,050	-	4,815	38,000	48,865	27,375	4.79%	4.72%	0.04%
						27,375	4.79%	4.72%	
<b>TEXTILE COMPOSITE</b>									
Kohinoor Textile Mills Limited [note 5.1.2]	161,157	48,000	-	60,000	149,157	11,217	1.96%	1.93%	0.05%
Nishat Mills Limited [note 5.1.1]	296,400	14,500	-	148,800	162,100	15,124	2.64%	2.61%	0.05%
Interloop Limited	174,629	-	-	45,000	129,629	9,078	1.59%	1.56%	0.01%
						35,419	6.19%	6.10%	
<b>TRANSPORT</b>									
Pakistan National Shipping Corporation	107,500	7,000	-	97,500	17,000	1,236	0.22%	0.21%	0.01%
<b>MISCELLANEOUS</b>									
Synthetic Products Limited [note 5.1.2]	4,330	-	-	-	4,330	186	0.03%	0.03%	0.00%
<b>Total</b>						<b>571,886</b>	<b>100%</b>	<b>99%</b>	
<b>Carrying value as June 30, 2021</b>						<b>434,620</b>			
Market value as at June 30, 2020						643,918			
Carrying value as June 30, 2020						624,151			

\*\*\* All shares have a nominal face value of Rs 10 each except for shares of Thal Limited, Agriauto Industries Limited and Dynea Pakistan Limited which have a face value of Rs 5. each and K-Electric Limited which have a face value of Rs 3.5 each."

\*\* These represent transactions in shares of related parties.



- 5.1.1** Investments include shares with market value of Rs 97.38 million (2020: 98.097 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 5.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the Sindh High Court, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Sindh High Court (SHC) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs did not deposit the minimum 50% of the tax liability, as they did not have such tax in their book and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the current year, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Sindh High Court. In this regard, on July 15, 2019, the Sindh High Court has issued notices to the relevant parties and has ordered that no third party interest on bonus shares, issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 which required every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2021, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the company	2021		2020	
	-----Bonus shares-----			
	Number of shares withheld	Market value as at June 30, 2021	Number of shares withheld	Market value as at June 30, 2020
	Rupees in '000		Rupees in '000	
Al Shaheer Corporation Limited	9,289	185	9,289	106
Kohinoor Textile Mills Limited	522	39	522	19
Pakistan State Oil Company Limited	3,301	740	3,301	522
The Searle Company Limited	1,354	329	1,354	270
Synthetic Products Limited	4,330	186	4,330	180
	<b>18,796</b>	<b>1,479</b>	<b>18,796</b>	<b>1,097</b>

		2021	2020
<b>5.2</b>	<b>Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'</b>	Note -----Rupees in '000-----	
	Market value of investments	5.1 571,886	643,918
	Carrying value of investments	5.1 (434,620)	(624,151)
		<u>137,266</u>	<u>19,767</u>
<b>6</b>	<b>DIVIDEND AND PROFIT RECEIVABLE</b>		
	Profit accrued on bank balances	6.1 297	234
	Dividend receivable	138	-
		<u>435</u>	<u>234</u>
<b>6.1</b>	This includes amount of Rs 0.13 million (2020: Rs 0.17 million) due from BankIslami Pakistan Limited (a related party).		
<b>7</b>	<b>DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>	Note -----Rupees in '000-----	
	Security deposit with Central Depository Company of Pakistan Limited*	100	100
	Security deposit with National Clearing Company of Pakistan Limited*	2,500	2,500
	Advance tax	7.1 9,009	9,009
	Prepaid mutual fund rating fee	67	122
	Other receivables	4,214	-
		<u>15,890</u>	<u>11,731</u>
<b>7.1</b>	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 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 May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends amounts to Rs 9.009 million (2020: Rs 9.009 million).		
	For this purpose, 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 Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance Tax as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.		
<b>8</b>	<b>PRELIMINARY EXPENSES AND FLOATATION COSTS</b>	Note -----Rupees in '000-----	
	At the beginning of the year	8.1 110	310
	Less: amortization during the year	(110)	(200)
	At the end of the year	<u>-</u>	<u>110</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortized over a period of 5 years in accordance with the requirements set out in the trust deed.

