

NBP Financial Sector Income Fund (NFSIF)

Formerly; NAFA Financial Sector Income Fund (NFSIF)



MONTHLY REPORT (MUFAP's Recommended Format)

Unit Price (31/07/2019): Rs. 10.6197

July 2019

Performance %

Performance Period	July 2019	Rolling 12 Months	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	Last 3 years*	Last 5 years*	Since Launch October 28, 2011*
NBP Financial Sector Income Fund Formerly; NAFA Financial Sector Income Fund	12.0%	9.9%	9.3%	6.0%	8.4%	6.4%	10.9%	8.1%	8.2%	8.7%
Benchmark**	13.5%	10.7%	10.2%	6.3%	6.0%	5.9%	8.3%	7.8%	7.4%	8.1%

* Annualized Return Based on Morning Star Methodology
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

General Information

Launch Date:	October 28, 2011
Fund Size:	Rs. 6,037 Million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday (Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Dealing Time:	2-3 business days
Settlement:	Forward Pricing
Pricing Mechanism:	Forward Pricing
Load:***	Front End Load (Individual): 1% (Nil on investment above Rs. 26 million) Front End Load (Other): 1% (Nil on investment above Rs. 16 million) Back End Load: NIL
Management Fee:	6% of Net Income (min: 0.5% p.a., max: 1.5% p.a.) w.e.f 12-July-19. 0.82% p.a. of average net assets during the month.
Total Expense Ratio:	2.07% p.a. (including 0.38% government levies)
Selling & Marketing expenses:	0.7% p.a.
Risk Profile:	Low
Fund stability rating:	'A+(f)' by PACRA
Listing:	Pakistan Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:**	6-Month KIBOR
Fund Manager:	Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM1 by PACRA (Very High Quality)

** effective from September 01, 2016; Previously 70% 6-Month KIBOR & 30% average 3-Month deposit rates (A & above rated banks)
***effective from January 02, 2017

Asset Allocation (% of Total Assets) 31-July-19 29-June-19

	31-July-19	29-June-19
TFCs	8.5%	12.7%
Commercial Paper	-	8.1%
Bank Deposits	89.1%	77.7%
Others including receivables	2.4%	1.5%
Total	100.0%	100.0%
Leverage	Nil	Nil

Top TFC (as at July 31, 2019) (% of Total Assets)

Name of TFC	% of Total Assets
Jahangir Siddiqui and Company Ltd. 06-Mar-18 06-Mar-23	2.6%
JS Bank Limited 14-DEC-16 14-DEC-23	1.9%
HBL TFC 19-FEB-16 19-FEB-26	1.6%
Jahangir Siddiqui and Company Ltd. 18-Jul-17 18-Jul-22	1.4%
Bank of Punjab Limited 23-APR-18 23-APR-28	0.8%
Jahangir Siddiqui and Company Ltd. 24-Jun-16 24-Jun-21	0.2%
Total	8.5%

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 12,162,791/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0214/0.22%. For details investors are advised to read note 5 of the latest financial statements of the Scheme.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Hassan Raza, CFA

Notes: 1) The calculation of performance does not include cost of front end load.
2) Taxes apply. Further, tax credit also available as per section 62 of the Income Tax Ordinance, 2001.

Investment Objective

To provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

Fund Manager's Commentary

The Fund generated an annualized return of 12.0% p.a. in the month of July 2019 versus the Benchmark return of 13.5% p.a. Since its launch in October 2011, the Fund has generated an annualized return of 8.7% p.a. against the Benchmark return of 8.1% p.a., hence an outperformance of 0.6% p.a. This outperformance is net of management fee and all other expenses.

The Fund is unique as it invests a minimum 70% of its assets in Financial Sector (mainly banks) debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities is "AA-". This minimizes credit risk and at the same time enhances liquidity of the Fund. Duration of the overall portfolio cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its net assets in less than 90 days T-Bills or saving accounts with banks, which further enhances liquidity profile of the Fund.

Exposure in TFCs was around 9% of net assets at the end of the month with average time to maturity of around 3.9 years. The TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. The weighted average time-to-maturity of the Fund is 0.3 year.

We will rebalance the allocation of the Fund proactively based on the capital market outlook.

Credit Quality of the Portfolio as of July 31, 2019 (% of Total Assets)

AAA	2.0%
AA+	4.2%
AA	0.1%
AA-	25.7%
A+	44.5%
A	20.9%
A-	0.2%
Others including receivables	2.4%
Total	100.0%

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved.