



NBP FUNDS

Managing Your Savings

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Rated by PACRA

NBP INCOME OPPORTUNITY 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.**

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	09
INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS	10
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	11
CONDENSED INTERIM INCOME STATEMENT	12
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	13
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	14
CONDENSED INTERIM CASH FLOW STATEMENT	15
NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS	16

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited
Sindh Bank Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited

NBP INCOME OPPORTUNITY FUND (FORMERLY; NAFA INCOME OPPORTUNITY FUND)



Faysal Bank Limited
Silk Bank Limited
Soneri Bank Limited
The Bank of Punjab
Telenor Microfinance Bank Limited
U Microfinance Bank Limited
Al Baraka Bank Limited
Dubai Islamic Bank Limited
Khushhali Bank Limited
Bankislami Pakistan Limited
NRSP Microfinance Bank Limited
First Microfinance Bank Limited
Mobilink Microfinance Bank Limited

Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

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 Income Opportunity Fund (NIOF)** (Formerly: NAFA Income Opportunity Fund (NIOF)) for the half year ended December 31, 2019.

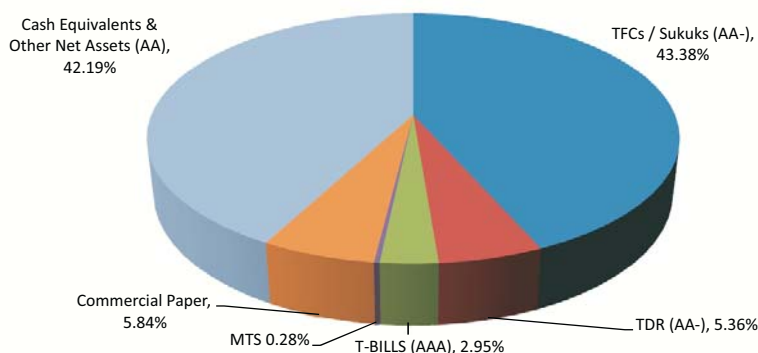
Fund's Performance

The size of NBP Income Opportunity Fund has decreased from Rs. 5,296 million to Rs. 5,037 million during the period, a decline of 4.89%. During the period, the unit price of the Fund has increased from Rs. 10.7303 on June 30, 2019 to Rs. 11.3603 on December 31, 2019, thus showing a return of 11.6% p.a. as compared to the benchmark return of 13.7% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

NIOF is categorized as an Income Scheme and has been awarded stability rating of 'A(f)' by PACRA. The trading in corporate debt securities was subdued with cumulative traded value of around Rs. 4.8 billion versus Rs. 6.3 billion in the same period last year. We have seen a plenty of fresh issuance of corporate bonds, notably from the Power sector for long-term financing. During 1HFY20, the State Bank of Pakistan (SBP) held three bi-monthly Monetary Policy Committee (MPC) meetings. To contain inflationary pressures, the SBP in its Monetary Policy Meeting in July 2019, increased the policy rate by 100bps to 13.25%. In the later two Monetary Policy Statements, the SBP left the Policy Rate unchanged despite uptick in inflation. The SBP held fourteen (14) T-Bill auctions during the period, realizing a total of Rs. 9,934 billion. T-Bills also started reflecting the market's expectation of peaking interest rate cycle and beginning of monetary easing cycle down the road as the cut-off yields in the last auction during the period under review for 3-month, 6-month and 12-month tenures were noted at 13.49%, 13.29%, and 13.13%, respectively.

Six (6) PIB auctions were also held where SBP realized a total of Rs. 1,375 billion. The (last) cut-off yields for 3, 5 and 10 years were 11.75%, 11.19% and 11.00% respectively. Owing to the decreasing interest rate expectations, the sovereign yields witnessed a decline in longer term securities whereas investors' preference remained tilted towards medium-to-short term government securities.

The Fund has earned a total income of Rs. 356.28 million during the period. After deducting total expenses of Rs. 56.18 million, the net income is Rs. 300.10 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIOF.



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 پہلی ششماہی کے لئے NBP انکم اپرچوٹی فنڈ (NIOF) (سابقہ: NAFA) انکم اپرچوٹی فنڈ کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

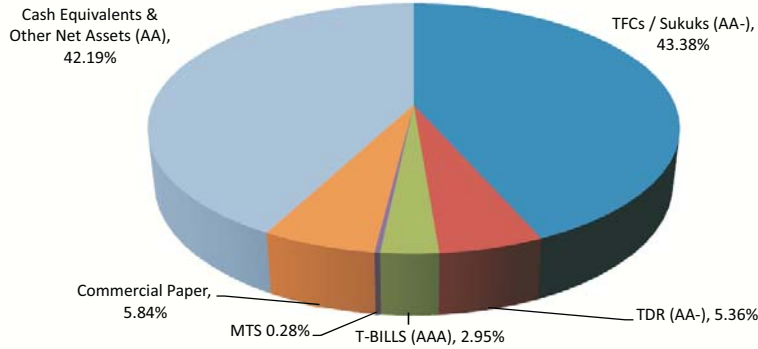
فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP انکم اپرچوٹی فنڈ (NIOF) کا سائز 5,296 ملین روپے سے کم ہو کر 5,037 ملین روپے ہو گیا ہے یعنی 4.89% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 10.7303 روپے سے بڑھ کر 31 دسمبر 2019 کو 11.3603 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے نیچ مارک 13.7% کے مقابلے میں 11.6% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIOF کی انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے 'A(f)' کی مستحکم ریٹنگ دی گئی ہے۔ کارپوریٹ ڈیبٹ سیکورٹیز میں تجارت 4.8 ملین ڈالر مجموعی قدر کے ساتھ غالب رہی جو گذشتہ برس اسی مدت میں 6.3 ملین روپے تھی۔ ہم نے طویل مدتی سرمایہ کاری کے لئے خصوصاً توانائی کے شعبہ سے نئے کارپوریٹ بانڈز کے اجراء کا رجحان دیکھا ہے۔ مالی سال 2020 کی پہلی ششماہی میں سٹیٹ بینک آف پاکستان نے تین ماہانہ معاشی پالیسی کمیٹی (MPC) کے اجلاس طلب کئے۔ افراط زر کو قابو کرنے کے لئے SBP نے جولائی 2019ء میں منعقدہ مانیٹری پالیسی کے اجلاس میں پالیسی ریٹ کو بحساب 100bps، 13.25 فی صد تک بڑھا دیا۔ دیگر مانیٹری پالیسی بیانات میں افراط زر میں اضافہ کے باوجود SBP نے پالیسی ریٹ کو مستحکم رکھا۔ اس مدت میں SBP نے چودہ (14) ٹی بل نیلامیوں سے 9,934 ملین روپے حاصل کئے۔ ٹی بلز کی وجہ سے شرح سود میں اضافہ کی منڈی کی توقعات پر اثر پڑا اور زیر جائزہ سہ ماہی، ششماہی اور سالانہ مدتوں کے دوران آخری نیلامی میں کٹ آف بییلڈ بالترتیب 13.49 فی صد، 13.29 فی صد اور 13.13 فی صد رہی۔

PIB کی چھ (6) نیلامیوں کا بھی اہتمام کیا گیا جہاں SBP نے 1,375 ملین روپے حاصل کئے۔ 3، 5 اور 10 سالوں کے لئے (آخری) کٹ آف بییلڈ بالترتیب 11.75 فی صد، 11.19 فی صد اور 11.00 فی صد تھی۔ شرح سود میں کمی کی توقعات کے پیش نظر طویل مدتی سیکورٹیز میں غیر ملکی بییلڈز میں کمی دیکھی گئی۔ جب کہ سرمایہ کاروں کی ترجیح اوسط یا قلیل مدتی حکومتی سیکورٹیز میں رہی۔

فنڈ نے موجودہ مدت کے دوران 356.28 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 56.18 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 300.10 ملین روپے ہے۔ درج ذیل چارٹ NIOF کی ایسٹ ایلیکشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اینڈامینٹ 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: 27 فروری 2020ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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 Income Opportunity Fund [formerly NAFA Income Opportunity 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

INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Income Opportunity Fund (Formerly NAFA Income Opportunity 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, condensed interim cash flow statement and notes to and forming part of the condensed interim financial statements for the half year ended December 31, 2019 (here-in-after referred to as the 'condensed interim financial statements'). **NBP Fund Management Limited (the Management Company)** 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.

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 approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of 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.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Naresh Kumar

Date: February 29, 2020
Place: 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	2,241,486	2,418,997
Investments	5	2,896,391	2,933,092
Receivable against margin trading system	6	14,210	-
Mark-up accrued		94,452	54,566
Deposits, prepayments and other receivables		11,656	16,112
Total assets		5,258,195	5,422,767
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	7	16,294	24,468
Payable to Central Depository Company of Pakistan Limited - Trustee	8	368	519
Payable to the Securities and Exchange Commission of Pakistan	9	530	4,307
Payable against purchase of investments		463	-
Payable against redemption of units		126,181	1,534
Accrued expenses and other liabilities	10	77,468	96,170
Total liabilities		221,304	126,998
NET ASSETS		5,036,891	5,295,769
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,036,891	5,295,769
Contingencies and commitments	11		
		-----Number of units-----	
Number of units in issue		443,377,148	493,535,933
		-----Rupees-----	
Net asset value per unit		11.3603	10.7303

The annexed notes from 1 to 18 form an integral part of this 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 ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note -----Rupees in '000-----				
INCOME				
Return / mark-up on:				
- bank balances and term deposits	189,702	150,513	85,085	70,895
- term finance certificates and sukuks	154,873	86,376	83,058	47,340
- government securities	9,717	8,651	9,649	4,752
- commercial papers	25,871	12,640	10,930	9,303
- margin trading system	979	10,434	979	7,587
Net gain / (loss) on spread transactions	2,591	(4,869)	2,591	(4,948)
Dividend income on spread transactions	951	9,485	951	7,334
Net loss on sale of investments	(223)	(235)	(226)	(109)
Net unrealised loss on re-measurement of investments at fair value through profit or loss	(28,185)	(12,832)	(21,345)	(1,139)
Reversal of provision in respect of non-performing investments	-	14,967	-	4,874
Total income	356,276	275,130	171,672	145,889
EXPENSES				
Remuneration of NBP Fund Management Limited - Management Company	7.1	21,734	25,001	10,823
Sindh Sales Tax on remuneration of the Management Company		2,825	3,250	1,407
Reimbursement of operational expenses to the Management Company		2,648	3,006	1,293
Marketing and selling expense	7.2	18,061	7,138	9,053
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,986	2,911	970
Sindh Sales Tax on remuneration of the Trustee		258	378	126
Annual fee to the Securities and Exchange Commission of Pakistan		530	2,254	259
Securities transaction cost		545	993	545
Settlement and bank charges		834	1,840	503
Auditors' remuneration		391	402	229
Fund rating fee		229	236	114
Annual listing fee		14	14	7
Total expenses		50,055	47,423	25,329
Net income from operating activities		306,221	227,707	121,751
Provision for Sindh Workers' Welfare Fund		(6,124)	(4,554)	(2,926)
Net income for the period before taxation		300,097	223,153	119,316
Taxation	12	-	-	-
Net income for the period after taxation		300,097	223,153	119,316
Allocation of net income for the period				
Net income for the period after taxation		300,097	223,153	119,316
Income already paid on units redeemed		(35,825)	(54,803)	(41,929)
		264,272	168,350	77,387
Accounting income available for distribution:				
- Relating to capital gains		-	-	-
- Excluding capital gains		264,272	168,350	77,387
		264,272	168,350	77,387

