

NBP ISLAMIC SARMAYA IZAFI FUND



HALF YEARLY REPORT
DECEMBER 31, 2019



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Habib Bank Limited (Islamic)
United Bank Limited (Ameen)
Bank Al Habib Limited (Islamic)
Meezan Bank Limited
Bank Islami (Pakistan) Limited
Sindh Bank Limited (Saadat)
MCB Bank Limited (Islamic)
Dubai Islamic Bank Limited
Bank Alfalah Limited (Islamic)
Soneri Bank Limited (Mustaqeem)
Habib Metro Bank Limited (Islamic)
Allied Bank Limited (Islamic)
Silk Bank Limited (Emaan)
National Bank of Pakistan

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 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Islamic Sarmaya Izafa Fund (NISIF)** (Formerly: NAFA Islamic Asset Allocation Fund) (NIAAF) for the half year ended December 31, 2019.

Fund's Performance

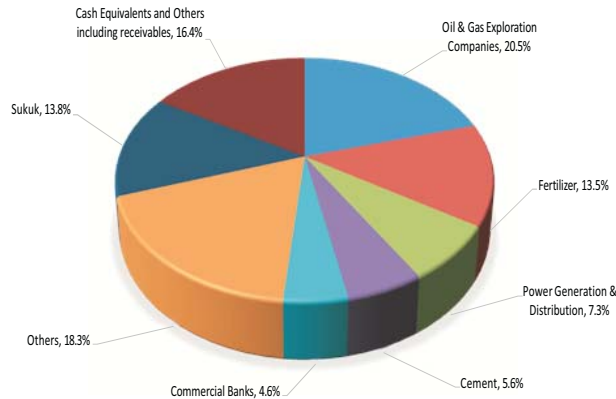
The size of NBP Islamic Sarmaya Izafa Fund has decreased from Rs. 6,855 million to Rs. 5,934 million during the period, i.e. a decrease of 13%. During the period, the unit price of Fund has increased from Rs. 13.7410 on June 30, 2019 to Rs. 16.2076 on December 31, 2019, thus showing an increase of 18.0%. The Benchmark increase during the same period was 18.3%. Thus, the Fund has underperformed its Benchmark by 0.35% during the period under review. Since inception the NAV of the Fund has increased from Rs.3.8230 (Ex-Div) on October 26, 2007 to Rs. 16.2076 on December 31, 2019, thus showing an increase of 323.95%. During the said period, the Benchmark increased by 190.31%, translating into outperformance of 133.64%. 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% 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 28,765 points on August 16, 2019. Consequently, the attractive valuations prompted value buying and the shift in investors' mood was also supported by improving macroeconomic indicators, mainly on external account front, as the current account deficit declined massively by 74% to USD 2.2 billion during 1HFY2020, from USD 8.6 billion in same period last year. Resumption of foreign currency inflows from multilateral donor agencies and portfolio inflows in government securities boosted the SBP's FX reserves to USD 11.3 billion, the highest level since April 2018. Sharply falling yields on the longer tenure government securities (PIBs), a harbinger to reversal of monetary tightening cycle, also buoyed market sentiment. As a result, the market staged robust rally, surging by 41.6% from the bottom in mid-August, taking 1HFY2020 return to 22.0%.

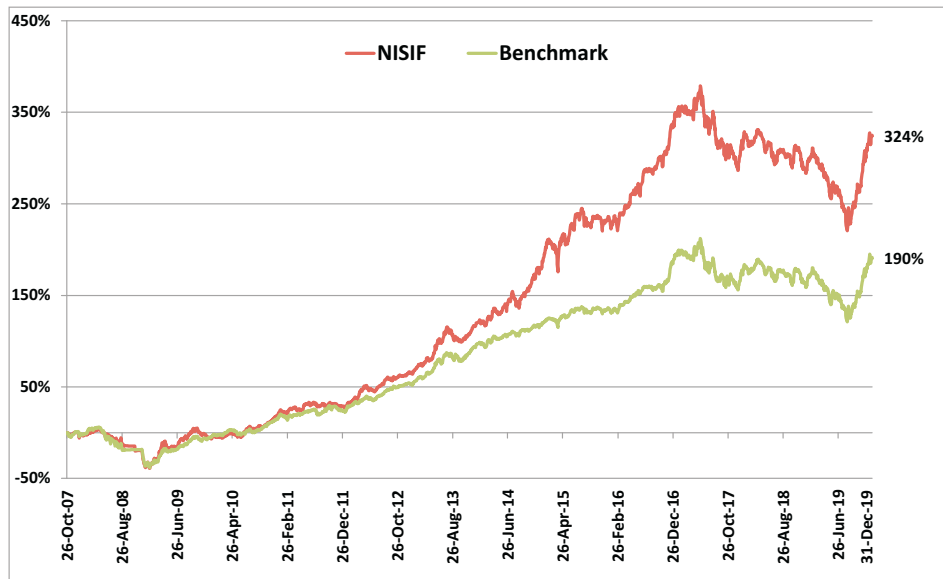
In terms of sectoral performance, Engineering, Pharmaceuticals, Paper & Board, Chemicals and Transport out-performed the market, while Automobile, Commercial Banks, Power Generation & Distribution lagged behind. On the participant-wise activity, Individuals remained major buyers with net inflows of USD 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.