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2021 -----Rupees in '000-----	2020
Management fee payable	9.1	756	858
Sindh sales tax payable on remuneration of the Management Company	9.2	98	112
Federal Excise Duty payable on remuneration of the Management Company	9.3	1,420	1,420
Allocated expenses payable	9.4	223	172
Selling and marketing expenses payable	9.5	2,980	2,476
		<u>5,477</u>	<u>5,038</u>

- 9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration under the following rates:

Effective Dates	Applicable Rates
From July 1, 2019 till July 11, 2019	2% per annum of average daily net assets
From July 12, 2019 till June 30, 2021	1.5% per annum of average daily net assets

The remuneration is payable to the Management Company in arrears.

- 9.2 During the year, an amount of Rs 1.209 million (2020: Rs 1.993 million) was charged on account of sales tax on management fee levied through the Sindh sales tax on services Act, 2011 @ 13% (2020: 13%).
- 9.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from January 18, 2016 till June 30, 2016 amounting to Rs 1.42 million (2020: Rs 1.42 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.0281 per unit (2020: Re 0.0186 per unit).

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

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%.

Accordingly, the Management Company based on its own discretion has fixed following maximum capping from of the scheme for allocation of such expenses to the Fund.

Effective Dates	Maximum Capping
From July 1, 2019 till Oct 26, 2020	0.1% per annum of average daily net assets
From Oct 27, 2020 till June 30, 2021	0.15% per annum of average daily net assets

- 9.5 The Management Company based on its own discretion has charged selling and marketing expenses at the below mentioned rates duly approved by the Board of Directors of the Management Company.

Effective Dates	Applicable Rates
From July 1, 2019 till July 11, 2019	0.4% per annum of average daily net assets
From July 12, 2019 till December 16, 2019	1.15% per annum of average daily net assets
From December 17, 2019 till May 10, 2020	1.35% per annum of average daily net assets
From May 11, 2020 till Oct 26, 2020	1.5% per annum of average daily net assets
From Oct 27, 2020 till Jan 25, 2021	1.9% per annum of average daily net assets
From Jan 26, 2021 till June 30, 2021	2% per annum of average daily net assets

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY LIMITED - THE TRUSTEE - RELATED PARTY	2021	2020
Note	-----Rupees in '000-----	
Trustee fee payable	10.1	100
Sindh sales tax payable on trustee fee	10.2	13
	<u>113</u>	<u>129</u>

- 10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

**On net assets:**

- up to Rs 1 billion 0.20% per annum of net assets
- on an amount exceeding Rs 1 billion Rs 2.0 million plus 0.10% per annum of net assets, on amount exceeding Rs 1 billion.

- 10.2 During the year, an amount of Rs 0.161 million (2020: Rs 0.247 million) was charged on account of sales tax on remuneration of the trustee levied through the Sindh sales tax on Services Act, 2011 @ 13% (2020: 13%).

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	2021	2020
Note	-----Rupees in '000-----	
Annual fee payable	11.1	124
		<u>202</u>

- 11.1 The Fund has charged SECP fee at the rate of 0.02% per annum of the average annual net assets (June 30, 2020: 0.02% per annum of the average annual net assets) during the current period.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
		-----Rupees in '000-----	
Auditors' remuneration payable		394	439
Brokerage payable		99	54
Charity payable	12.1	1,400	2,625
Legal and professional charges payable		83	63
Shariah advisor fee payable		77	148
Withholding tax payable		30	58
Provision against Sindh Workers' Welfare Fund	12.2	35,882	31,533
Settlement charges payable		29	54
Bank charges payable		4	11
		<b>37,998</b>	<b>34,985</b>

- 12.1 According to the instructions of the Shariah advisors, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2021, non Shari'ah compliant income amounting to Rs 0.929 million (June 30, 2020: Rs 1.247 million) was determined by the management. This will be distributed as charity after the approval of the Shariah Advisor. The dividend income is recorded net of amount given as charity.

- 12.2 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, 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 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. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP 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 (i.e. starting from May 21, 2015).

