



NBP FUNDS

Managing Your Savings

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NBP FINANCIAL SECTOR FUND



HALF YEARLY REPORT
DECEMBER 31, 2019



MISSION STATEMENT

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

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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

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

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Financial Sector Fund** (Formerly: NAFA Financial Sector Fund) (NFSF) for the half year ended December 31, 2019.

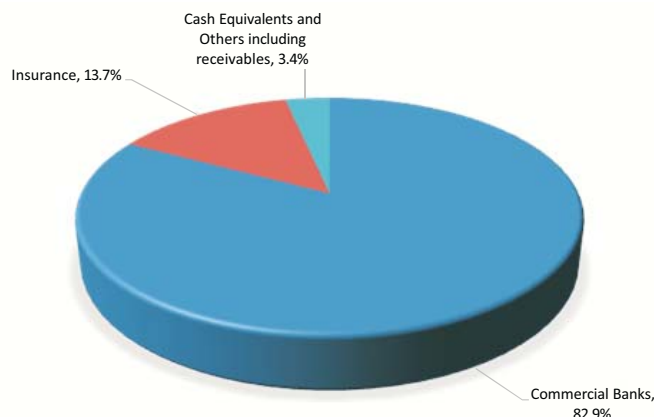
Fund's Performance

The size of NBP Financial Sector Fund (Formerly: NAFA Financial Sector Fund) has decreased from Rs. 1,121 million to Rs. 848 million during the period, i.e. a decrease of 24%. During the period, the unit price of NBP Financial Sector Fund (NFSF) has increased from Rs. 9.0609 on June 30, 2019 to Rs. 10.1469 on December 31, 2019, thus showing an increase of 12.0%. The Benchmark for the same period has increased by 21.9%. Thus, the Fund has underperformed its Benchmark by 9.9% during the period under review. Since inception, the unit price of NBP Financial Sector Fund (Formerly: NAFA Financial Sector Fund) has decreased from Rs. 10.0000 on February 14, 2018 to Rs. 10.1469 on December 31, 2019, thus showing an increase of 1.5%. The Benchmark for the same period has decreased by 2.9%. Thus, the Fund has outperformed its Benchmark by 4.4% during the period under review. This performance is net of management fee and all other expenses.

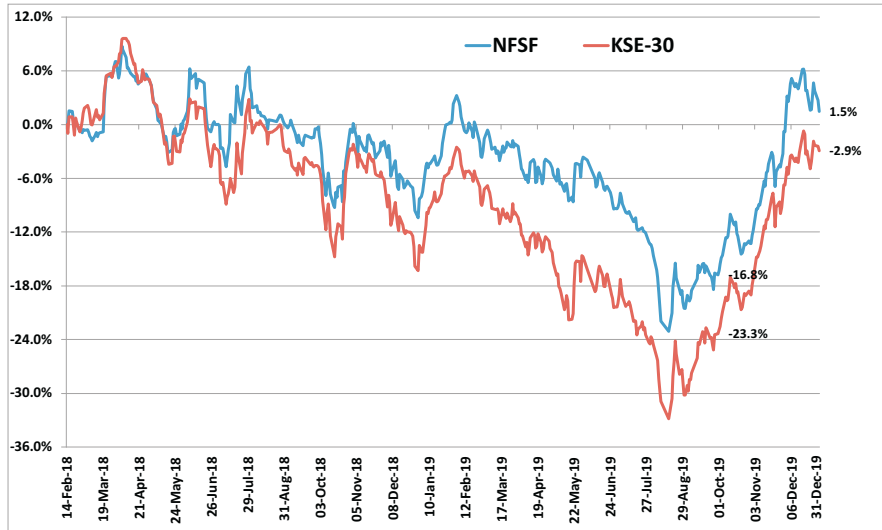
Reversing the negative trend of the last two years, the market staged a strong recovery as the benchmark KSE-100 Index surged by 20.2% during 1HFY2020, however the period was characterized with large swings. Despite flurry of positive developments that included accord of the IMF for USD 6 billion Extended Funds facility (EFF); commencement of Saudi oil facility worth USD 3.3 billion; and USD 500 million flow of funds from Qatar; the market started off the period under review on a frail note. The benchmark KSE-100 Index declined by around 15% by mid-August as investors remained concerned over slowdown in economic activity. The deteriorating Pakistan-India relations over repealing of article 370 in Kashmir by the latter triggered panic selling with the Index hitting multi-year low of 28,765 points on August 16, 2019. Consequently, the attractive valuations prompted value buying and the shift in investors' mood was also supported by improving macroeconomic indicators, mainly on external account front, as the current account deficit declined massively by 74% to USD 2.2 billion during 1HFY2020, from USD 8.6 billion in same period last year. Resumption of foreign currency inflows from multilateral donor agencies and portfolio inflows in government securities boosted the SBP's FX reserves to USD 11.3 billion, the highest level since April 2018. Sharply falling yields on the longer tenure government securities (PIBs), aa harbinger to reversal of monetary tightening cycle also buoyed market sentiment. As a result, the market staged robust rally, surging by 41.6% from the bottom in mid-August, taking 1HFY2020 return to 20.2%.