The annexed notes from 1 to 18 form an integral part of this 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 ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	-----Rupees in '000-----			
Net income for the period after taxation	300,097	223,153	143,417	119,316
Other comprehensive income				
Items that may be reclassified subsequently to income statement:				
Net unrealised loss on re-measurement of investments classified at fair value through other comprehensive income	-	-	-	(9,544)
Net realised gain on sale of investments reclassified at fair value through other comprehensive income	-	6,549	-	-
Total comprehensive income for the period	300,097	229,702	143,417	109,772

The annexed notes from 1 to 18 form an integral part of this condensed interim financial statements

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP INCOME OPPORTUNITY FUND (FORMERLY; NAFA INCOME OPPORTUNITY FUND)



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

	Half year ended December 31,						
	2019			2018			
	(Rupees in '000)						
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Realised gain "at fair value through other comprehensive income" investments	Total
Net assets at beginning of the period	4,800,495	495,274	5,295,769	5,590,674	760,482	-	6,351,156
Issue 172,230,163 units (2018: 275,456,710 units)							
- Capital value	1,848,081	-	1,848,081	2,948,413	-	-	2,948,413
- Element of income	37,579	-	37,579	46,150	-	-	46,150
Total proceeds on issuance of units	1,885,660	-	1,885,660	2,994,563	-	-	2,994,563
Redemption of 222,388,948 units (2018: 316,041,307 units)							
- Capital value	(2,386,300)	-	(2,386,300)	(3,383,991)	-	-	(3,383,991)
- Amount paid out of element of income							
- Relating to 'Net income for the period after taxation'	(22,510)	(35,825)	(58,335)	(8,142)	(54,803)	-	(62,945)
Total payments on redemption of units	(2,444,635)	(35,825)	(2,444,635)	(3,392,133)	(54,803)	-	(3,446,936)
Total comprehensive income for the period	-	300,097	300,097	-	223,153	6,549	229,702
Final distribution: Nil (2018: @ Re.0.5704 declared on July 04, 2018)							
- Cash distribution	-	-	-	-	(283,215)	-	(283,215)
- Refund of capital	-	-	-	(38,321)	-	-	(38,321)
Interim distribution Nil @ (2018: Re.0.3754 declared on Dec 20, 2018)							
- Cash distribution	-	-	-	-	(150,323)	-	(150,323)
- Refund of capital	-	-	-	(37,391)	-	-	(37,391)
	-	-	-	(75,712)	(433,538)	-	(509,250)
Net assets at end of the period	4,241,520	759,546	5,036,891	5,117,392	495,294	6,549	5,619,235
Undistributed income brought forward							
- Realised		512,819			779,623		
- Unrealised		(17,545)			(19,141)		
		495,274			760,482		
Accounting income available for distribution							
- Relating to capital gain		-			-		
- Excluding capital gains		264,272			168,350		
		264,272			168,350		
Final distribution: Nil (2018: @ Re.0.5704 declared on July 04, 2018)					(283,215)		
Interim distribution Nil @ (2018: Re.0.3754 declared on Dec 20, 2018)					(150,323)		
Undistributed income carried forward		759,546			495,294		
Undistributed income carried forward							
- Realised		787,731			508,126		
- Unrealised		(28,185)			(12,832)		
		759,546			495,294		
		(Rupees) -			(Rupees) -		
Net assets value per unit at beginning of the period		10.7303			11.2668		
Net assets value per unit at end of the period		11.3603			10.7418		

The annexed notes from 1 to 18 form an integral part of this 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	December 31, 2018
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	300,097	223,153
Adjustments:		
Return / markup on:		
- bank balances and term deposits	(189,702)	(150,513)
- term finance certificates and sukuk	(154,873)	(86,376)
- government securities	(9,717)	(8,651)
- letter of placement and commercial paper	(25,871)	(12,640)
- margin trading system	(979)	(10,434)
Net (gain) / loss on spread transactions	(2,591)	4,869
Dividend income on spread transactions	(951)	(9,485)
Net loss on sale of investments	223	235
Net unrealised loss on re-measurement of investments at fair value through profit or loss	28,185	12,832
Provision for Sindh Workers' Welfare Fund	6,124	4,554
Reversal of provision in respect of non-performing investments	-	(14,967)
	(350,152)	(270,576)
	(50,055)	(47,423)
Decrease / (increase) in assets		
Investments - net	10,884	(395,753)
Receivable against margin trading system	(14,210)	162,808
Deposits, prepayments and other receivables	4,456	(24,021)
	1,130	(256,966)
(Decrease) / increase in liabilities		
Payable to the Management Company	(8,174)	4,144
Payable to the Trustee	(151)	432
Payable to the Securities and Exchange Commission of Pakistan	(3,777)	(3,979)
Payable against purchase of investment	463	37,899
Accrued expenses and other liabilities	(26,360)	(13,952)
	(37,999)	24,544
Mark up and dividend received	342,207	257,626
Net cash generated / (used in) from operating activities	255,283	(22,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	1,885,660	2,917,053
Amounts paid on redemption of units	(2,318,454)	(3,444,582)
Distribution paid	-	(433,538)
Net cash used in financing activities	(432,794)	(961,067)
Net decrease in cash and cash equivalents during the period	(177,511)	(983,286)
Cash and cash equivalents at the beginning of the period	2,418,997	3,641,276
Cash and cash equivalents at the end of the period	2,241,486	2,657,990

The annexed notes from 1 to 18 form an integral part of this 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 AND QUARTER ENDED DECEMBER 31, 2019**

1. LEGAL STATUS AND NATURE OF BUSINESS

NBP Income Opportunity Fund ("the Fund") was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on February 11, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as an income scheme and other allied matters.

Last year on May 30, 2019, the name of the Fund was changed from NAFA Income Opportunity Fund to NBP Income Opportunity Fund. The change of name was made effective vide Fund's Eight Supplemental Offering Document which was approved by SECP vide its letter no. SCD/AMCW/NAFA/425/2019 dated May 29, 2019.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund classified as an 'income scheme' by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return by investing in money market and debt securities having good credit rating and liquidity. Other avenues of investments include ready future arbitrage in listed securities and transactions under margin trading system.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on December 24, 2019 and a stability rating of A(f) to the Fund.