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 up-tick in inflation. The market saw an increase in the issuance of debt securities in the primary market, although it remained under-supplied against the large and growing demand. In the secondary market, the trading activity in the Corporate Sukuks remained skewed towards high quality debt issues with cumulative traded value of around Rs. 3.9 billion compared to Rs. 4.8 billion in the same period last year.

The Fund has earned a total income of Rs. 911.01 million during the period. After deducting total expenses of Rs. 105.82 million, the net income is Rs. 805.19 million. The asset allocation of the Fund as on December 31, 2019 is as follows:



NISIF 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 سرمایہ اضافہ فنڈ (سابقہ: NAFA) اسلامک ایسٹ ایلوکیشن فنڈ (NISIF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NBP اسلامک سرمایہ اضافہ فنڈ (سابقہ: NAFA) اسلامک ایسٹ ایلوکیشن فنڈ) کا فنڈ سائز اس مدت میں 6,855 ملین روپے سے کم ہو کر 5,934 ملین روپے ہو گیا، یعنی 13% کی کمی۔ اس مدت کے دوران، NBP اسلامک سرمایہ اضافہ فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 13.7410 روپے سے بڑھ کر 31 دسمبر 2019 کو 16.2076 روپے ہو گئی، لہذا 18.0% کا اضافہ ہوا۔ اسی مدت کے دوران بیچ مارک میں 18.3% کا اضافہ ہوا۔ لہذا فنڈ کی کارکردگی زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 0.35% اتر رہی۔ اپنے قیام کے بعد 26 اکتوبر 2007 سے فنڈ کی NAV 3.8230 روپے (EX-Div) سے بڑھ کر 31 دسمبر 2019 کو 16.2076 روپے ہو گئی، یعنی 323.95% کا اضافہ ہوا۔ اس مدت کے دوران بیچ مارک 190.31% سے بڑھا۔ لہذا فنڈ نے 133.64% کی بہتر کارکردگی دکھائی۔ 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 کمی 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، پُر کشش قیمتوں نے خریداری کی حوصلہ افزائی کی اور بہتر معاشی اشاروں نے سرمایہ کاروں کے مزاج میں تبدیلی کی جسکی بنیادی وجہ بیرونی اکاؤنٹ میں بہتری تھی جیسا کہ بڑے پیمانے پر کرنٹ اکاؤنٹ خسارہ مالی سال 2020 کی پہلی ششماہی کے دوران 74 فی صد کم ہوا یعنی 2.2 بلین ڈالر ہو گیا جو گذشتہ برس کی اسی مدت میں 8.6 بلین ڈالر تھا۔ کثیر طرفہ ڈونر ایجنسیوں سے غیر ملکی ترسیلات زر کا آغاز 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۔

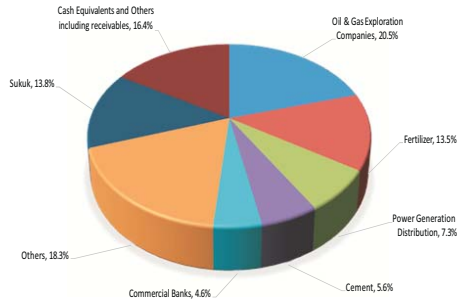
شعبہ جاتی کارکردگی کے تناظر میں انجینئرنگ، فارماسیوٹیکلز، کاغذ اور بورڈ، کیمیکلز اور ٹرانسپورٹ نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کمرشل بینک، پاور جنریشن اور ڈسٹری بیوٹن نے ان کی پیروی کی۔ شریک دار سرگرمیوں کے تناظر میں انفرادی شرکت دار 140 ملین ڈالر کے مجموعی ان فلو کے ساتھ بڑے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

مالی سال 2020 کی پہلی ششماہی میں اسٹیٹ بینک آف پاکستان نے تین دو ماہی 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 100bps کے اضافہ کے ساتھ 13.25 فی صد تک بڑھا دیا۔ دیگر دو مانیٹری پالیسی بیانات میں افراط زر میں اضافہ کے باوجود SBP نے پالیسی ریٹ کو مستحکم رکھا۔ بنیادی مارکیٹ میں debt سیکورٹیز کے اجراء میں اضافہ ہوا اگرچہ بڑھتی ہوئی طلب کے مقابلہ

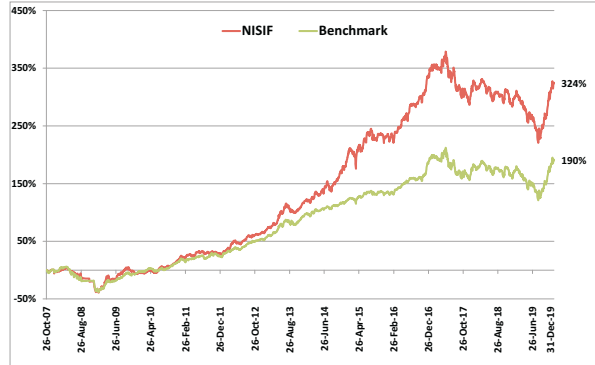
میں اس کی رسد کم رہی۔ ثانوی مارکیٹ میں کارپوریٹ سٹاک کی تجارتی سرگرمیوں کا رجحان بہتر معیار کے debt اجراء کی طرف رہا اور تجارتی حجم گزشتہ سال 4.8 بلین روپے کے مقابلہ میں 3.9 بلین روپے رہا۔

NBP اسلامک سرمایہ اضافہ فنڈ کو اس مدت کے دوران 911.01 بلین روپے کی مجموعی آمدنی ہوئی۔ 105.82 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 805.19 بلین روپے ہے۔

31 دسمبر 2019 کو فنڈ کی ایسٹ ایلویشن درج ذیل ہے:



NISIF کی کارکردگی بمقابلہ بیچ مارک



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 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

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 Islamic Sarmaya Izafa Fund [formerly NAFA Islamic Asset Allocation 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 UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Islamic Sarmaya Izafa Fund (Formerly NAFA Islamic Asset Allocation 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	1,129,231	2,798,299
Investments	5	4,958,769	4,042,624
Mark-up accrued and dividend receivables	6	40,120	49,921
Receivable against transfer of units		11,254	-
Receivable against sale of Investments		-	123,522
Deposits, prepayments and other receivables		6,077	5,424
Total assets		6,145,451	7,019,790
LIABILITIES			
Payable to NBP Asset Management Limited - Management Company	7	53,150	61,288
Payable to Central Depository Company of Pakistan Limited - Trustee	8	659	784
Payable to the Securities and Exchange Commission of Pakistan	9	549	9,494
Payable against redemption of units		46,983	-
Accrued expenses and other liabilities	10	110,479	92,851
Total liabilities		211,820	164,417
NET ASSETS		5,933,631	6,855,373
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,933,631	6,855,373
Contingencies and commitments	11	-----Number of units-----	
Number of units in issue		366,101,896	498,898,266
		-----Rupees-----	
Net asset value per unit		16.2076	13.7410

The annexed notes from 1 to 18 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 ENDED DECEMBER 31, 2019

	Note	Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Rupees in '000					
INCOME					
Return / mark-up on:					
-bank balances		86,327	261,554	29,950	135,378
-sukuks		47,721	-	27,903	-
Dividend income		135,595	152,223	84,007	90,956
Loss on sale of investments - net		(65,634)	(207,568)	(1,418)	(152,179)
Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss		707,006	(646,313)	917,011	(531,223)
Total income / (loss)		911,015	(440,104)	1,057,453	(457,068)
EXPENSES					
Remuneration of NBP Fund Management Company Limited - Management Company	7.1	42,189	111,934	20,627	54,191
Sindh Sales Tax on remuneration of the Management Company	7.2	5,485	14,551	2,682	7,044
Allocation of operational expenses to the Management Company	7.3	2,744	5,597	1,375	2,710
Selling and marketing expenses	7.4	30,504	22,387	16,302	10,838
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	3,247	6,101	1,627	2,962
Sindh Sales Tax on remuneration of the Trustee	8.2	422	793	211	385
Annual fee to the Securities and Exchange Commission of Pakistan	9	549	5,317	275	2,574
Securities transaction cost		2,002	6,365	1,250	4,353
Settlement and bank charges		1,185	352	586	272
Auditors' remuneration		388	388	194	208
Fund rating fee		110	101	55	56
Legal and professional charges		37	37	19	19
Annual listing fee		14	14	7	-
Printing charges		53	8	49	4
Shariah advisor fee		455	885	28	784
Total expenses		89,384	174,830	45,287	86,400
Net income / (loss) from operating activities		821,631	(614,934)	1,012,166	(543,468)
Provision for Sindh Workers' Welfare Fund		(16,433)	-	(16,433)	-
Net income / (loss) for the period before taxation		805,198	(614,934)	995,733	(543,468)
Taxation	12	-	-	-	-
Net income / (loss) for the period after taxation		805,198	(614,934)	995,733	(543,468)
Allocation of net income for the period					
Net Income for the period after taxation		805,198		995,733	
Income already paid on units redeemed		(51,638)		(51,638)	
		753,560		944,095	
Accounting income available for distribution:					
Relating to capital gain		594,659		594,659	
Excluding capital gain		158,901		349,436	
		753,560		944,095	

The annexed notes from 1 to 18 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 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 / (loss) for the period after taxation	805,198	(614,934)	995,733	(543,468)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	805,198	(614,934)	995,733	(543,468)

The annexed notes from 1 to 18 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

	Half year ended					
	December 31,					
	2019			2018		
(Rupees in '000)						
Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	
Net assets at beginning of the period	7,451,921	(596,548)	6,855,373	11,002,026	500,323	11,502,349
Issue of 80,749,089 units (2018: 107,805,865)						
- Capital value	1,109,575	-	1,109,575	1,672,370	-	1,672,370
- Element of income / (loss)	101,221	-	101,221	(11,106)	-	(11,106)
Total proceeds on issue of units	1,210,796	-	1,210,796	1,661,264	-	1,661,264
Redemption of 213,545,459 units (2018: 177,381,455)						
- Capital value	(2,934,332)	-	(2,934,332)	(2,751,684)	-	(2,751,684)
- Element of income / (loss)	48,234	(51,638)	(3,404)	45,459	-	45,459
Total payments on redemption of units	(2,886,098)	(51,638)	(2,937,736)	(2,706,225)	-	(2,706,225)
Total comprehensive income / (loss) for the period	-	805,198	805,198	-	(614,934)	(614,934)
Net assets at end of the period	5,776,619	157,012	5,933,631	9,957,065	(114,611)	9,842,454
Undistributed income brought forward						
- Realised		373,476			1,333,962	
- Unrealised		(970,024)			(833,639)	
		(596,548)			500,323	
Accounting income available for distribution:						
- Relating to capital gains		594,659			-	
- Excluding capital gains		158,901			-	
Income / (loss) for the year after taxation		753,560			(614,934)	
Undistributed income carried forward		157,012			(114,611)	
Undistributed income carried forward						
- Realised		(549,994)			531,702	
- Unrealised		707,006			(646,313)	
		157,012			(114,611)	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the period		<u>13.7410</u>			<u>15.5128</u>	
Net assets value per unit at end of the period		<u>16.2076</u>			<u>14.6487</u>	

The annexed notes from 1 to 18 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	December 31, 2018
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	805,198	(614,934)
Adjustments:		
Return / mark-up on:		
-Bank balances	(86,327)	(261,554)
-Sukuks	(47,721)	-
Dividend income	(135,595)	(152,223)
Provision for Sindh Workers' Welfare Fund	16,433	
Net loss on sale of investments	65,634	207,568
Net unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(707,006)	646,313
	(89,384)	(174,830)
(Increase) / decrease in assets		
Investments - net	(274,774)	(154,621)
Receivable against sale of investment	123,522	-
Deposits, prepayments and other receivables	(653)	(13)
	(151,905)	(154,634)
(Decrease) / increase in liabilities		
Payable to Asset Management Limited - Management Company	(8,138)	(26,713)
Payable to Central Depository Company of Pakistan Limited - Trustee	(125)	(111)
Payable to the Securities and Exchange Commission of Pakistan	(8,945)	(7,058)
Accrued expenses and other liabilities	1,195	(3,002)
	(16,013)	(36,884)
Mark-up on bank balances received	109,861	245,102
Mark-up on sukuks received	31,187	-
Dividend received	138,397	159,988
	279,445	405,090
Net cash generated from operating activities	22,143	38,742
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units - net	1,199,542	1,659,942
Amounts paid on redemption of units - net	(2,890,753)	(2,655,881)
Net cash used in financing activities	(1,691,211)	(995,939)
Net decrease in cash and cash equivalents during the period	(1,669,068)	(957,197)
Cash and cash equivalents at the beginning of the period	2,798,299	6,412,181
Cash and cash equivalents at the end of the period	1,129,231	5,454,984

The annexed notes from 1 to 18 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 QUARTER ENDED SEPTEMBER 30, 2019**

1. LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Sarmaya Izafa Fund (formerly NAFA Islamic Asset Allocation Fund)(the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 03, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on October 07, 2013 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.

Last year on May 30, 2019, the name of the Fund was changed from NAFA Islamic Assets Allocation Fund to NBP Islamic Sarmaya Izafa Fund. The change of name was made effective vide Fund's twelfth Supplemental Offering Document which was approved by SECP vide its letter no. SCD/AMCW/NAFA/364/2019 dated April 04, 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 and categorized as an Islamic Asset Allocation Scheme and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on December 24, 2019, and has assigned performance ranking of 3-star to the Fund.

Title of 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

These condensed interim financial statements 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 IFRS, 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

2.1.1 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2019.

2.1.2 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 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 condensed interim financial statements has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.3 Functional and presentation currency

These condensed interim financial statements is presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand rupees, unless otherwise specified.

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

The principal accounting policies applied in the preparation of this condensed interim financial statements as set out below:

3.1 The accounting policies adopted in the preparation of these 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 these condensed interim financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 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 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial statements.

3.4 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements 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	54,109	54,854
Savings accounts	4.2 & 4.3	1,075,122	2,743,445
		1,129,231	2,798,299

- 4.1 These include bank balances of Rs. 5.392 million (June 30, 2019: Rs. 4.798 million), maintained with National Bank of Pakistan (related party).
- 4.2 These savings accounts carry mark-up at rates ranging from 8% to 13.35% per annum (June 30, 2019: 2.40% to 13.85% per annum).
- 4.3 These include a bank balances of Rs. 0.237 million and Rs. 949.228 (June 30, 2019: Rs. 0.042 million and Rs. 294.697 million), which are maintained with National Bank of Pakistan and Bank Islami Pakistan, (related parties), and all parties carry mark-up at the rate of 8% and 13.35% (June 30, 2019: 8.75%) per annum respectively.

5. INVESTMENTS	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Financial assets at fair value through profit or loss			
Rupees in '000			
Listed equity securities	5.1	4,140,771	3,911,211
Sukuks	5.2	817,998	131,413
5.1 Listed equity securities		4,958,769	4,042,624

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	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 investment	Investment as a percentage of paid up capital of the investee company
Number of shares					Rupees in '000				
-----					----- %				

All shares have a nominal face value of Rs. 10 each except for shares of K-Electric Limited which have a face value of Rs. 5.

OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	153,680	-	-	42,400	111,280	41,151	0.69	0.83	0.13
Pakistan State Oil Company Limited (5.1.1) & (5.1.2)	802,938	-	102,888	355,500	550,326	105,464	1.78	2.13	0.20
Hascal Petroleum Limited	61,141	-	-	57,717	3,424	92	-	-	0.00
Sui Northern Gas Pipelines Limited	1,102,500	767,000	-	400,000	1,469,500	111,932	1.89	2.26	1.37
Shell Pakistan Limited	67,200	-	-	67,200	-	-	-	-	-
						4.36		5.22	

