

NBP ISLAMIC ACTIVE ALLOCATION EQUITY 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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

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

Auditor

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, 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 condensed financial statements of NBP Islamic Active Allocation Equity Fund (NIAAEF) (Formerly; NAFA Islamic Active Allocation Equity Fund) (NIAAEF) for the half year ended December 31, 2019.

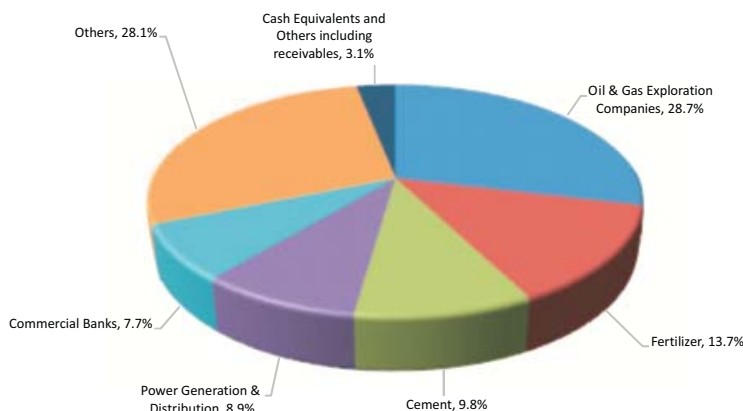
Fund's Performance

The size of NBP Islamic Active Allocation Equity Fund (Formerly: NAFA Islamic Active Allocation Equity Fund) at the end of the period stood at Rs. 1,289 million, 9% higher than at June 30, 2019. During the period, the unit price of NBP Islamic Active Allocation Equity Fund has increased from Rs. 9.0822 on June 30, 2019 to Rs. 10.9340 on December 31, 2019, thus showing an increase of 20.4%. The Benchmark, KMI-30 Index increased by 22.0% during the same period. Since inception the NAV of the Fund has increased from Rs. 8.5497 (Ex-Div) on January 18, 2016 to Rs. 10.9340 on December 31, 2019, thus showing an increase of 27.9%. During the said period, the Benchmark increased by 26.4%, translating into outperformance of 1.5%. This performance is net of management fee and all other expenses.

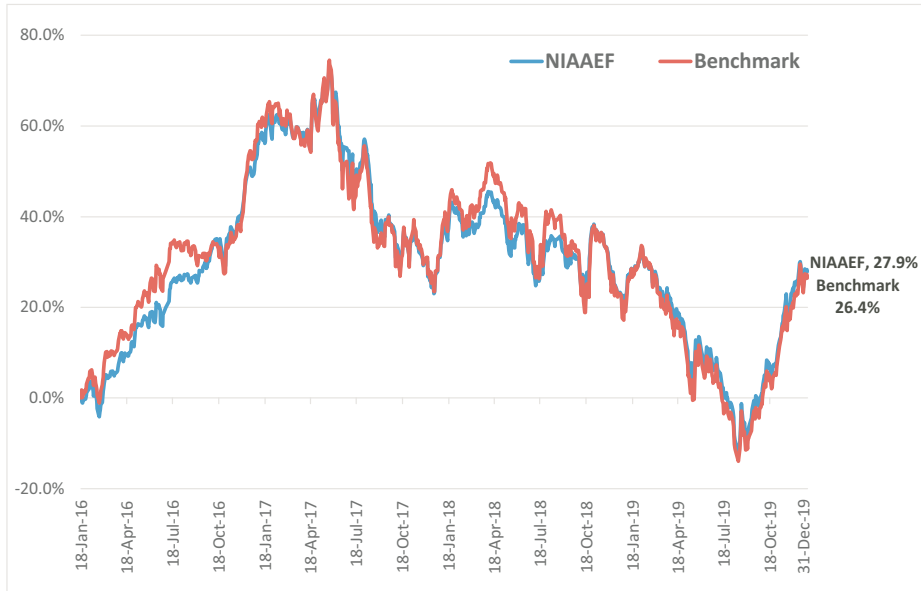
Reversing the negative trend of the last two years, the market staged a strong recovery as the benchmark KMI-30 Index surged by 22.0% during 1HFY2020, however the period was characterized with large swings. Despite flurry of positive developments that included accord of the IMF for USD 6 billion Extended 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 KMI-30 Index declined by around 17% 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 44,929 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), a harbinger to reversal of monetary tightening cycle, also buoyed market sentiment. As a result, the market staged robust rally, surging by 47.0% from the bottom in mid-August, taking 1HFY2020 return to 22%.

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. 294.682 million during the period. After deducting total expenses of Rs. 27.219 million, the net income is Rs. 267.463 million. The asset allocation of the Fund as on December 31, 2019 is as follows:



NIAAEF 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 اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ (سابقہ: NAFA اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

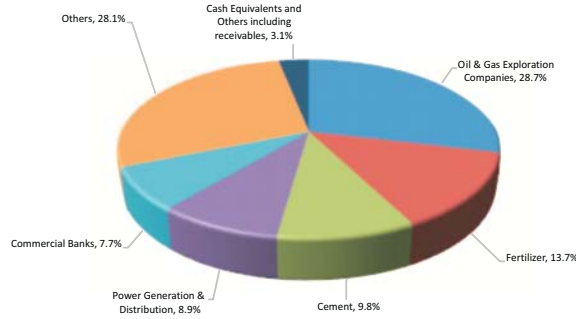
موجودہ مدت کے دوران NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ (سابقہ: NAFA اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ) (NIAAEF) کا سائز 1,289 ملین روپے پر قائم رہا، جو 30 جون 2019 سے 9% زیادہ ہے۔ اس مدت کے دوران، NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ کی یونٹ قیمت 30 جون 2019 کو 9.0822 روپے سے بڑھ کر 31 دسمبر 2019 کو 10.9340 روپے ہو گئی، جو 20.4% کا اضافہ ظاہر کر رہی ہے۔ اسی مدت کے دوران بیچ مارک KMI-30 انڈیکس میں اضافہ 22.0% تھا۔ اپنے قیام سے اب تک NAV کا 18 جنوری 2016 کو 8.5497 روپے (EX-Div) سے بڑھ کر 31 دسمبر 2019 کو 10.9340 روپے ہو گیا، لہذا 27.9% کا اضافہ ہوا۔ اس مدت کے دوران بیچ مارک میں 26.4% اضافہ ہوا۔ لہذا فنڈ نے اپنے بیچ مارک سے 1.5% بہتر کارکردگی دکھائی۔ فنڈ کی 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 KMI-30 انڈیکس میں 22 فی صد اضافہ ہوا تاہم اس دوران مارکیٹ میں اتار چڑھاؤ آتے رہے۔ آئی ایم ایف سے 6 ملین 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 پُر جوش مثبت پیش رفت کے باوجود زیر جائزہ مدت کا آغاز سست روی کا شکار رہا۔ سرمایہ کاروں کا سست معاشی سرگرمیوں کے تحفظات کے باعث وسط اگست تک KMI-30 انڈیکس میں 17 فی صد کی واقع ہوئی۔ کشمیر میں آریٹل کے نفاذ پر پاک بھارت کشیدگی کی وجہ سے 16 اگست 2019ء کو انڈیکس گذشتہ برسوں کی کم ترین سطح 44,929 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 ڈو زرا بجنسیوں 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 22 فی صد اضافہ رہا۔

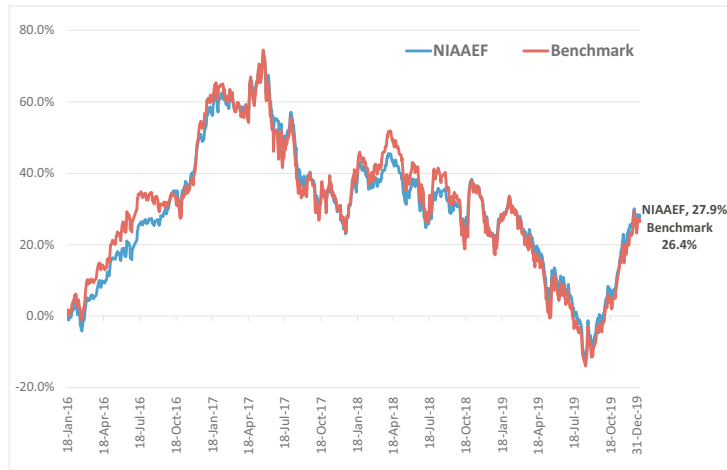
شعبہ جاتی کارکردگی کے تناظر میں انجینئرنگ، فارماسیوٹیکلز، کاغذ اور بورڈ، کیمیکلز اور ٹرانسپورٹ نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کمرشل بینک، پاور جنریشن اور ڈسٹری بیوشن نے ان کی بیرونی کی۔ شریک داسرگرمیوں کے تناظر میں انفرادی شرکت دار 140 ملین ڈالر کے مجموعی ان فلو کے ساتھ بڑے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

NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ نے موجودہ مدت کے دوران 294.682 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 27.219 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 267.463 ملین روپے ہے۔