In terms of sectoral performance, Engineering, Pharmaceuticals, Paper & Board, Chemicals and Transport out-performed the market, while Automobile, Commercial Banks, Power Generation & Distribution lagged behind. On the participant-wise activity, Individuals remained major buyers with net inflows of USD 140 million, along with Other Organizations that accumulated positions worth USD 14 million. On the other hand, Banks/DFIs, Mutual Funds, and Insurance were net sellers with net outflows to the tune of USD 91 million, USD 53 million, and USD 20 million, respectively.

The Fund has earned a total income of Rs. 83,814 million during the period. After deducting total expenses of Rs. 17.320 million, the net income is Rs. 66.494 million. The asset allocation of the Fund as on December 31, 2019 is as follows:



NFSF Performance versus Benchmark (Since Inception)



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: February 27, 2020
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2019ء کو ختم ہونے والی ششماہی کے لئے NBP فنڈ مینجمنٹ سیکٹر فنڈ (سابقہ: NAFA فنڈ مینجمنٹ سیکٹر فنڈ) (NFSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

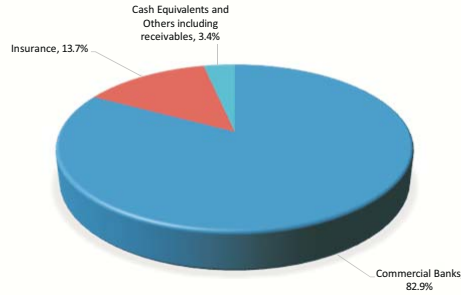
NBP فنڈ مینجمنٹ سیکٹر فنڈ (سابقہ: NAFA فنڈ مینجمنٹ سیکٹر فنڈ) کا فنڈ سائز اس مدت کے دوران 1,121 ملین روپے سے کم ہو کر 848 ملین روپے ہو گیا، یعنی 24% کمی۔ اس مدت کے دوران، NBP فنڈ مینجمنٹ سیکٹر فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2019 کو 9.0609 روپے سے بڑھ کر 31 دسمبر 2019 کو 10.1469 روپے ہو چکی ہے، لہذا 12.0% کا اضافہ ہوا۔ اسی مدت کے دوران بیچ مارک میں 21.9% کا اضافہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 9.9% اتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے یونٹ کی قیمت 10.000 روپے سے بڑھ کر 31 دسمبر 2019 کو 10.1469 روپے ہو گئی، لہذا 1.5% کا اضافہ ہوا۔ اسی مدت کے لئے بیچ مارک میں 2.9% کی کمی ہوئی۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے بیچ مارک سے 4.4% بہتر رہی۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