Subsequent to the year ended June 30, 2021, SRB vide its letter (SRB/TP/70/2013/8772) dated August 12, 2021 has addressed to MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. Consequently, the Fund has reversed the cumulative provision of Rs. 35.882 million for SWWF recognised in the financial statements of the Fund on August 13, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

Had the provision for SWWF been reversed in the financial statements of the Fund for the period from January 18, 2016 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.7101 (2020: Re. 0.4138) per unit.

## 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

	2021	2020
	Number of Units	
<b>14 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	76,211,277	130,111,302
Units issued during the year	19,330,348	105,833,411
Less: units redeemed during the year	45,009,294	159,733,436
Total units in issue at the end of the year	<u>50,532,331</u>	<u>76,211,277</u>

	2021	2020
	-----Rupees in '000-----	
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	313	338
Other certification	-	81
Half yearly review fee	135	156
Out of pocket expenses	128	59
	<u>576</u>	<u>634</u>

## 16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 4.97% (2020: 4.1%) which includes 0.94% (2020: 0.48%) representing government levies on the Fund such as sales taxes, annual fee to SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

## 17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in cash, no provision for taxation has been made in these financial statements during the year.

## 18 EARNINGS / (LOSS) PER UNIT

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

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**19.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

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



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

	2021	2020
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration for the year	9,302	15,333
Sindh sales tax on remuneration of the Management Company	1,209	1,993
Allocated expenses	827	1,010
Selling and marketing charges	11,220	12,478
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of the Trustee	1,240	1,899
Sindh sales tax on remuneration of the Trustee	161	247
Settlement charges	332	125
<b>NAFA Islamic Active Allocation Fund I (Plan I)</b>		
Units issued - 296,764 (2020: 2,500,142)	3,260	20,889
Units redeemed - 677,383 (2020: 10,491,164)	6,873	109,271
Distribution paid	533	1,335
<b>NAFA Islamic Active Allocation Fund I (Plan II)</b>		
Units issued - 500,791 (2020: 2,198,335)	5,517	21,864
Units redeemed - 819,137 (2020: 112,788)	8,093	1,112
Distribution paid	712	1,697
<b>NAFA Islamic Active Allocation Fund I (Plan III)</b>		
Units issued - 2,342,886 (2020: 10,279,242)	25,557	85,429
Units redeemed - 4,108,084 (2020: 23,379,280)	41,698	245,552
Distribution paid	4,257	9,557
<b>NAFA Islamic Active Allocation Fund I (Plan IV)</b>		
Units issued - 2,104,204 (2020: 7,322,676)	23,158	60,870
Units redeemed - 4,773,342 (2020: 9,310,940)	48,712	97,433
Distribution paid	4,194	10,107
<b>NAFA Islamic Active Allocation Fund I (Plan V)</b>		
Units issued - 897,900 (2020: 7,710,333)	10,121	64,620
Units redeemed - 7,365,637 (2020: 19,585,525)	79,167	190,030
Distribution paid	2,491	9,822
<b>NAFA Islamic Active Allocation Fund II (Plan VI)</b>		
Units issued - 1,511,302 (2020: 6,634,098)	16,374	57,158
Units redeemed - 10,821,847 (2020: 8,513,443)	122,566	85,813
Distribution paid	1,224	10,378



# NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND



	2021	2020
	----- Rupees in '000 -----	
<b>NAFA Islamic Active Allocation Fund II (Plan VII)</b>		
Units issued - 471,178 (2020: 2,091,611)	5,270	17,670
Units redeemed - 1,697,152 (2020: 3,940,269)	17,806	34,455
Distribution paid	855	2,566
<b>NAFA Islamic Active Allocation Fund II (Plan VIII)</b>		
Units issued - 897,866 (2020: 17,332,637)	9,948	163,426
Units redeemed - 7,598,271 (2020: 6,554,958)	79,077	65,736
Distribution paid	1,736	9,997
<b>NAFA Islamic Capital Preservation Plan I</b>		
Units issued - 2,694,634 (2020: 22,582,899)	26,298	208,674
Units redeemed - 2,922,310 (2020: 24,792,113)	32,500	231,712
Distribution paid	2,508	1,478
<b>NAFA Islamic Capital Preservation Plan II</b>		
Units issued - 4,012,679 (2020: 11,232,997)	41,650	104,917
Units redeemed - 2,557,273 (2020: 16,618,656)	28,425	152,158
Distribution paid	998	670
<b>NAFA Islamic Capital Preservation Plan III</b>		
Units issued - 2,437,512 (2020: 9,493,481)	26,128	89,571
Units redeemed - 1,220,011 (2020: 17,954,906)	13,541	162,694
Distribution paid	424	394
<b>NAFA Islamic Capital Preservation Plan IV</b>		
Units issued - 711,424 (2020: 3,259,782)	8,070	32,944
Units redeemed - 215,816 (2020: 10,356,629)	2,238	91,174
Distribution paid	46	24
<b>NBP Islamic Capital Preservation Plan V</b>		
Units issued - 451,209 (2020: 3,195,179)	5,156	31,196
Units redeemed - 233,032 (2020: 8,122,764)	2,188	73,559
Distribution paid	23	58
<b>BankIslami Pakistan Limited - common directorship</b>		
Profit income	1,682	5,997
<b>Taurus Securities Limited - subsidiary of parent company</b>		
Brokerage expense	46	190
<b>International Steels Limited - common directorship</b>		
Shares purchased - 6,700 (2020: 168,000)***	561	8,547
Shares sold - 81,100 (2020: 207,500)***	5,605	10,105
Dividend income	-	120
<b>National Clearing Company of Pakistan Limited - common directorship</b>		
NCCPL charges	332	742
<b>Hub Power Company Limited - common directorship**</b>		
Shares purchased - 49,500 (2020: 541,000)***	4,212	44,846
Shares sold - 169,500 (2020: 1,331,500)***	14,592	115,591
Dividend income	3,493	-

19.7 Amounts / balances outstanding as at year end	2021	2020
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration payable to the Management Company	756	858
Sindh sales tax on remuneration of the Management Company	98	112
Federal Excise Duty on remuneration of the Management Company	1,420	1,420
Selling and marketing expense	2,980	2,476
Allocated expenses payable	223	172
<b>NAFA Islamic Active Allocation Fund I (Plan I)</b>		
Units held - 1,259,492 (2020: 1,640,110)	14,461	14,278
<b>NAFA Islamic Active Allocation Fund I (Plan II)</b>		
Units held - 1,767,201 (2020: 2,085,547)	20,291	18,156
<b>NAFA Islamic Active Allocation Fund I (Plan III)</b>		
Units held - 9,978,173 (2020: 11,743,371)	114,568	102,234
<b>NAFA Islamic Active Allocation Fund I (Plan IV)</b>		
Units held - 9,749,954 (2020: 12,419,093)	111,948	108,117
<b>NAFA Islamic Active Allocation Fund I (Plan V)</b>		
Units held - 5,601,212 (2020: 12,068,948)	64,313	105,069
<b>NAFA Islamic Active Allocation Fund II (Plan VI)</b>		
Units held - 3,441,537 (2020: 12,752,082)	39,515	111,016
<b>NAFA Islamic Active Allocation Fund II (Plan VII)</b>		
Units held - 1,927,557 (2020: 3,153,532)	22,132	27,454
<b>NAFA Islamic Active Allocation Fund II (Plan VIII)</b>		
Units held - 4,077,274 (2020: 10,777,679)	46,815	93,827
Payable against redemption of units	-	13,107
<b>NAFA Islamic Capital Preservation Plan I</b>		
Units held - 5,628,222 (2020: 5,855,899)	64,623	50,980
<b>NAFA Islamic Capital Preservation Plan II</b>		
Units held - 3,959,073 (2020: 2,503,667)	45,458	21,796
<b>NAFA Islamic Capital Preservation Plan III</b>		
Units held - 2,147,932 (2020: 930,431)	24,662	8,100
<b>NAFA Islamic Capital Preservation Plan IV</b>		
Units held - 587,282 (2020: 91,674)	6,743	798
Payable against redemption of units	420	
<b>NBP Islamic Capital Preservation Plan V</b>		
Units held - 407,422 (2020: 189,245)	4,678	1,648

	2021	2020
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - the trustee</b>		
Trustee fee payable	100	114
Settlement charges payable	29	13
Sindh sales tax payable on remuneration of the Trustee	13	15
Security deposit	100	100
<b>BankIslami Pakistan Limited - common directorship</b>		
Bank balances	17,455	35,814
Profit receivable	133	167
<b>Taurus Securities Limited - subsidiary of parent company</b>		
Brokerage payable	9	3
<b>International Steels Limited - common directorship</b>		
Shares held - 6,700 (2020: 81,100)	626	4,189
<b>National Clearing Company of Pakistan Limited - common directorship</b>		
Security Deposit	2,500	2,500
NCCPL charges payable	29	41
<b>Hub Power Company Limited - common directorship**</b>		
Shares held - 432,690 (2020: 552,712)	34,472	40,072

\* Current year figure has not been presented as the person has ceased to be a related party / connected person of the Fund as at June 30, 2021.

\*\* Prior year comparative has not been presented as the person was not a related party / connected person of the Fund as at June 30, 2020.

\*\*\* These are transactions involving shares of related parties held as part of portfolio of the Fund.

19.8 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2021		
	At amortized cost	At fair value through profit or loss	Total
	-----Rupees in '000-----		
<b>Financial assets</b>			
Bank balances	28,948	-	28,948
Investments	-	571,886	571,886
Receivable against sale of investments	7,179	-	7,179
Dividend and profit receivable	435	-	435
Deposits and other receivables	6,814	-	6,814
	<u>43,376</u>	<u>571,886</u>	<u>615,262</u>

## Financial liabilities

Payable to NBP Fund Management Limited - the Management Company  
 Payable to Central Depository Company of Pakistan - the Trustee  
 Payable against redemption of units  
 Accrued expenses and other liabilities

June 30, 2021		
At fair value through profit or loss	At amortized cost	Total
----- Rupees in '000 -----		
-	5,477	5,477
-	113	113
-	420	420
-	2,086	2,086
-	<u>8,096</u>	<u>8,096</u>

## Financial assets

Bank balances  
 Investments  
 Dividend and profit receivable  
 Receivable against sale of units  
 Deposits and other receivables

June 30, 2020		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
46,323	-	46,323
-	643,918	643,918
14,615	-	14,615
234	-	234
2,600	-	2,600
<u>63,772</u>	<u>643,918</u>	<u>707,690</u>

## Financial liabilities

Payable to NBP Fund Management Limited - the Management company  
 Payable to Central Depository Company of Pakistan - the Trustee  
 Payable against redemption of units  
 Accrued expenses and other liabilities

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
----- Rupees in '000 -----		
-	5,038	5,038
-	129	129
-	13,107	13,107
-	3,394	3,394
-	<u>21,668</u>	<u>21,668</u>

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund 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 risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

## 21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

### (i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. The Fund is exposed to such risk on its bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances 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 higher / lower by Rs 0.2894 million (2020: Rs 0.46323 million)

#### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021 and June 30, 2020, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

----- 2021 -----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in '000 -----					
<b>Financial assets</b>					
Bank balances	6.25% -7%	28,948	-	-	28,948
Investments		-	-	571,886	571,886
Receivable against sale of investments		-	-	7,179	7,179
Dividend and profit receivable		-	-	435	435
Deposits and other receivables		-	-	6,814	6,814
		28,948	-	586,314	615,262
<b>Financial liabilities</b>					
Payable to NBP Fund Management Limited - the Management Company		-	-	5,477	5,477
Payable to Central Depository Company of Pakistan - the Trustee		-	-	113	113
Payable against redemption of units		-	-	420	420
Accrued expenses and other liabilities		-	-	2,086	2,086
		-	-	8,096	8,096
<b>On-balance sheet gap</b>		28,948	-	578,218	607,166
<b>Total profit rate sensitivity gap</b>		28,948	-	-	-
<b>Cumulative profit rate sensitivity gap</b>		28,948	28,948	28,948	

2020					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

Rupees in '000

## Financial assets

Bank balances	4.5% -7.5%	46,323	-	-	-	46,323
Investments		-	-	-	643,918	643,918
Dividend and profit receivable		-	-	-	234	234
Receivable against sale of investments		-	-	-	14,615	14,615
Deposits and other receivables		-	-	-	2,600	2,600
		46,323	-	-	661,367	707,690

## Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	5,038	5,038
Payable to Central Depository Company of Pakistan - the Trustee		-	-	-	129	129
Payable against redemption of units		-	-	-	13,107	13,107
Accrued expenses and other liabilities		-	-	-	3,394	3,394
		-	-	-	21,668	21,668
<b>On-balance sheet gap</b>		46,323	-	-	639,699	686,022

## Total profit rate sensitivity gap

46,323 - -

## Cumulative profit rate sensitivity gap

46,323 46,323 46,323

### (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### (iii) 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 profit 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 instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund's investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits 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 June 30, 2021, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 28.594 million (2020: Rs 32.196 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains/ losses on equity securities classified as financial assets at fair value through profit or 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 the 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 June 30, 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.

## 21.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily 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. The Fund's policy is, therefore, to invest majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement to the extent of fifteen percent of the net assets for upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also 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 to 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 redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2021						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial assets

Balances with banks	28,948	-	-	-	-	-	28,948
Investments	-	-	-	-	-	571,886	571,886
Dividend and profit receivable	435	-	-	-	-	-	435
Deposits and other receivables	-	-	-	-	-	6,814	6,814
Receivable against sale of investments	7,179	-	-	-	-	-	7,179
	<b>36,562</b>	-	-	-	-	<b>578,700</b>	<b>615,262</b>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	5,477	-	-	-	-	-	5,477
Payable to Central Depository Company of Pakistan Limited - the Trustee	113	-	-	-	-	-	113
Payable against redemption of units	420	-	-	-	-	-	420
Accrued expenses and other liabilities	1,692	394	-	-	-	-	2,086
	<b>7,702</b>	<b>394</b>	-	-	-	-	<b>8,096</b>

### Net assets

	<b>28,860</b>	<b>(394)</b>	-	-	-	<b>578,700</b>	<b>607,166</b>
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2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Balances with banks	46,323	-	-	-	-	46,323
Investments	-	-	-	-	643,918	643,918
Dividend and profit receivable	234	-	-	-	-	234
Deposits and other receivables	-	-	-	-	2,600	2,600
Receivable against sale of units	14,615	-	-	-	-	14,615
	61,172	-	-	-	646,518	707,690
<b>Financial liabilities</b>						
Payable to NBP Fund Management Limited - the Management Company	5,038	-	-	-	-	5,038
Payable to Central Depository Company of Pakistan Limited - the Trustee	129	-	-	-	-	129
Payable against redemption of units	13,107	-	-	-	-	13,107
Accrued expenses and other liabilities	2,955	439	-	-	-	3,394
	21,229	439	-	-	-	21,668
<b>Net assets</b>	39,943	(439)	-	-	646,518	686,022

## 21.3 Credit risk

**21.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000				
Bank balances	28,948	28,948	46,323	46,323
Investments	571,886	-	643,918	-
Receivable against sale of investments	7,179	7,179	14,615	14,615
Dividend and profit receivable	435	435	234	234
Deposits and other receivables	6,814	6,814	2,600	2,600
	615,262	43,376	707,690	63,772

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

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts

in accordance with internal risk management policies and instruments guidelines approved by the investment committee.

## 21.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of bank balances and accrued profit is as follows:

Name of Bank	% of financial assets exposed to credit risk	
	2021	2020
AAA	1.431%	1.378%
AA	0.366%	0.032%
A+	2.859%	5.084%
A	0.001%	0%
A-	0.097%	0.084%
	<b>4.754%</b>	<b>6.580%</b>

## 22 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.

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

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

### Fair value hierarchy

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

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

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

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

As at reporting date, the Fund held the following financial instruments measured at fair values:

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees in '000			Rupees in '000		
<b>Financial assets</b>						
At fair value through profit or loss	571,886	-	-	643,918	-	-

## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends 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 restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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 the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 24 UNIT HOLDING PATTERN OF THE FUND

Category	2021			2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
NBFCs	<u>13</u>	<u>580,206</u>	<u>100.00</u>	<u>13</u>	<u>663,470</u>	<u>100.00</u>

## 25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2021		2020	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Next Capital Limited	7.08%	EFG Hermes Pakistan Limited	6.14%
Taurus Securities Ltd.	6.34%	Taurus Securities Limited	6.04%
Igi Finex Securities Limited	6.32%	Concordaia Securities (Private) Limited	5.83%
J.S. Global Capital Ltd.	5.62%	Topline Securities Limited	5.70%
Arif Habib Securities Limited	5.28%	Arif Habib Securities Limited	4.94%
Topline Securities Limited	5.08%	Optimus Capital Management Limited	3.86%
Bma Capital Management Limited	4.85%	Alfalah Securities (Private) Limited	3.84%
Khadim Ali Shah Bukhari Securities (Pvt.) Limited	4.67%	J.S. Global Capital Limited	3.77%
Foundation Securities	4.43%	Intermarket Securities	3.55%
Optimus Capital Management Limited	4.41%	Aqeel Karim Dehdi Securities (Private) Limited	3.54%

## 26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualifications	Experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	33
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	21
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	15
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	10

## 27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualifications	Other Funds managed by the Fund Manager
Mr. Asim Wahab Khan	Fund Manager	CFA	NBF, NFSF, NIEF, NIRIF, NISIF, NSIF, NSF

## 28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 76th, 77th, 78th, 79th, 80th Board meetings were held on July 16, 2020, September 17, 2020, October 27, 2020, February 26, 2021 and April 30, 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 / Applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
*Mr. Saad ur Rahman Khan	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	2	2	-	-

**28.1** Mr. Saad ur Rahman Khan retired from the Board with effect from December 03, 2020.

**28.2** Ms. Mehnaz Salar was appointed as the director on the Board with effect from February 03, 2021.

## 29 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.



**30 DATE OF AUTHORISATION FOR ISSUE**

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

**31 GENERAL**

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

**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	For the year ended June 30, 2018	For the year ended June 30, 2017	For the period ended June 30, 2016
Net assets at the year / period ended (Rs '000)	580,206	663,470	1,181,700	1,887,201	4,758,101	1,635,524
Net income for the year / period ended (Rs '000)	213,115	121,325	(470,602)	(633,494)	1,174,089	254,789
Net Asset Value per unit at the year / period ended (Rs)	11.4819	8.7057	9.0822	11.3425	13.4187	11.3756
Offer Price per unit	N/A	N/A	N/A	N/A	N/A	N/A
Redemption Price per unit	11.4819	8.7057	9.0822	11.3425	13.4187	11.3756
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	11.8419	10.4495	11.8248	13.4325	14.7670	11.5964
Ex - Lowest redemption price per unit (Rs.)	8.5373	6.4098	8.8814	10.5169	10.5149	9.1825
Opening Nav of Fiscal Year	8.3391	8.2354	11.3425	13.2099	10.3144	9.5784
Total return of the fund	37.69%	5.71%	-19.90%	-14.14%	30.10%	18.76%
Capital growth	33.29%	-4.57%	-19.90%	-14.14%	16.57%	13.30%
Income distribution as % of Ex nav	4.40%	10.28%	-	-	13.53%	5.46%
Income distribution as % of Par nav	5.16%	8.98%	-	-	13.96%	5.23%
<b>Distribution</b>						
Interim distribution per unit	0.5156	0.8978	-	-	1.3955	0.2022
Final distribution per unit	-	-	-	-	0.1883	0.3212
<b>Distribution Dates</b>						
Interim	25-Jun-21	24-Jun-20	-	-	19-Jun-17	29-Jun-16
Final	-	-	-	-	15-Sep-17	23-Sep-16
Average annual return of the fund (launch date January 18, 2016)						
(Since inception to June 30, 2021)	8.32%					
(Since inception to June 30, 2020)		2.64%				
(Since inception to June 30, 2019)			1.77%			
(Since inception to June 30, 2018)				12.23%		
(Since inception to June 30, 2017)					35.01%	
(Since inception to June 30, 2016)						18.76%
<i>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</i>						



## PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Islamic Active Allocation Equity Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. [www.nbpfunds.com](http://www.nbpfunds.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 ACTIVE ALLOCATION EQUITY FUND				
	Resolutions	For	Against	Abstain*
Number	7	7	Nil	N/A
(%)	100%	100%	-	-



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