Title to the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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; and
- The requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The "NBFC Regulation") and the directives issued by the SECP.

Wherever provisions of and directives issued under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or the directives issued by the SECP differ with the requirements of the IAS - 34, the provisions of and directives issued under the Companies Act, 2017, requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.1.2** The disclosures made in this condensed interim financial statements have, however, been limited based on the requirements of IAS-34. These condensed interim financial statements does 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.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial statements gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

These condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2019.

3.2 The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial statements, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2019.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2019,

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2019 that do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial statements

3.5 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2019.

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
-----Rupees in '000-----			
4. BANK BALANCES			
Current accounts	4.1	10,040	10,769
Savings accounts	4.2 & 4.3	2,231,447	2,408,228
		<u>2,241,486</u>	<u>2,418,997</u>

- 4.1 These include bank balance of Rs. 0.07 million (June 30, 2019: Rs. 0.07 million), maintained with National Bank of Pakistan (related party).
- 4.2 These saving accounts carry mark-up at rates ranging from 10.25% to 15.5% per annum (June 30, 2019: 6.1% to 14% per annum).
- 4.3 These include a bank balances of Rs. 6.613 million and Rs. 1.416 (June 30, 2019: Rs. 13.638 million and Rs. 0.116 million), which are maintained with National Bank of Pakistan, Bank Islami Pakistan, related parties, and all parties carry mark-up at the rate of 13.35% and 8% (June 30, 2019: 8.75%) per annum respectively.

5. INVESTMENTS	Note	(Un-audited)	(Audited)
		December 31, 2019	June 30, 2019
-----Rupees in '000-----			
At fair value through profit or loss			
Equity securities - listed	5.1	-	-
Equity securities - listed (spread transactions)	5.2	-	-
Government securities	5.3	148,420	19,788
Term finance certificates - listed	5.4	162,326	162,359
Term finance certificates - unlisted	5.5	1,256,368	1,298,388
Commercial papers	5.6	293,124	890,435
Sukuks	5.7	766,153	433,270
Term deposit receipts	5.11	270,000	128,852
		2,896,391	2,933,092

5.1 Equity securities - listed

Name of the investee company	Number of shares				Market value / Carrying value as at December 31, 2019	Investment as a percentage of		
	As at July 1, 2019	Purchased during the period	Sold during the period	As at December 31, 2019		Net assets	Market value of total investments	Paid-up capital of investee company
	----- Number of shares -----				Rs in '000	----- % -----		

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

PERSONAL GOODS

Azgard Nine Limited - Non-voting	308	-	-	308	-	-	-	-
Carrying value before mark to market as at December 31, 2019					<u>13</u>			
Accumulated impairment					<u>13</u>			

5.2 Equity securities (spread transactions)

The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market.

NBP INCOME OPPORTUNITY FUND (FORMERLY; NAFA INCOME OPPORTUNITY FUND)



Name and sector of the investee company	As at July 1, 2019	Purchased during the period	Sold during the period	As at December 31, 2019	Market value as at December 31, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of paid-up capital of the investee company
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-----Number of shares----- Rs in '000 ----- % -----

All shares have a nominal face value of Rs. 10 each except for K-Electric Limited which have a face value of Rs. 3.5 each.

CEMENT

D.G. Khan Cement Company Limited		106,000	106,000	-	-	-	-	-
Fauji Cement Company Limited	-	741,000	741,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	322,000	322,000	-	-	-	-	-
Lucky Cement Limited	-	5,000	5,000	-	-	-	-	-
Pioneer Cement Limited	-	529,000	529,000	-	-	-	-	-

FERTILIZER

Engro Fertilizers Limited		36,500	36,500	-	-	-	-	-
Engro Corporation Limited		15,000	15,000	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	545,500	545,500	-	-	-	-	-
Fauji Fertilizer Company Limited	-	18,500	18,500	-	-	-	-	-

AUTOMOBILE ASSEMBLER

Pak Suzuki Motor Company Limited		4,500	4,500	-	-	-	-	-
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POWER GENERATION AND DISTRIBUTION

K-Electric Limited	-	2,912,000	2,912,000	-	-	-	-	-
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OIL AND GAS EXPLORATION COMPANIES

Oil and Gas Development Company Limited	-	345,500	345,500	-	-	-	-	-
Pakistan Petroleum Limited	-	198,500	198,500	-	-	-	-	-

OIL AND GAS MARKETING COMPANIES

Pakistan State Oil Company Limited	-	151,500	151,500	-	-	-	-	-
Sui Southern Gas Company Limited	-	1,021,500	1,021,500	-	-	-	-	-

ENGINEERING

Amreli Steels Limited	-	319,000	319,000	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	107,000	107,000	-	-	-	-	-

FOOD AND PERSONAL CARE PRODUCTS

Unity Foods Limited	-	2,169,500	2,169,500	-	-	-	-	-
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REFINERY

Attock Refinery Limited	-	36,000	36,000	-	-	-	-	-
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CABLE AND ELECTRICAL GOODS

Pak Elektron Limited	-	1,066,500	1,066,500	-	-	-	-	-
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PHARMACEUTICALS

The Searle Company Limited	-	60,500	60,500	-	-	-	-	-
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TEXTILE COMPOSITE

Nishat Mills Limited	-	110,500	110,500	-	-	-	-	-
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CHEMICAL

Lotte Chemical Pakistan Limited	-	753,000	753,000	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	60,000	60,000	-	-	-	-	-

Carrying value before mark to market as at December 31, 2019

5.3 Government Securities

Issue Date	Tenor	Face value				Market value / Carrying value as at December 31, 2019	Investment as a percentage of	
		As at July 01, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019		Net assets	Market value of total investments
-----Rupees in '000-----						Rs in '000	----- % -----	
Market treasury bills								
May 9, 2019	3 Months	20,000	-	20,000	-	-	-	-
October 10, 2019	3 Months	-	500,000	500,000	-	-	-	-
November 7, 2019	3 Months	-	500,000	500,000	-	-	-	-
December 11, 2019	3 Months	-	150,000	-	150,000	148,420	0.03	0.05
						148,420		
Carrying value before mark to market as at December 31, 2019						148,434		

5.3.1 The effective yield on market treasury bills is 13.5% per annum (June 30, 2019: 12.58% per annum).

5.4 Term finance certificates - listed

Name of the investee company	Note	Number of certificates				Market value / Carrying value as at December 31, 2019	Investment as a percentage of		
		As at July 01, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019		Net assets	Market value of total investments	Issue size
-----Rs in '000-----						----- % -----			
All term finance certificates have a face value of Rs 5,000 each unless stated otherwise.									
Bank Alfalah Limited - V		32,550	-	-	32,550	162,326	3.22%	5.60%	3.26%
Pace (Pakistan) Limited	5.4.1	30,000	-	-	30,000	-	-	-	10.00
Saudi Pak Leasing Company Limited	5.4.2	15,000	-	-	15,000	-	-	-	10.00
Worldcall Telecom Limited	5.4.3	45,000	-	-	45,000	-	-	-	0.06
						162,326			
Carrying value before mark to market as at December 31, 2019						429,391			
Accumulated impairment						267,064			

5.4.1 This represents investment in listed term finance certificates with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP) since September 5, 2011. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

5.4.2 This represents investment in term finance certificates with original term of nine years. On October 13, 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee

company rescheduled its term on December 26, 2011 with a new maturity in March 2017. The said term finance certificates complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in Circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as non performing asset by MUFAP since April 30, 2014. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

5.4.3 This represents investment in listed term finance certificates with a term of 5 years. On April 07, 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since November 8, 2012. The amount of provision required as per SECP Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

5.4.4 Other particulars of term finance certificates - listed outstanding as at December 31, 2019 are as follows:

Description	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
Bank Alfalah Limited - V	4,989	6 months KIBOR offer rate + 1.25%	AA	20-Feb-13	20-Feb-21
Pace (Pakistan) Limited	4,994	6 months KIBOR offer rate + 2.00%	Not rated	15-Feb-08	15-Feb-17
Saudi Pak Leasing Company Limited	2,755	6.87% fixed rate	Not rated	13-Mar-08	13-Mar-13
Worldcall Telecom Limited	1,705	6 Month KIBOR offer rate + 1.6%	Not rated	7-Oct-08	7-Oct-13

5.5 Term finance certificates - unlisted

Name of the investee company	Note	Number of certificates				Market value / Carrying value as at December 31, 2019	Investment as a percentage of		
		As at July 1, 2019	Purchased during the period	Sold / matured during the period	As at December 31, 2019		Net assets	Market value of total investments	Issue size

Rs in '000

----- % -----

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise.

Habib Bank Limited		2,000	-	-	2,000	195,584	0.04	0.07	0.10
JS Bank Limited (December 14, 2016)		60,000	-	-	60,000	284,653	0.06	0.10	10.00
Javedan Corporation Limited (October 04, 2018)		1,000	-	-	1,000	95,242	0.02	0.03	0.67
Shakarganj Foods (July 10, 2018)		70	-	-	70	63,412	0.01	0.02	0.04
Jahangir Siddiqui and Company Limited (June 24, 2016)		20,000	-	-	20,000	37,500	0.01	0.01	6.67
Jahangir Siddiqui and Company Limited (July 18, 2017)		23,340	-	-	23,340	87,262	0.02	0.03	5.84
Silk Bank Limited		20,000	-	-	20,000	88,659	0.02	0.03	5.00
JS Bank Limited (December 29, 2017)		1,000	-	-	1,000	89,917	0.02	0.03	0.33
Jahangir Siddiqui and Company Limited (March 06, 2018)		30,000	-	-	30,000	148,802	0.03	0.05	3.49
Bank of Punjab (April 16, 2018)		1,500	-	-	1,500	145,835	0.00	0.05	10.00
Kashif Foundation TFC (30-Sep-19)		-	20	-	20	19,502	0.00	0.01	10.00
Azgard Nine Limited III	5.5.1	50,000	-	-	50,000	-	0.00	0.00	0.00
Azgard Nine Limited V	5.5.1	16,436	-	-	16,436	-	0.00	0.00	0.00
Dewan Cement Limited	5.5.2	30,000	-	-	30,000	-	0.00	0.00	0.00
New Allied Electronics Industries (Pvt) Limited	5.5.3	15,000	-	-	15,000	-	0.00	0.00	0.00
Agritech Limited V	5.5.4	6,464	-	-	6,464	-	0.00	0.00	0.00
Agritech Limited I	5.5.4	30,000	-	-	30,000	-	0.00	0.00	0.00

1,256,368

Carrying value before mark to market as at December 31, 2019

1,738,196

Accumulated impairment

481,828

- 5.5.1** These zero coupon privately placed term finance certificates were issued against the interest receivable on TFCs of Azgard Nine Limited under an agreement dated June 28, 2012 between the Management Company of the Fund and Azgard Nine Limited. These privately placed term finance certificates were issued against non performing securities, therefore the management, as a matter of prudence has recognised these at nil value. MUFAP classified these as non-performing since June 21, 2010 and December 7, 2012 respectively. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.
- 5.5.2** The Fund had advanced an amount of Rs. 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 09, 2008). DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.
- 5.5.3** These represent investments in privately placed term finance certificates (term: 4 years) and sukuks (term: 5 years) of the investee company. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly had been classified as non performing asset by MUFAP since January 9, 2009. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.
- 5.5.4** This represents investment in listed term finance certificates with a term of seven years. On May 30, 2010, Agritech Limited defaulted in payment of principal and mark-up due and accordingly has been classified as non performing asset by MUFAP since June 14, 2010. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.
- 5.5.5 Other particulars of term finance certificates - unlisted outstanding as at December 31, 2019 are as follows:**

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
Habib Bank Limited	99,900	6 months KIBOR offer rate + 0.5%	AAA	19-Feb-16	19-Feb-26
JS Bank Limited (December 14, 2016)	4,996	6 months KIBOR offer rate + 1.4%	A+	14-Dec-16	16-Dec-23
Javedan Corporation Limited (October 04, 2018)	875	6 months KIBOR offer rate + 1.75%	AA+	8-Apr-14	8-Apr-19
Shakarganj Foods (July 10, 2018)	3,125	6 months KIBOR offer rate + 1.65%	AA+	24-Jun-16	24-Jun-21
Jahangir Siddiqui and Company Limited (June 24, 2016)	5,000	6 months KIBOR offer rate + 1.4%	AA+	18-Jul-17	18-Jul-22
Jahangir Siddiqui and Company Limited (July 18, 2017)	4,999	6 months KIBOR offer rate + 1.85%	A-	10-Aug-17	10-Aug-25
JS Bank Limited (December 29, 2017)	99,960	6 months KIBOR offer rate + 1.4%	Not rated	29-Dec-17	29-Dec-24
Jahangir Siddiqui and Company Limited (March 06, 2018)	5,000	6 months KIBOR offer rate + 1.4%	AA+	6-Mar-18	5-Mar-23
Bank of Punjab (April 16, 2018)	99,980	6 months KIBOR offer rate + 1.25%	Not rated	16-Apr-18	13-Apr-28
Azgard Nine Limited III	2,168	6 months KIBOR offer rate + 2.25%	Not rated	4-Dec-07	4-Dec-14
Azgard Nine Limited V	5,000	-	Not rated	31-Mar-12	31-Mar-19
Dewan Cement Limited	5,000	6 months KIBOR offer rate + 2%	Not rated	14-Jan-08	14-Jan-14
New Allied Electronics Industries (Private) Limited	2,114	3 months KIBOR offer rate + 3%	Not rated	15-May-07	15-May-11
Agritech Limited V	5,000	11% fixed rate	Not rated	1-Jul-11	1-Jan-18
Agritech Limited I	4,995	6 months KIBOR offer rate + 1.75%	Not rated	29-Nov-07	29-Nov-14

- 5.6** This represents the purchase of commercial paper from HUB Power Company Limited (having face value of Rs. 200 million) carrying profit at the rate of 13.24% and will mature on January 11, 2020 and TPL Corp Limited on (having face value of Rs. 100 million) carrying carry profit at the rate of 12.14% and will mature on March 24, 2020.

- 5.10 The term finance certificates and sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the investee company.
- 5.11 These represent term deposits having original maturity period of more than three months. These carry mark-up rate of 15.6% per annum (June 30, 2019: 13.2% per annum).

6. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

These are matured at the option of financee subject to maximum period of 60 days.

		(Un-audited)	(Audited)
		December 31,	June 30,
		2019	2019
		-----Rupees in '000-----	
7. PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note		
Remuneration of the Management Company	7.1	3,574	4,463
Sindh Sales Tax on remuneration of the Management Company		465	580
Operational expenses		1,293	10,948
Selling and marketing expenses	7.2	9,053	2,737
Sales load		310	3,700
Sindh Sales Tax and Federal Excise Duty on sales load		1,599	2,040
		16,294	24,468
		16,294	24,468

- 7.1 Below is the policy of charging Management remuneration effective from July 12, 2019:

"6% of Net Income* (min: 0.5% p.a. of Net Assets, max: 1% p.a. of Net Assets)"

"* Net Income = Gross Income – All expenses of the fund excluding Management Fee & related sales tax thereon."

- 7.2 "The SECP through its Circular No. SCD/PRDD/Circular/394/2018 (Circular No. 5 of 2018) dated June 04, 2018 allowed charging selling and marketing expenses to all categories of mutual funds (except fund of funds and money market funds). The AMC is allowed to charge these expenses subject to the approval of the Board. In current period SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now removed ceiling of 0.4% for the chargeability of "Selling and Marketing Expenses" on all open end funds (except "Fund of Funds"). In addition to the requirement of Board approval, now these expenses to be paid to AMC on reimbursement basis and subject to approval of the Trustee."

In pursuance of above circular, the Board has approved the limits to be charged in respect of these expenses. Accordingly effective from July 12, 2019, the Fund is charging 0.4% to 0.7% of daily net asset value of the Fund in respect of selling and marketing

		(Un-audited)	(Audited)
		December 31,	June 30,
		2019	2019
		-----Rupees in '000-----	
8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note		
Remuneration of the Trustee	8.1	325	459
Sindh Sales Tax on remuneration of the Trustee	8.2	43	60
		368	519
		368	519

- 8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Tariff structure applicable to the Fund till June 30, 2019 is as follows:

Net asset value	Tariff per annum
Upto Rs 1,000 million	0.15% per annum of net asset value
On an amount exceeding Rs. 1,000 million to 10,000 million	Rs 1.5 million plus 0.075% per annum of net asset value exceeding Rs 1,000 million
On an amount exceeding Rs. 10,000 million	Rs 8.25 million plus 0.06% per annum of net asset value exceeding Rs 10,000 million.

Effective from July 1, 2019, tariff structure has been revised from above table to actual custodial expenses / charges plus 0.065% per annum of average net assets.

- 8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2018: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "income scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan an amount equal to 0.02% (June 30, 2019: 0.075%) of the average net assets of the fund. The fee is paid annually in arrears.

10. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		December 31, 2019	June 30, 2019
-----Rupees in '000-----			
Auditors' remuneration		418	442
Provision for Sindh Workers' Welfare Fund		35,623	29,499
Federal Excise Duty on remuneration of the Management Company	10.1	39,241	39,241
Brokerage charges	10.2	16	-
Settlement charges		390	40
Printing charges		39	99
Withholding tax		26	22,396
Capital gain tax		1,100	3,448
Legal and professional charges		355	420
Dividend payable		-	346
Others		260	239
		77,468	96,170

- 10.1. The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 18 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

As at December 31, 2019 the provision in relation to WWF and SWWF amounted to 35.623 million (June 30, 2019: 29.499 million, Had the provision not been made, net assets value per unit at December 31, 2019 would have been higher by Rs. 0.0803 per unit (June 30, 2019: Rs. 0.0598 per unit).

- 10.2. The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2019, and the appeal, filed by tax authorities against the order in the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 39.24 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2019 would have been higher by Rs. 0.0885 per unit (June 30, 2019: 0.0795 per unit).

11. CONTINGENCIES AND COMMITMENTS

There are no contingencies as at December 31, 2019 and June 30, 2019.

12. TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule of 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 unrealized is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per Regulation 63 of the NBFC Regulations the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Management intends to distribute such accounting income for the year ending June 30, 2020 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period.

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

13. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 2.12% per annum including 0.37% representing government levies on Collective Investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date June 20, 2019, total expense ratio has been limited to 2.5%.

14. DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all asset management companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the Fund as 'Income Scheme'.

The SECP vide Circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Following is the detail of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
			-----Rupees in '000-----			-----(%)------	

Azgard Nine Limited III	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	108,377	(108,377)	-	-	-
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NBP INCOME OPPORTUNITY FUND

(FORMERLY; NAFA INCOME OPPORTUNITY FUND)



Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
			-----Rupees in '000-----		-----(%)-----		
Azgard Nine Limited V	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular 7 of 2009	Term finance certificates (13.1)	82,180	(82,180)	-	-	-
Agritech Limited I	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	149,860	(149,860)	-	-	-
Agritech Limited V	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	32,320	(32,320)	-	-	-
Dewan Cement Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	150,000	(150,000)	-	-	-
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Sukuks (13.1)	9,056	(9,056)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	31,707	(31,707)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Sukuks (13.1)	44,149	(44,149)	-	-	-
Pace Pakistan Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	149,820	(149,820)	-	-	-
Saudi Pak Leasing Company Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	41,321	(41,321)	-	-	-

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
			-----Rupees in '000-----		-----(%)-----		
Worldcall Telecom Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Term finance certificates (13.1)	74,977	(74,977)	-	-	-
Azgard Nine Limited (Non-voting)	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of	Shares (13.1)	13	(13)	-	-	-
Total carrying value and accumulated impairment as at December 31, 2019			873,779	(873,779)	-		

14.1. At the time of purchase, these term finance certificates and sukuks were in compliance with the aforementioned circular. However, they either subsequently defaulted or were downgraded to non investment grade.

15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

15.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

15.2 The transactions with connected persons are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

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

15.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

15.5 **Details of transactions with connected persons and related parties are as follows:**

	----- (Un-audited) -----	
	Half year ended	
	December 31, 2019	December 31, 2018
	----- Rupees in '000 -----	
NBP Fund Management Limited (Management Company)		
Remuneration of the Management Company	21,734	25,001
Sindh Sales Tax on remuneration of the Management Company	2,825	3,250
Marketing and selling expense	18,061	7,138
Reimbursement of operational expenses to the Management Company	2,648	3,006

	----- (Un-audited) -----	
	Half year ended	
	December 31, 2019	December 31, 2018
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,986	2,911
Sindh sales tax on remuneration of the Trustee	258	378
Settlement charges	416	466
National Clearing Company of Pakistan		
NCCPL Charges	126	-
Laga & Levy charges	65	-
Pakistan Stock Exchange		
Annual listing fee paid	25	-
Employees of the Management Company		
Dividend reinvested Nil units (2018: 31,641)	-	339
Units issued / transferred in 115,465 units (2018: 363,520 units)	1,259	3,733
Units redeemed / transferred out 1,500,222 units (2018: 774,396 units)	16,412	8,362
Humayun Bashir (Director)		
Units issued / transferred in 4,023,956 units (2018: Nil units)	45,566	-
Units redeemed / transferred out 3,042,969 units (2018: Nil units)	34,100	-
NBP Government Securities Liquid Fund (CIS managed by Management Company)		
Sale of market treasury bills	-	199,407
NBP Money Market Fund (CIS managed by Management Company)		
Purchase of Market treasury bill	147,300	-
Sale of market treasury bills	-	199,861
Telenor Employees Gratuity Fund (Gratuity Fund of the entity managed by the Management Company)		
Units issued / transferred in 1,864,028 units (2018: 4,423,109 units)	20,100	41,438
Units redeemed / transferred out 7,009,047 units (2018: 11,957,223)	76,042	129,380
NBP Employees Benevolent Fund Trust		
Dividend reinvested Nil units (2018: 192)	-	2
NBP Savings Fund		
Sale of Commerical paper	23,182	-

(Un-audited)	
Half year ended	
December 31, 2019	December 31, 2018
----- Rupees in '000 -----	

****The Hub Power Company Limited (Common directorship)**

Purchase of Commercial Paper	185,883	
Purchase of Sukuk	200,000	
Discount income on Commercial paper	9,975	-
Income from Sukuk	16,794	

****Fauji Fertilizer Company Limited (Common directorship)**

Purchase of Sukuk certificate	101,386	-
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NBP Employees Pension Fund

Units issued / transferred NIL units (2018: 786 units)	-	-
Dividend reinvested Nil units (2018: 5,917,310)	-	63,914

National Bank of Pakistan (Parent of the Management Company)

Sale of Market treasury bills	312,863	-
Bank profit earned	254	-

BankIslami Pakistan Limited (Common Directorship with the Management Company)

Bank profit earned	667	-
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***Summit Bank Limited (Common Directorship with the Management Company)**

Bank profit earned	-	50
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***Askari Bank Limited (Common Directorship with the Management Company)**

Bank profit earned	-	111
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* Current period transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the period."