گذشتہ دو برسوں کے منفی رجحان کو ختم کرتے ہوئے مالی سال 2020 کی پہلی ششماہی میں مارکیٹ مستحکم ہوئی اور KSE-100 انڈیکس میں 20.2 فی صد اضافہ ہوا تاہم اس دوران مارکیٹ میں اتار چڑھاؤ آتے رہے۔ آئی ایم ایف سے 6 بلین ڈالر کے توسیعی قرضہ (EFF) کی منظوری، سعودی عرب سے 3.3 بلین ڈالر مالیت کی پٹرولیم مصنوعات کی فراہمی اور قطر سے 500 ملین ڈالر جیسی پرجوش مثبت پیش رفت کے باوجود زیر جائزہ مدت کا آغاز سست روی کا شکار رہا۔ سرمایہ کاروں کا سست معاشی سرگرمیوں کے تحت خطا کے باعث وسط اگست تک KSE-100 انڈیکس میں 15 فی صد کمی واقع ہوئی۔ کشمیر میں آڑھیل 370 کے نفاذ پر پاک بھارت کشیدگی کی وجہ سے 16 اگست 2019ء کو انڈیکس گذشتہ برسوں کی کم ترین سطح 28,765 پوائنٹس تک پہنچ گیا۔ نتیجتاً، پُرکشش قیمتوں نے خریداری کی حوصلہ افزائی کی اور بہتر معاشی اشاروں نے سرمایہ کاروں کے مزاج میں تبدیلی کی جسکی بنیادی وجہ بیرونی اکاؤنٹ میں بہتری تھی جیسا کہ بڑے پیمانے پر کرنٹ اکاؤنٹ خسارہ مالی سال 2020 کی پہلی ششماہی کے دوران 74 فی صد کم ہوا یعنی 2.2 بلین ڈالر ہو گیا جو گذشتہ برس کی اسی مدت میں 8.6 بلین ڈالر تھا۔ کثیر طرفہ ڈونر ایجنسیوں سے غیر ملکی ترسیلات زر کا آغاز اور حکومتی سیکورٹیز کے پورٹ فولیو میں اضافہ کی وجہ سے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں 11.3 بلین ڈالر تک اضافہ ہوا جو اپریل 2018ء سے بلند ترین سطح ہے۔ طویل مدتی حکومتی سیکورٹیز (PIB) میں تیزی سے کمی معاشی تناؤ کو ختم کرنے کا پیش خیمہ ثابت ہوا جس کی وجہ سے مارکیٹ میں استحکام آیا۔ نتیجتاً، وسط اگست میں مارکیٹ میں کم ترین سطح سے 41.6 فی صد کا مضبوط اضافہ دیکھا گیا اور مالی سال 2020 کی پہلی ششماہی میں مارکیٹ میں 20.2 فی صد اضافہ رہا۔

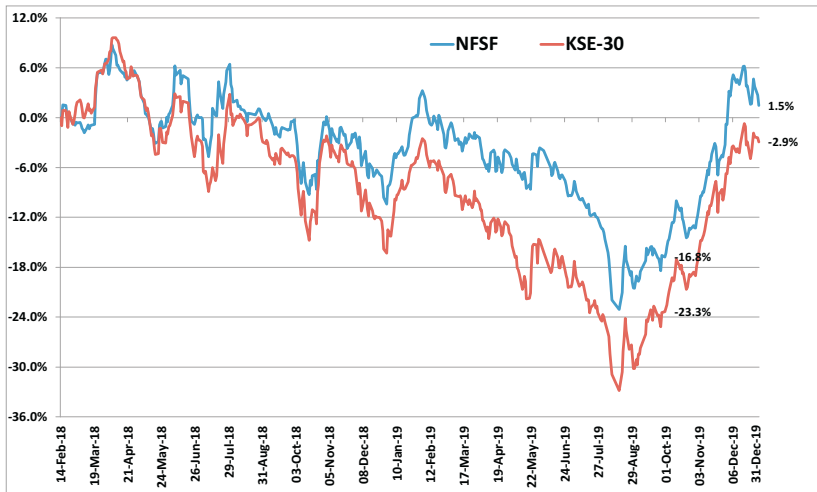
شعبہ جاتی کارکردگی کے تناظر میں انجینئرنگ، فارماسیوٹیکلز، کاغذ اور بورڈ، کیمیکلز اور ٹرانسپورٹ نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کمرشل بینک، پاور جنریشن اور ڈسٹری بیوٹن نے ان کی پیروی کی۔ شریک دار سرگرمیوں کے تناظر میں انفرادی شرکت دار 140 ملین ڈالر کے مجموعی ان فلو کے ساتھ بڑے خریدار رہے جب کہ دیگر اداروں نے 14 ملین ڈالر کے ساتھ پوزیشن مستحکم کی۔ دوسری جانب، بینک/DFI، میوچل فنڈز اور انشورنس بالترتیب 91 ملین ڈالر، 53 ملین ڈالر اور 20 ملین ڈالر کے مجموعی آؤٹ فلو کے ساتھ بڑے فروخت کنندگان رہے۔

NBP فنڈ مینجمنٹ سیکٹر فنڈ نے موجودہ مدت کے دوران 83,814 ملین روپے کی مجموعی آمدنی ہوئی۔ 17.320 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 66.494 ملین روپے ہے۔

31 دسمبر 2019 کے مطابق فنڈ کی ایسٹ ایلوکییشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بیچ مارک



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینیجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔
بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینیجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 فروری 2020ء

مقام: کراچی

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Financial Sector Fund [formerly NAFA Financial Sector 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 for the period ended December 31, 2019 in accordance with the provisions of the following:

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

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 26, 2020

AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Financial Sector Fund** (Formerly NAFA Financial Sector Fund) (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year then ended. The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**
Dated: February 27, 2020
Karachi

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2019

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Note	----- Rupees in 000 -----	
ASSETS		
Bank balances	4 39,744	63,745
Investments	5 818,990	1,063,204
Profit receivable on bank balances	598	889
Deposits, prepayment and other receivable	6 2,961	2,948
Preliminary expenses and floatation costs	7 2,089	2,426
Total assets	864,382	1,133,212
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	8 5,126	6,430
Payable to Central Depository Company of Pakistan Limited - Trustee	9 165	204
Payable to the Securities and Exchange Commission of Pakistan	10 86	1,103
Payable against redemption of units	8,288	-
Accrued expenses and other liabilities	11 3,107	4,847
Total liabilities	16,772	12,584
NET ASSETS	847,610	1,120,628
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	847,610	1,120,628
CONTINGENCIES AND COMMITMENTS		
	12	
	----- Number of units -----	
NUMBER OF UNITS IN ISSUE	83,533,554	123,677,243
	----- Rupees -----	
NET ASSETS VALUE PER UNIT	13 10.1469	9.0609

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended		
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
----- Rupees in 000 -----					
INCOME					
(Loss) / gain on sale of investments - net	(8,179)	(23,276)	18,917	(24,090)	
Profit on bank balances	2,852	6,003	1,429	3,021	
Dividend income	21,414	16,183	10,071	7,034	
Unrealised appreciation / (diminution) on re-measurement of investments classified as at fair value through profit or loss - net	67,727	(99,522)	141,301	(86,534)	
	83,814	(100,612)	171,718	(100,569)	
EXPENSES					
Remuneration of NBP Fund Management Limited - Management Company	8.1	6,596	11,249	3,066	5,656
Sindh sales tax on remuneration of the Management Company		857	1,462	398	735
Allocated expenses	8.2	428	562	204	282
Selling and marketing expenses	8.3	4,739	2,250	2,417	1,131
Remuneration of Central Depository Company of Pakistan Limited - Trustee		850	1,065	409	534
Sindh sales tax on remuneration of the Trustee		111	138	54	69
Annual fee of the Securities and Exchange Commission of Pakistan		86	534	41	268
Securities transaction cost		1,289	1,350	924	717
Auditors' remuneration		400	195	290	92
Amortisation of preliminary expenses and floatation costs	7	337	338	168	169
Annual listing fee		13	14	6	6
Printing charges		42	23	41	-
Legal and professional charges		19	16	10	7
Settlement and bank charges		196	155	156	3
Total operating expense		15,963	19,351	8,184	9,669
Net income / (loss) from operating activities		67,851	(119,963)	163,534	(110,238)
Provision against Sindh Workers' Welfare Fund	11.1	(1,357)	-	(1,357)	-
Net income / (loss) for the period before taxation		66,494	(119,963)	162,177	(110,238)
Taxation	14	-	-	-	-
Net income / (loss) for the period after taxation		66,494	(119,963)	162,177	(110,238)
Earnings / (loss) per unit	15				
Allocation of net Income for the period					
Net income for the period after taxation		66,494	-	-	-
Income already paid on units redeemed		(17,799)	-	-	-
		48,695	-	-	-
Accounting income available for distribution					
- Relating to capital gains		37,538	-	-	-
- Excluding capital gains		11,157	-	-	-
		48,695	-	-	-

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended December 31,		Quarter ended, December 31,	
	2019	2018	2019	2018
	----- Rupees in 000 -----			
Net income / (loss) for the period after taxation	66,494	(119,963)	162,177	(110,238)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	66,494	(119,963)	162,177	(110,238)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For the half year ended December 31, 2019			For the half year ended December 31, 2018		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	----- Rupees in 000 -----					
Net assets at the beginning of the period (audited)	1,283,122	(162,494)	1,120,628	1,065,800	(29,910)	1,035,890
Issue of 27,591,816 units (2018: 78,739,169)						
- Capital value (at net asset value per unit at the beginning of the period)	250,006	-	250,006	787,439	-	787,439
- Element of income	20,670	-	20,670	1,151	-	1,151
Total proceeds on issuance of units	270,676	-	270,676	788,590	-	788,590
Redemption of 67,735,505 units (2018: 76,101,072)						
- Capital value (at net asset value per unit at the beginning of the period)	(613,745)	-	(613,745)	(761,056)	-	(761,056)
- Element of income	21,356	(17,799)	3,557	8,209	-	8,209
Total payments on redemption of units	(592,389)	(17,799)	(610,188)	(752,847)	-	(752,847)
Total comprehensive income / (loss) for the period	-	66,494	66,494	-	(119,963)	(119,963)
Net assets at the end of the period (un-audited)	961,409	(113,799)	847,610	1,101,543	(149,873)	951,670
Accumulated loss brought forward						
- Realised (loss) / income		(33,288)			2,815	
- Unrealised loss		(129,206)			(32,725)	
		(162,494)			(29,910)	
Accounting income available for distribution						
- Relating to capital gains	37,538			-		
- Excluding capital gains	11,157			-		
	48,695			-		
Net loss for the period after taxation		-			(119,963)	
Accumulated loss carried forward		(113,799)			(149,873)	
Accumulated loss carried forward						
- Realised loss		(181,526)			(50,351)	
- Unrealised income / (loss)		67,727			(99,522)	
		(113,799)			(149,873)	
				(Rupees)		(Rupees)
Net asset value per unit at the beginning of the period			9.0609			10.0006
Net asset value per unit at the end of the period			10.1469			8.9593

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31,	
	2019	2018
	----- Rupees in 000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	66,494	(119,963)
Adjustments		
Profit on bank balances	(2,852)	(6,003)
Dividend income	(21,414)	(16,183)
Unrealised (appreciation) / diminution on re-measurement of investments classified as at fair value through profit or loss - net	(67,727)	99,522
Amortisation of preliminary expenses and floatation costs	337	338
	<u>(25,162)</u>	<u>(42,289)</u>
Decrease / (increase) in assets		
Investments - net	311,941	(8,812)
Receivable against sale of investments	-	(8,061)
Deposits, prepayment and other receivable	(13)	(13)
	<u>311,928</u>	<u>(16,886)</u>
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	(1,304)	(252)
Payable to Central Depository Company of Pakistan Limited - Trustee	(39)	(2)
Payable to the Securities and Exchange Commission of Pakistan	(1,017)	201
Accrued expenses and other liabilities	(1,740)	(37)
	<u>(4,100)</u>	<u>(90)</u>
Dividend income received	21,414	16,183
Profit received on bank balances	3,143	5,579
Net cash flows generated from / (used in) operating activities	<u>307,223</u>	<u>(37,503)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	270,676	788,590
Amount paid against redemption of units	(601,900)	(745,704)
Net cash flows (used in) / generated from financing activities	<u>(331,224)</u>	<u>42,886</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(24,001)</u>	<u>5,383</u>
Cash and cash equivalents at the beginning of the period	63,745	142,327
Cash and cash equivalents at the end of the period	<u>39,744</u>	<u>147,710</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Financial Sector Fund (Formerly NAFA Financial Sector Fund) (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as 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 categorised as an open ended "equity scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009.

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

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of AM1 as at December 24, 2019 to the Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

2.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

2.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2019.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the audited annual financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2019.

3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore, have not been stated in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following amendments to the published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

3.4.1 There are certain other standards, interpretations and amendments that are mandatory for the Fund's accounting period 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 condensed interim financial statements.

4 BANK BALANCES	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Rupees in 000			
Savings accounts	4.1	38,461	62,567
Current accounts		1,283	1,178
		<u>39,744</u>	<u>63,745</u>

4.1 These include balances of Rs 15.412 million (June 30, 2019: Rs 41.331 million) maintained with BankIslami Pakistan Limited (a related party), that carry profit at the rate ranging from 13% to 13.5% (June 30, 2019: 13%) per annum. Other savings accounts of the Fund carry profit rates ranging from 7.05% to 14.05% (June 30, 2019: 9.5% to 13%) per annum.

		(Un-audited)	(Audited)
		December 31,	June 30,
		2019	2019
5 INVESTMENTS	Note	----- Rupees in 000 -----	
At fair value through profit or loss			
Listed equity securities	5.1	<u>818,990</u>	<u>1,063,204</u>

5.1 Listed equity securities

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

Name of the investee company	Number of shares					Market value as at December 31, 2019	Market value as a percentage of		Holding as a percentage of paid up capital of the investee companies
	As at July 1, 2019	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2019		Net assets of the Fund	Total market value of investments	
Rupees in 000 ----- % -----									
Commercial Banks									
Allied Bank Limited	1,026,000	-	-	497,500	528,500	50,525	5.96	6.17	0.05
Askari Bank Limited	1,552,000	-	-	1,552,000	-	-	-	-	-
Bank Alfalah Limited	2,523,850	889,500	-	866,000	2,547,350	116,414	13.73	14.21	0.14
Bank Al Habib Limited	1,903,000	180,000	-	960,000	1,123,000	85,528	10.09	10.44	0.10
Bank of Punjab	3,262,500	765,000	-	1,977,500	2,050,000	23,227	2.74	2.84	0.08
Faysal Bank Limited	1,667,875	-	-	671,000	996,875	18,961	2.24	2.32	0.07
Habib Bank Limited	1,395,700	565,300	-	929,400	1,031,600	162,394	19.16	19.83	0.07
Habib Metropolitan Bank Limited	156,500	-	-	156,500	-	-	-	-	-
MCB Bank Limited	868,300	207,000	-	692,100	383,200	78,532	9.27	9.59	0.03
Meezan Bank Limited	539,550	86,000	-	234,500	391,050	37,201	4.39	4.54	0.03
National Bank of Pakistan	392,000	370,000	-	340,500	421,500	18,251	2.15	2.23	0.02
United Bank Limited	1,040,900	225,000	-	588,400	677,500	111,449	13.15	13.61	0.06
						702,482	82.88	85.78	
Insurance									
Adamjee Insurance Company Limited	2,064,500	457,500	-	463,000	2,059,000	86,663	10.22	10.58	0.59
IGI Holdings Limited	-	146,300	-	-	146,300	29,845	3.52	3.64	0.10
						116,508	13.74	14.22	
Total as at December 31, 2019						<u>818,990</u>	<u>96.62</u>	<u>100.00</u>	
Total carrying value as at December 31, 2019						<u>751,263</u>			
Total market value as at June 30, 2019						<u>1,063,204</u>			
Total carrying value as at June 30, 2019						<u>1,192,410</u>			

5.2 Investments include shares with market value amounting to Rs 146.942 million (June 30, 2019: Rs 132.778 million) which have been pledged with National Clearing Company of Pakistan Limited as collateral against margin.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
5.3 Unrealised appreciation / (diminution) on re-measurement of investments classified as at fair value through profit or loss - net	Note	----- Rupees in 000 -----	
Market value	5.1	818,990	1,063,204
Less: carrying value	5.1	(751,263)	(1,192,410)
		<u>67,727</u>	<u>(129,206)</u>

- 5.4** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including the 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 has been filed by Collective Investment Schemes (CISs) through their Trustees in the Honourable High Court of Sindh, 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 to 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 Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Honourable Supreme Court of Pakistan (HSC) 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 failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. During the period, the CISs have filed a fresh constitutional petition vide CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh 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 Fund has included these shares in its 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 requiring 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 period were not withheld by the investee companies.

As at December 31, 2019, the following bonus shares of the Fund have been withheld by a company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the investee company	(Un-audited)		(Audited)	
	December 31, 2019		June 30, 2019	
	Bonus shares		Bonus shares	
	Number of shares	Market value	Number of shares	Market value
		Rupees in 000		Rupees in 000
Faysal Bank Limited	14,494	<u>276</u>	14,494	<u>312</u>

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- Rupees in 000 -----	
6	DEPOSITS, PREPAYMENT AND OTHER RECEIVABLE		
	Security deposit with Central Depository Company of Pakistan Limited - a related party	100	100
	Security deposit with National Clearing Company of Pakistan Limited - a related party	2,500	2,500
	Advance tax	348	348
	Prepaid listing fee	13	-
		<u>2,961</u>	<u>2,948</u>
7	PRELIMINARY EXPENSES AND FLOATATION COSTS		
	At the beginning of the period / year	2,426	3,095
	Less: amortisation during the period / year	(337)	(669)
	At the end of the period / year	<u>2,089</u>	<u>2,426</u>
8	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Management remuneration payable	8.1 1,097	1,973
	Sindh sales tax payable on remuneration of the Management Company	143	256
	Allocated expenses payable	8.2 205	599
	Selling and marketing expenses payable	8.3 2,417	2,396
	Sales and transfer load payable	1,119	1,067
	Sindh Sales Tax payable on sales load	145	139
		<u>5,126</u>	<u>6,430</u>

8.1 The Management Company has charged its remuneration at the rate of 2% per annum of the average annual net assets from July 1, 2019 to July 11, 2019 and at the rate of 1.5% per annum of the average annual net assets from July 12, 2019 to December 31, 2019 (June 30, 2019: 2% per annum of the average annual net assets). The remuneration is payable to the Management Company monthly in arrears.

8.2 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 currently fixed a maximum capping of 0.1% per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.

8.3 The SECP had allowed an asset management company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

During the period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging

of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% has been removed and now an asset management company is required to set a maximum limit for charging of such expenses to the Fund and the same should be approved by the Board of Directors of the management company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses at the rate of 0.4% from July 1, 2019 to July 11, 2019. Thereafter the selling and marketing expenses have been charged at the rate of 1.15% per annum of the average annual net assets from July 12, 2019 to December 16, 2019 and at the rate of 1.35% per annum of the average annual net assets from December 17, 2019 to December 31, 2019 (June 30, 2019: 0.4% per annum of the average annual net assets). This has been duly approved by the Board of Directors of the Management Company.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note -----	Rupees in 000 -----
	Trustee remuneration payable	9.1 146	181
	Sindh Sales Tax payable on remuneration of the Trustee	<u>19</u>	<u>23</u>
		<u>165</u>	<u>204</u>

9.1 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 1,000 million 0.20% p.a. of net assets
- on an amount exceeding Rs 1,000 million Rs 2.0 million plus 0.10% p.a. of net assets, on amount exceeding Rs 1 billion.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note -----	Rupees in 000 -----
	Annual fee payable	10.1 <u>86</u>	<u>1,103</u>

10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee (applicable to all categories of CISs) to 0.02% per annum of the average annual net assets of the Fund. Previously, the rate of annual fee applicable to equity funds was 0.095% per annum of the average annual net assets. Accordingly, the Fund has charged SECP fee at the rate of 0.02% per annum of the average annual net assets during the current period.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- Rupees in 000 -----	
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision against Sindh Workers' Welfare Fund	11.1	1,357	-
Brokerage expense		611	87
Capital gain tax		578	2
Auditors' remuneration		350	399
Bank charges		71	111
Settlement charges		61	97
Withholding tax		50	41
Printing charges		21	50
Legal and professional charges		8	10
Other payables		-	4,050
		<u>3,107</u>	<u>4,847</u>

11.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) 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).

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value per unit of the Fund as at December 31, 2019 would have been higher by Re. 0.0162 (June 30, 2019: Nil) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

13 NET ASSETS VALUE PER UNIT

The net assets value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

14 TAXATION

The income of the Fund is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions

of section 113 (minimum tax) under clause 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these condensed interim financial statements.

15 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.

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 4.05% (June 30, 2019: 3.39%) which includes 0.56% (June 30, 2019: 0.38%) representing government levies on the Fund such as provision against Sindh Workers' Welfare Fund, sales taxes, annual fee to the 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 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

17.1 Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, Funds under management of the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

17.2 Transactions with related parties / connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to related parties / connected persons. The transactions with related parties / connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.

17.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the Trust Deed and Offering Document.

17.4 Details of transactions with related parties / connected persons during the period are as follows:

	----- (Un-audited) -----	
	Half year ended	
	December 31,	
	2019	2018
	----- Rupees in 000 -----	
NBP Fund Management Limited - Management Company		
Remuneration of NBP Fund Management Limited - Management Company	6,596	11,249
Sindh Sales Tax on remuneration of the Management Company	857	1,462
Allocated expenses	428	562
Selling and marketing expenses	4,739	2,250
Units issued during the period - Nil (2018: 4,814,847 units)	-	50,000
Units redeemed during the period - Nil (2018: 9,194,271 units)	-	91,484
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	850	1,065
Sindh Sales Tax on remuneration of the Trustee	111	138
Settlement charges	45	61

	----- (Un-audited) -----	
	Half year ended	
	December 31,	
	2019	2018
	----- Rupees in 000 -----	
Employees of the Management Company		
Units issued during the period - 286,903 units (2018: 808,771 units)	2,896	8,137
Units redeemed during the period - 286,416 units (2018: 884,319 units)	2,845	8,733
National Bank of Pakistan - parent company		
Shares purchased - 370,000 (2018: 717,500)	11,717	36,182
Shares sold - 340,500 (2018: 1,423,000)	10,565	68,382
BankIslami Pakistan Limited		
Profit income	1,409	-
Portfolio managed by the Management Company		
Units issued during the period - Nil (2018: 5,152,314 units)	-	48,200
Units redeemed during the period - 1,395,080 units (2018: 2,680,869 units)	12,369	26,411
Taurus Securities Limited		
Brokerage expense	49	69
Askari Bank Limited*		
Shares purchased - Nil (2018: 421,500)	-	10,042
Shares sold - Nil (2018: 917,500)	-	21,078
Anwar Lakhani - unit holder holding 10% or more units		
Units issued during the period - 8,915,418 units (December 31, 2018: Nil)	90,552	-
Pakistan Stock Exchange Limited**		
Listing fee paid	25	-
National Clearing Company of Pakistan Limited		
NCCPL charges	117	56
17.5 Amounts / balances outstanding as at period / year end are as follows:		
	(Un-audited)	(Audited)
	December 31,	June 30,
	2019	2019
	----- Rupees in 000 -----	
NBP Fund Management Limited - Management Company		
Management remuneration payable	1,097	1,973
Sindh Sales Tax payable on remuneration of the Management Company	143	256
Allocated expenses payable	205	599
Selling and marketing expenses payable	2,417	2,396
Sales load payable	1,119	1,067
Sindh Sales Tax payable on sales load	145	139
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	146	181
Settlement charges payable	19	95
Sindh Sales Tax payable on remuneration of the Trustee	19	23
Security deposit	100	100

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in 000 -----	
Employees of the Management Company		
Units held - 242,108 units (June 30, 2019: 241,621 units)	2,457	2,189
National Bank of Pakistan		
Shares held - 421,500 (June 30, 2019: 392,000)	18,251	13,195
BankIslami Pakistan Limited		
Bank balances	15,412	41,331
Profit receivable on bank balances	320	449
Summit Bank Limited*		
Bank balances	-	1,178
Portfolio managed by the Management Company		
Units held - 6,869,993 units (June 30, 2019: 8,199,644 units)	69,709	74,296
Askari Bank Limited*		
Shares held - Nil (June 30, 2019: 1,552,000)	-	29,348
Anwar Lakhani - unit holder holding 10% or more units		
Units held - 8,915,418 units (June 30, 2019: Nil)	90,464	-
United Bank Limited - unit holder holding 10% or more units		
Units held - 24,926,964 units (June 30, 2019: 24,926,964 units)	252,931	225,861
National Clearing Company of Pakistan Limited		
NCCPL charges payable	42	2
Security deposit	2,500	2,500

* Current period figure has not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2019.

** Prior period figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2019.

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Consequently, differences can arise between carrying values and the fair value estimates.

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 tradeable in an open market are revalued at market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

18.1 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 that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

----- Un-audited -----				
----- As at December 31, 2019 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in 000 -----				

ASSETS

Investments - at fair value through profit or loss

Listed equity securities	818,990	-	-	818,990
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----- Audited -----				
----- As at June 30, 2019 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in 000 -----				

ASSETS

Investments - at fair value through profit or loss

Listed equity securities	1,063,204	-	-	1,063,204
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19 GENERAL

19.1 Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

19.2 No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on **February 27, 2020**.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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