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



NIAAEF کی کارکردگی بمقابلہ بیچ مارک



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے پیٹنٹ 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 مینجمنٹ 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 Islamic Active Allocation Equity Fund [formerly NAFA Islamic Active Allocation Equity Fund] (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund 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 Islamic Active Allocation Equity Fund** (Formerly NAFA Islamic Active Allocation Equity 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	48,067	22,721
Investments	5	1,249,955	1,128,167
Receivable against sale of investments		25,051	61,167
Dividend and profit receivable	6	1,140	1,832
Deposits, prepayment and other receivables		11,609	12,018
Preliminary expenses and floatation costs	7	209	310
Total assets		1,336,031	1,226,215
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	8	7,591	9,021
Payable to Central Depository Company of Pakistan Limited - Trustee	9	225	215
Payable to the Securities and Exchange Commission of Pakistan	10	116	1,730
Accrued expenses and other liabilities	11	38,674	33,549
Total liabilities		46,606	44,515
NET ASSETS		1,289,425	1,181,700
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,289,425	1,181,700
CONTINGENCIES AND COMMITMENTS	12		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE		117,928,330	130,111,302
		----- Rupees -----	
NET ASSET VALUE PER UNIT	13	10.9340	9.0822

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

	Note	Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
Rupees in 000					
INCOME					
Gain / (loss) on sale of investments - net		37,545	(91,840)	58,146	(55,692)
Dividend income		40,437	41,741	25,570	28,971
Profit on bank balances		6,169	9,506	3,116	5,115
Unrealised appreciation / (diminution) on re-measurement of investments classified as at fair value through profit or loss - net	5.3	210,531	(201,023)	256,673	(180,826)
Total income / (loss)		294,682	(241,616)	343,505	(202,432)
EXPENSES					
Remuneration of NBP Fund Management Limited - Management Company	8.1	8,844	15,813	4,955	9,149
Sindh sales tax on remuneration of the Management Company		1,150	2,056	644	1,190
Allocated expenses	8.3	578	791	331	458
Selling and marketing expenses	8.4	6,490	3,163	3,909	1,830
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,065	1,295	582	710
Sindh sales tax on remuneration of the Trustee		138	168	75	92
Annual fee of the Securities and Exchange Commission of Pakistan		116	751	67	434
Amortisation of preliminary expenses and floatation costs	7	101	101	51	50
Auditors' remuneration		384	315	205	196
Settlement and bank charges		544	232	284	131
Legal and professional charges		20	-	10	-
Securities transaction cost		2,126	3,567	1,586	2,496
Rating fee		111	112	55	67
Shariah advisor fee		94	125	46	5
Total operating expenses		21,761	28,489	12,800	16,808
Net income / (loss) from operating activities		272,921	(270,105)	330,705	(219,240)
Provision against Sindh Workers' Welfare Fund		(5,458)	-	(5,458)	-
Net income / (loss) for the period before taxation		267,463	(270,105)	325,247	(219,240)
Taxation	14	-	-	-	-
Net income / (loss) for the period after taxation		267,463	(270,105)	325,247	(219,240)
Earnings / (loss) per unit	15				
Allocation of net income for the period					
Net income for the period after taxation		267,463	-	-	-
Income already paid on units redeemed		(70,271)	-	-	-
		197,192			
Accounting income available for distribution					
- Relating to capital gains		188,473	-	-	-
- Excluding capital gains		8,719	-	-	-
		197,192			

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	267,463	(270,105)	325,247	(219,240)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>267,463</u>	<u>(270,105)</u>	<u>325,247</u>	<u>(219,240)</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

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) / undistributed income	Total	Capital value	Undistributed income / (accumulated loss)	Total
	----- Rupees in 000 -----					
Net assets at the beginning of the period (audited)	1,428,540	(246,840)	1,181,700	1,663,439	223,762	1,887,201
Issue of 63,073,072 units (December 31, 2018: 122,509,715 units)						
- Capital value (at net asset value per unit at the beginning of the period)	572,842	-	572,842	1,389,566	-	1,389,566
- Element of income	4,289	-	4,289	22,667	-	22,667
Total proceeds on issuance of units	577,131	-	577,131	1,412,233	-	1,412,233
Redemption of 75,256,044 units (December 31, 2018: 135,914,775 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(683,490)	-	(683,490)	(1,541,613)	-	(1,541,613)
- Element of (loss) / income	16,892	(70,271)	(53,379)	74,386	-	74,386
Total payments on redemption of units	(666,598)	(70,271)	(736,869)	(1,467,227)	-	(1,467,227)
Total comprehensive income / (loss) for the period	-	267,463	267,463	-	(270,105)	(270,105)
Net assets at the end of the period (un-audited)	1,339,073	(49,648)	1,289,425	1,608,445	(46,343)	1,562,102
(Accumulated loss) / undistributed income brought forward						
- Realised (loss) / income		(9,695)			357,950	
- Unrealised loss		(237,145)			(134,188)	
		(246,840)			223,762	
Accounting income available for distribution						
- Relating to capital gains	188,473			-		
- Excluding capital gains	8,719			-		
	197,192			-		
Net loss for the period after taxation		-			(270,105)	
Accumulated loss carried forward		(49,648)			(46,343)	
Accumulated loss carried forward						
- Realised (loss) / income		(260,179)			154,680	
- Unrealised income / (loss)		210,531			(201,023)	
		(49,648)			(46,343)	
				(Rupees)		(Rupees)
Net asset value per unit at the beginning of the period			9.0822			11.3425
Net asset value per unit at the end of the period			10.9340			10.2113

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 FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	267,463	(270,105)
Adjustments for:		
Unrealised (appreciation) / diminution on re-measurement of investments classified as at fair value through profit or loss - net	(210,531)	201,023
Profit on bank balances	(6,169)	(9,506)
Dividend income	(40,437)	(41,741)
Amortisation of preliminary expenses and floatation costs	101	101
	<u>10,427</u>	<u>(120,228)</u>
Decrease in assets		
Investments - net	88,743	61,797
Receivable against sale of investments	36,116	67,368
Deposits and other receivable	409	-
	<u>125,268</u>	<u>129,165</u>
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	(1,430)	(4,476)
Payable to Central Depository Company of Pakistan Limited - Trustee	10	(58)
Payable against purchase of investments	-	3,189
Payable to the Securities and Exchange Commission of Pakistan	(1,614)	(2,224)
Accrued expenses and other liabilities	5,125	(1,727)
	<u>2,091</u>	<u>(5,296)</u>
Profit received on bank balances	6,663	9,116
Dividend income received	40,635	44,023
Net cash flows generated from operating activities	<u>185,084</u>	<u>56,780</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	577,131	1,412,233
Amount paid against redemption of units	(736,869)	(1,467,227)
Net cash flows used in financing activities	<u>(159,738)</u>	<u>(54,994)</u>
Net increase in cash and cash equivalents during the period	<u>25,346</u>	<u>1,786</u>
Cash and cash equivalents at the beginning of the period	22,721	233,226
Cash and cash equivalents at the end of the period	<u><u>48,067</u></u>	<u><u>235,012</u></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 Islamic Active Allocation Equity Fund (Formerly NAFA Islamic Active Allocation Equity Fund) (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on November 3, 2015 between NBP Fund Management Limited 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 'Shari'ah compliant 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 higher risk adjusted returns to investors by investing in diversified portfolio of equity instruments. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM1 as at December 24, 2019 to the Management Company and performance ranking of "4 Star" as at August 30, 2019 to the Fund.

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.

(Un-audited) (Audited)
December 31, June 30,
2019 2019

Note ----- Rupees in 000 -----

4 BANK BALANCES

Savings accounts 4.1 48,067 22,721

4.1 These include balances of Rs 35.701 million (June 30, 2019: Rs 16.574 million) maintained with BankIslami Pakistan Limited (a related party), that carry profit at the rate ranging from 13% to 13.5% (June 30, 2019: 13.5%) per annum. Other savings accounts of the Fund carry profit rates ranging from 4.78% to 13.35% (June 30, 2019: 11.2% to 13%) per annum.

(Un-audited) (Audited)
December 31, June 30,
2019 2019

Note ----- Rupees in 000 -----

5 INVESTMENTS

At fair value through profit or loss

Listed equity securities 5.1 1,249,955 1,128,167

5.1 Listed equity securities

All shares have a nominal face value of Rs. 10 each except for the shares of Agriauto Industries Limited, Thal Limited and Dynea Pakistan Limited which have a face value of Rs. 5 each and shares of K-Electric Limited which have a face value of Rs. 3.5 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 ----- % -----									
Automobile Assembler									
Indus Motor Company Limited	-	2,500	-	-	2,500	2,904	0.23	0.23	0.00
Honda Atlas Cars (Pakistan) Limited	-	64,400	-	-	64,400	14,100	1.09	1.13	0.05
Millat Tractors Limited	-	23,900	-	-	23,900	16,836	1.31	1.35	0.05
						33,840	2.63	2.71	
Automobile Parts & Accessories									
Agriauto Industries Limited	3,600	-	-	-	3,600	720	0.06	0.06	0.01
Thal Limited	-	36,000	-	-	36,000	12,176	0.94	0.97	0.04
						12,896	1.00	1.03	
Cable & Electrical Goods									
Pak Elektron Limited	-	476,000	-	408,500	67,500	1,827	0.14	0.15	0.01
						1,827	0.14	0.15	
Cement									
D. G. Khan Cement Company Limited	57,000	334,000	-	330,500	60,500	4,493	0.35	0.36	0.01
Fauji Cement Company Limited	208,000	1,251,500	-	1,183,500	276,000	4,295	0.33	0.34	0.02
Kohat Cement Company Limited	158,030	345,500	-	52,500	451,030	34,910	2.71	2.79	0.22
Lucky Cement Limited	113,600	131,200	-	94,600	150,200	64,346	4.99	5.15	0.05
Maple Leaf Cement Factory Limited	488,000	863,000	123,250	688,000	786,250	18,194	1.41	1.46	0.13
						126,238	9.79	10.10	

NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND

(FORMERLY; NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND)



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 ----- % -----									
Chemical									
Engro Polymer & Chemicals Limited	513,916	1,036,000	-	755,000	794,916	26,399	2.05	2.11	0.09
Lotte Chemical Pakistan Limited	780,500	-	-	780,500	-	-	-	-	-
ICI Pakistan Limited	-	13,600	-	-	13,600	9,178	0.71	0.73	0.01
Dynea Pakistan Limited	-	4,500	-	-	4,500	418	0.03	0.03	0.02
						35,995	2.79	2.87	
Commercial Banks									
Meezan Bank Limited	991,583	530,500	-	482,500	1,039,583	98,896	7.67	7.91	0.08
						98,896	7.67	7.91	
Engineering									
Amreli Steels Limited	-	459,000	-	190,000	269,000	9,716	0.75	0.78	0.09
International Industries Limited	50,900	-	590	45,000	6,490	719	0.06	0.06	0.00
International Steels Limited	120,600	137,000	-	62,500	195,100	11,294	0.88	0.90	0.04
Ittefaq Iron Industries Limited	-	1,085,000	-	95,000	990,000	9,702	0.75	0.78	0.69
Mughal Iron & Steel Industries Limited	132,000	552,000	-	255,000	429,000	17,576	1.36	1.41	0.17
						49,007	3.80	3.92	
Fertilizer									
Engro Corporation Limited (note 5.2)	458,290	101,500	-	221,300	338,490	116,864	9.06	9.35	0.06
Engro Fertilizers Limited (note 5.2)	1,527,500	352,500	-	1,070,500	809,500	59,442	4.61	4.76	0.06
Fatima Fertilizer Company Limited	4,500	-	-	-	4,500	120	0.01	0.01	0.00
						176,426	13.68	14.12	
Food & Personal Care Products									
At-Tahir Limited	-	125,000	-	-	125,000	2,619	0.20	0.21	0.08
Al Shaheer Corporation Limited (note 5.4)	222,805	-	-	-	222,805	3,148	0.24	0.25	0.16
						5,767	0.44	0.46	
Glass & Ceramics									
Ghani Global Glass Limited	-	625,000	-	185,000	440,000	5,016	0.39	0.40	0.44
Ghani Value Glass Limited	-	10,000	-	-	10,000	452	0.04	0.04	0.03
Ghani Value Glass Limited - right	-	-	5,500	-	5,500	176	0.01	0.01	0.03
Tariq Glass Industries Limited	244,000	-	-	43,500	200,500	21,454	1.66	1.72	0.27
						27,098	2.10	2.17	
Oil & Gas Exploration Companies									
Mari Petroleum Company Limited	64,941	18,480	7,056	16,360	74,117	97,101	7.53	7.77	0.06
Oil & Gas Development Company Limited	1,037,100	160,000	-	570,000	627,100	89,249	6.92	7.14	0.01
Pakistan Oilfields Limited (note 5.2)	156,920	74,300	-	77,300	153,920	68,759	5.33	5.50	0.05
Pakistan Petroleum Limited (note 5.2)	828,950	444,500	169,630	604,800	838,280	114,962	8.92	9.20	0.03
						370,071	28.70	29.61	
Oil & Gas Marketing Companies									
Attock Petroleum Limited	36,850	-	-	26,300	10,550	3,901	0.30	0.31	0.01
Hascol Petroleum Limited	9,745	-	-	9,745	-	-	-	-	-
Pakistan State Oil Company Limited (notes 5.2 & 5.4)	169,148	78,700	31,350	163,700	115,498	22,134	1.72	1.77	0.02
Sui Northern Gas Pipelines Limited	281,000	466,000	-	306,000	441,000	33,591	2.61	2.69	0.07
						59,626	4.63	4.77	

NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND

(FORMERLY; NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND)



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 ----- % -----									
Paper & Board									
Roshan Packages Limited	-	200,000	-	-	200,000	4,230	0.33	0.34	0.14
Packages Limited	-	27,500	-	-	27,500	10,965	0.85	0.88	0.03
Cherat Packaging Limited	129,207	-	4,420	85,000	48,627	5,905	0.46	0.47	0.11
						21,100	1.64	1.69	
Pharmaceuticals									
Abbott Laboratories (Pakistan) Limited	150	-	-	-	150	67	0.01	0.01	0.00
AGP Limited	-	75,000	-	61,500	13,500	1,341	0.10	0.11	0.00
Ferozsons Laboratories Limited	-	11,000	-	-	11,000	2,306	0.18	0.18	0.04
GlaxoSmithKline Consumer Healthcare Pakistan Limited	11,700	-	-	11,700	-	-	-	-	-
GlaxoSmithKline Pakistan Limited	2,400	21,000	-	-	23,400	3,757	0.29	0.30	0.01
The Searle Company Limited (note 5.4)	1,354	27,000	-	-	28,354	5,352	0.42	0.43	0.01
						12,823	1.00	1.03	
Power Generation & Distribution									
Hub Power Company Limited (note 5.2)	1,343,212	371,000	-	595,500	1,118,712	104,432	8.10	8.35	0.09
K-Electric Limited	670,500	1,741,000	-	1,510,000	901,500	3,940	0.31	0.32	0.00
Lalpir Power Limited	405,000	-	-	-	405,000	5,877	0.46	0.47	0.11
						114,249	8.87	9.14	
Technology & Communication									
NetSol Technologies Limited	215,900	-	-	88,000	127,900	8,423	0.65	0.67	0.14
Avanceon Limited	50,000	-	-	50,000	-	-	-	-	-
Pakistan Telecommunication Company Limited	815,000	-	-	815,000	-	-	-	-	-
Systems Limited	182,050	-	-	50,500	131,550	16,352	1.27	1.31	0.11
						24,775	1.92	1.98	
Textile Composite									
Kohinoor Textile Mills Limited (note 5.4)	285,657	-	-	72,500	213,157	8,328	0.65	0.67	0.07
Interloop Limited	286,129	-	-	66,000	220,129	12,778	0.99	1.02	0.03
Nishat Mills Limited	478,100	374,500	-	421,400	431,200	45,768	3.55	3.66	0.12
						66,874	5.19	5.35	
Transport									
Pakistan National Shipping Corporation	110,500	-	-	3,000	107,500	10,097	0.78	0.81	0.08
						10,097	0.78	0.81	
Sugar & Allied Industries									
Farar Sugar Mills Limited	-	29,000	-	-	29,000	2,199	0.17	0.18	0.12
						2,199	0.17	0.18	
Miscellaneous									
Synthetic Products Enterprises Limited (note 5.4)	363,750	-	10,030	369,450	4,330	151	0.01	0.01	0.00
						151	0.01	0.01	
Total as at December 31, 2019						1,249,955	96.95	100.00	
Total carrying value as at December 31, 2019						1,039,424			
Total market value as at June 30, 2019						1,128,167			
Total carrying value as at June 30, 2019						1,365,312			

5.2 Investments include shares with market value amounting to Rs 102.337 million (June 30, 2019: Rs 88.533 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	1,249,955	1,128,167
Less: carrying value	5.1	(1,039,424)	(1,365,312)
		<u>210,531</u>	<u>(237,145)</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 certain companies 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
Al Shaheer Corporation Limited	9,289	131	9,289	117
Kohinoor Textile Mills Limited	522	20	522	13
Pakistan State Oil Company Limited	3,302	633	2,751	467
Synthetic Products Enterprises Limited	4,330	151	4,163	92
The Searle Company Limited	1,354	256	1,354	198
		<u>1,191</u>		<u>887</u>

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
6	DIVIDEND AND PROFIT RECEIVABLE	Note ----- Rupees in 000 -----	
	Dividend receivable	160	358
	Profit receivable on bank balances	980	1,474
		<u>1,140</u>	<u>1,832</u>

6.1 This includes an amount of Rs 0.317 million (June 30, 2019: Rs 1.334 million) as profit receivable from BankIslami Pakistan Limited (a related party).

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
7	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note ----- Rupees in 000 -----	
	At the beginning of the period / year	310	510
	Less: amortisation during the period / year	(101)	(200)
	At the end of the period / year	<u>209</u>	<u>310</u>

8 **PAYABLE TO NBP FUND MANAGEMENT LIMITED**
- MANAGEMENT COMPANY

	Management remuneration payable	8.1	1,710	2,168
	Sindh sales tax payable on remuneration of the Management Company		222	282
	Federal excise duty payable on remuneration of the Management Company	8.2	1,420	1,420
	Allocated expenses payable	8.3	330	1,030
	Selling and marketing expenses payable	8.4	3,909	4,121
			<u>7,591</u>	<u>9,021</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 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 1.42 million (June 30, 2019: Rs 1.42 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2019 would have been higher by Re 0.0120 (June 30, 2019: Re 0.0109) per unit.

- 8.3** 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.

- 8.4** 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 - TRUSTEE	Note	----- Rupees in 000 -----
Trustee remuneration payable	199	190
Sindh sales tax payable on remuneration of the Trustee	26	25
	<u>225</u>	<u>215</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% per annum of net assets
- on an amount exceeding Rs 1,000 million Rs 2.0 million plus 0.10% per annum of net assets, on amount exceeding Rs 1,000 million.

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

**10 PAYABLE TO THE SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN**

Annual fee payable	10.1	<u>116</u>	<u>1,730</u>
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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	34,515	29,057
Charity payable	11.2	2,867	2,378
Shari'ah advisor fee		405	311
Auditors' remuneration		334	414
Withholding tax		243	30
Legal and professional charges		18	20
Settlement charges payable		26	116
Bank charges		12	27
Brokerage charges		254	1,196
		<u>38,674</u>	<u>33,549</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. 0.2927 (June 30, 2019: Re 0.2233) per unit.

11.2 According to the instructions of the Shari'ah advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the current period, non Shari'ah compliant income amounting to Rs 0.989 million (June 30, 2019: Rs 1.348 million) was charged in the books of the Fund. This will be distributed as charity after the approval of the Shari'ah advisor. The dividend income is recorded net of charity portion.

12 CONTINGENCIES AND COMMITMENTS

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

13 NET ASSET VALUE PER UNIT

The net asset 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 4.71% (June 30, 2019: 3.56%) which includes 1.18% (June 30, 2019: 0.37%) 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 AND BALANCES 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.

NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND

(FORMERLY; NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND)



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	8,844	15,813
Sindh sales tax on remuneration of the Management Company	1,150	2,056
Allocated expenses	578	791
Selling and marketing expenses	6,490	3,163
NAFA Islamic Active Allocation Fund - I (Plan I)		
Units issued during the period - 1,977,653 (2018: 3,515,430)	16,205	40,493
Units redeemed during the period - 9,722,455 (2018: 8,016,547)	101,168	86,509
NAFA Islamic Active Allocation Fund - I (Plan II)		
Units issued during the period - 1,389,028 (2018: 3,835,783)	15,004	44,209
Units redeemed during the period - Nil (2018: 7,511,934)	-	80,920
NAFA Islamic Active Allocation Fund - I (Plan III)		
Units issued during the period - 5,790,217 (2018: 14,570,605)	47,531	166,525
Units redeemed during the period - 21,249,216 (2018: 1,969,592)	223,092	21,025
NAFA Islamic Active Allocation Fund - I (Plan IV)		
Units issued during the period - 2,943,327 (2018: 12,325,216)	24,093	140,530
Units redeemed during the period - 6,319,853 (2018: 15,940,005)	65,922	173,429
NAFA Islamic Active Allocation Fund - I (Plan V)		
Units issued during the period - 2,888,553 (2018: 7,483,693)	23,747	85,787
Units redeemed during the period - 11,952,498 (2018: 23,307,655)	112,761	252,187
NAFA Islamic Active Allocation Fund - II (Plan VI)		
Units issued during the period - 2,313,713 (2018: 4,977,998)	19,029	57,195
Units redeemed during the period - 2,547,831 (2018: 11,884,262)	24,711	129,167
NAFA Islamic Active Allocation Fund - II (Plan VII)		
Units issued during the period - 833,129 (2018: 1,951,873)	7,031	22,354
Units redeemed during the period - 3,333,742 (2018: 5,365,500)	28,235	58,657
NAFA Islamic Active Allocation Fund - II (Plan VIII)		
Units issued during the period - 12,396,614 (2018: 6,654,776)	121,400	76,364
Units redeemed during the period - Nil (2018: 12,588,812)	-	135,894
NAFA Islamic Capital Preservation Plan I		
Units issued - 14,497,130 (2018: 22,610,658)	134,256	263,099
Units redeemed - 5,944,850 (2018: 20,969,450)	56,973	226,572
NAFA Islamic Capital Preservation Plan II		
Units issued - 7,395,756 (2018: 12,838,657)	68,515	148,418
Units redeemed - 4,663,701 (2018: 9,631,794)	40,671	102,864
NAFA Islamic Capital Preservation Plan III		
Units issued - 7,092,491 (2018: 18,635,293)	65,658	215,688
Units redeemed - 5,046,401 (2018: 11,006,798)	43,061	117,538

NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND

(FORMERLY; NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND)



	(Un-audited)	
	Half year ended	
	December 31,	
	2019	2018
	----- Rupees in 000 -----	
NAFA Islamic Capital Preservation Plan IV		
Units issued - 1,890,694 (2018: 13,109,733)	19,029	151,571
Units redeemed - 2,049,988 (2018: 7,722,426)	17,170	82,465
NBP Islamic Capital Preservation Plan V		
Units issued - 1,664,768 (2018: Nil)	15,633	-
Units redeemed - 2,425,509 (2018: Nil)	23,105	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,065	1,295
Sindh sales tax on remuneration of the Trustee	138	168
Settlement charges	71	50
Bank Islami Pakistan Limited		
Profit on bank balances	3,450	8,995
Cherat Packaging Limited		
Shares purchased - Nil (2018: 115,196)	-	17,134
Shares sold - 85,000 (2018: 58,500)	4,755	10,140
Bonus issue - 4,420 (2018: Nil)	-	-
Dividend income	111	337
Cherat Cement Company Limited		
Shares purchased - Nil (2018: 67,000)	-	4,215
Shares sold - Nil (2018: 196,000)	-	16,830
Dividend income	-	372
Fatima Fertilizer Company Limited		
Shares purchased - Nil (2018: 387,000)	-	14,096
Shares sold - Nil (2018: 295,000)	-	13,157
International Industries Limited		
Shares purchased - Nil (2018: 52,000)	-	8,409
Shares sold - 45,000 (2018: 38,000)	3,065	5,996
Bonus issue - 590 (2018: Nil)	-	-
Dividend income	18	204
International Steels Limited		
Shares purchased - 137,000 (2018: 635,100)	7,031	60,531
Shares sold - 62,500 (2018: 548,000)	2,378	45,250
Dividend income	120	-
Taurus Securities Limited		
Brokerage expense	129	197
National Clearing Company of Pakistan Limited		
NCCPL charges	447	134

NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND

(FORMERLY; NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND)



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

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in 000 -----	
NBP Fund Management Limited - Management Company		
Management remuneration payable	1,710	2,168
Sindh sales tax payable on remuneration of the Management Company	222	282
Federal excise duty payable on remuneration of the Management Company	1,420	1,420
Allocated expenses payable	330	1,030
Selling and marketing expenses payable	3,909	4,121
NAFA Islamic Active Allocation Fund - I (Plan I)		
Units held - 1,886,331 (June 30, 2019: 9,631,132)	20,625	87,472
NAFA Islamic Active Allocation Fund - I (Plan II)		
Units held - 1,389,028 (June 30, 2019: Nil)	15,188	-
NAFA Islamic Active Allocation Fund - I (Plan III)		
Units held - 9,384,409 (June 30, 2019: 24,843,409)	102,609	225,633
NAFA Islamic Active Allocation Fund - I (Plan IV)		
Units held - 11,030,831 (June 30, 2019: 14,407,357)	120,611	130,850
NAFA Islamic Active Allocation Fund - I (Plan V)		
Units held - 14,880,195 (June 30, 2019: 23,944,140)	162,700	217,465
NAFA Islamic Active Allocation Fund - II (Plan VI)		
Units held - 14,397,309 (June 30, 2019: 14,631,427)	157,420	132,886
NAFA Islamic Active Allocation Fund - II (Plan VII)		
Units held - 2,501,577 (June 30, 2019: 5,002,190)	27,352	45,431
NAFA Islamic Active Allocation Fund - II (Plan VIII)		
Units held - 12,396,614 (June 30, 2019: Nil)	135,545	-
NAFA Islamic Capital Preservation Plan I		
Units held - 16,617,392 (June 30, 2019: 8,065,113)	181,695	73,249
NAFA Islamic Capital Preservation Plan II		
Units held - 10,621,381 (June 30, 2019: 7,889,326)	116,134	71,652
NAFA Islamic Capital Preservation Plan III		
Units held - 11,437,946 (June 30, 2019: 9,391,856)	125,063	85,299
NAFA Islamic Capital Preservation Plan IV		
Units held - 7,029,227 (June 30, 2019: 7,188,521)	76,858	65,288
NBP Islamic Capital Preservation Plan V		
Units held - 4,356,089 (June 30, 2019: 5,116,830)	47,629	46,472

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in 000 -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	199	190
Settlement charges payable	9	9
Sindh sales tax payable on remuneration of the Trustee	26	25
Security deposit	100	100
Bank Islami Pakistan Limited		
Bank balances	35,701	16,574
Profit receivable on bank balances	317	1,334
Cherat Packaging Limited		
Shares held - 48,627 (June 30, 2019: 129,207)	5,905	10,419
International Industries Limited		
Shares held - 6,490 (June 30, 2019: 50,900)	719	3,923
International Steels Limited		
Shares held - 195,100 (June 30, 2019: 120,600)	11,294	4,789
Taurus Securities Limited		
Brokerage payable	19	95
National Clearing Company of Pakistan Limited		
Security deposit	2,500	2,500
NCCPL charges payable	17	107

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	1,249,955	-	-	1,249,955

----- 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	1,128,167	-	-	1,128,167

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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