** Previous period transactions with these parties have not been disclosed as they were not connected persons and related parties during the previous period

(Un-audited)	(Audited)
December 31, 2019	June 30, 2019
----- Rupees in '000 -----	

Amounts outstanding as at period / year end are as follows:

NBP Fund Management Limited (Management Company)

Remuneration of the Management Company	3,574	4,463
Sindh sales tax on remuneration of the Management Company	465	580
Operational expenses	1,293	10,948
Marketing and selling expense	9,053	-
Sales load	310	3,700
Sindh Sales Tax and Federal Excise Duty on sales load	1,599	2,040

NBP INCOME OPPORTUNITY FUND (FORMERLY; NAFA INCOME OPPORTUNITY FUND)



	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the trustee	325	459
Sindh Sales Tax on remuneration of the trustee	43	60
Settlement charges payable	238	40
Security deposit	100	100
**National Clearing Company of Pakista		
NCCPL Deposit	2,750	2,750
NCCPL charges payable	126	-
Laga & levy payable	25	-
National Bank of Pakistan (Parent of the Management Company)		
Bank balance	6,684	12,302
Accrued Mark up on bank balance	87	8
**BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Bank Balance	1,417	117
Accrued markup on bank balances	125	4
*Summit Bank Limited (Common Directorship with the Management Company)		
Bank Balance	-	12,715
*Askari Bank Limited (Common Directorship with the Management Company)		
Bank Balance	-	992
Accrued markup on bank balances	-	2
**The Hub Power Company Limite		
Investment in Sukuk	302,700	-
Accrued markup	5,099	-
Investment in Commercial Paper	193,490	-
Humayun Bashir (Director)		
Investment held in the Fund: 3,170,716 units (June 30, 2019: 2,189,728 units)	36,020	23,496
Portfolio managed by the Management Company		
Investment held in the Fund: 641,500 units (June 30, 2019: 4,964,459 units)	7,288	53,270
NBP Employees Pension Fund (Pension Fund of the parent of the Management Company)		
Investment held in the Fund: 94,820,660 units (June 30, 2019: 94,820,660 units)	1,077,191	1,017,454
Employees of the Management Company		
Investment held in the Fund: 116,187 units (June 30, 2019: 1,500,944 units)	1,320	16,106

* Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at period end.

** Previous year balances with these parties have not been disclosed as they were not connected persons and related parties as at previous period end.

16 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.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

	Carrying amount			Fair value				
	At fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total	
December 31, 2019								
	Note	----- Rupees -----						
Financial assets measured at fair value								
Government securities		148,420	-	148,420	-	148,420	-	148,420
Term finance certificates - listed		162,326	-	162,326	-	162,326	-	162,326
Term finance certificates - unlisted		1,256,368	-	1,256,368	-	1,256,368	-	1,256,368
Commercial paper		293,124	-	293,124	-	293,124	-	293,124
Sukuks		766,153	-	766,153	-	766,153	-	766,153
Term deposit receipts		270,000	-	270,000	-	270,000	-	270,000
		2,896,391	-	2,896,391	-	2,896,391	-	2,896,391

NBP INCOME OPPORTUNITY FUND (FORMERLY; NAFA INCOME OPPORTUNITY FUND)



December 31, 2019	Note	Carrying amount			Fair value		
		At fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3
----- Rupees -----							
Financial assets not measured at fair value							
Bank balances	5	-	2,241,486	2,241,486	-	-	-
Receivable against margin trading system		-	14,210	14,210	-	-	-
Mark-up accrued		-	94,452	94,452	-	-	-
Deposits, prepayments and other receivables	8	-	11,656	11,656	-	-	-
		-	2,361,804	2,361,804	-	-	-
Financial liabilities not measured at fair value							
Payable to the Management Company	9	-	16,294	16,294	-	-	-
Remuneration payable to the Trustee	10	-	368	368	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	530	530	-	-	-
Payable against purchase of investment		-	463	463	-	-	-
Accrued expenses and other liabilities	12	-	1,413	1,413	-	-	-
		-	19,068	19,068	-	-	-

June 30, 2019	Note	Carrying amount			Fair value		
		At fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3
----- Rupees -----							
Financial assets measured at fair value							
Equity securities - listed	6	-	-	-	-	-	-
Equity securities - listed (spread transactions)		-	-	-	-	-	-
Government securities		19,788	-	19,788	-	19,788	19,788
Term finance certificates - listed		162,359	-	162,359	162,359	-	162,359
Term finance certificates - unlisted		1,298,388	-	1,298,388	-	1,298,388	1,298,388
Commercial paper		890,435	-	890,435	-	890,435	890,435
Sukuks		433,270	-	433,270	-	433,270	433,270
Equity securities - listed		-	-	-	-	-	-
		2,804,240	-	2,804,240	162,359	2,641,881	-
Financial assets not measured at fair value							
Term deposit receipts		128,852	-	128,852	-	128,852	128,852
Bank balances	5	-	2,418,997	2,418,997	-	-	-
Receivable against margin trading system		-	-	-	-	-	-
Mark-up accrued		-	54,566	54,566	-	-	-
Deposits, prepayments and other receivables	8	-	16,113	16,113	-	-	-
		128,852	2,489,676	2,618,528	-	128,852	128,852
Financial liabilities not measured at fair value							
Payable to the Management Company	9	-	24,468	24,477	-	-	-
Remuneration payable to the Trustee	10	-	519	529	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	4,307	4,307	-	-	-
Accrued expenses and other liabilities	12	-	97,705	97,717	-	-	-
Net assets attributable to redeemable units		-	5,295,769	5,295,769	-	-	-
		-	5,422,768	5,422,799	-	-	-

17. GENERAL

17.1 Figures have been rounded off the nearest thousand rupees.

17.2 This condensed interim financial statements are unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended December 31, 2019 in these condensed interim financial statements, wherever appearing, have not been reviewed by the auditors.

18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements was authorised for issue on February 27, 2020 by the Board of directors of the Management Company.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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