OIL AND GAS EXPLORATION COMPANIES

Oil and Gas Development Company Limited	3,424,400	415,000	-	1,319,500	2,519,900	358,632	6.04	7.23	0.06
Pakistan Oilfields Limited (5.1.1)	591,132	27,000	-	236,000	382,132	170,706	2.88	3.44	0.16
Pakistan Petroleum Limited (5.1.1)	2,829,761	672,000	429,252	1,123,500	2,807,513	385,022	6.49	7.76	0.14
Mari Petroleum Company Limited	210,786	-	21,079	-	231,865	303,766	5.12	6.13	0.21
						20.53		24.56	

REFINERY

National Refinery Limited	84,900	-	-	-	84,900	11,978	0.20	0.24	1.06
						0.20		0.24	

CHEMICALS

AKZO Noble Pakistan Limited	29,900	-	-	-	29,900	8,039	0.14	0.16	0.06
Dynea Pakistan Limited	21,500	-	-	-	21,500	1,996	0.03	0.04	0.02
Ittihad Chemicals Limited	360,525	-	-	360,525	-	-	-	-	-
Engro Polymer & Chemicals Limited (5.1.1)	2,588,500	1,387,500	-	247,000	3,729,000	123,840	2.09	2.50	4.84
Lotte Chemical Pakistan Ltd	1,667,000	-	-	1,667,000	-	-	-	-	-
						2.26		2.70	

PAPERS AND BOARD

Cherat Packaging Limited	137,500	-	13,750	-	151,250	18,366	0.31	0.37	0.10
						0.31		0.37	

FOOD AND PERSONAL CARE PRODUCTS

Al Shaheer Corporation Limited	1,116,654	-	-	-	1,116,654	15,778	0.27	0.32	0.79
						0.27		0.32	

NBP ISLAMIC SARMAYA IZAFI FUND (FORMERLY; NAFA ISLAMIC ASSET ALLOCATION FUND)



NBP FUNDS
Managing Your Savings

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	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 investment	Investment as a percentage of paid up capital of the investee company
	Number of shares					Rupees in '000	%		
ENGINEERING									
International Steels Limited	445,300	560,000	-	308,888	696,412	40,315	0.68	0.81	0.16
International Industries Limited	186,700	9,670	-	90,000	106,370	11,790	0.20	0.24	0.09
K.S.B. Pumps Company Limited	8,200	-	-	-	8,200	1,394	0.02	0.03	0.06
Mughal Iron And Steel Industries Limited	693,043	580,000	-	-	1,273,043	52,157	0.88	1.05	0.51
							1.78	2.13	
CEMENT									
D.G. Khan Cement Company Limited	124,000	675,500	-	314,000	485,500	36,058	0.61	0.73	0.42
Lucky Cement Limited	348,750	194,500	-	74,400	468,850	200,855	3.39	4.05	0.14
Maple Leaf Cement Factory Limited	1,078,000	321,000	-	1,399,000	-	-	-	-	-
Attock Cement Pakistan Limited	44,761	-	-	-	44,761	4,627	0.08	0.09	0.33
Kohat Cement Company Limited	464,810	168,000	-	-	632,810	48,979	0.83	0.99	3.15
Fauji Cement Company Limited	-	2,120,000	-	-	2,120,000	32,987	0.56	0.67	1.54
PECTO Cement Limited	239,200	-	-	-	239,200	6,100	0.10	0.12	0.48
							5.57	6.65	
TRANSPORT									
Pakistan National Shipping Corporation	152,200	-	-	-	152,200	14,296	0.24	0.29	0.12
							0.24	0.29	
TEXTILE COMPOSITE									
Nishat Mills Limited	2,219,900	114,000	-	858,100	1,475,800	156,641	2.64	3.16	0.42
Kohinoor Textile Mills Limited	1,046,780	-	-	220,000	826,780	32,302	0.54	0.65	6.20
Interloop Limited	761,377	-	-	-	761,377	44,198	0.74	0.89	-
Synthetic Products Limited	456,000	21	-	455,475	546	19	-	-	0.00
							3.92	4.70	
FERTILIZER									
Engro Corporation Limited (5.1.1)	1,606,020	91,000	-	147,000	1,550,020	535,144	9.02	10.79	0.30
Engro Fertilizers Limited	4,499,000	350,000	-	1,206,000	3,643,000	267,505	4.51	5.39	0.27
							13.54	16.17	
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited (5.1.1)	5,042,011	-	-	589,000	4,453,011	415,689	7.01	8.38	0.38
Lalpir Power Limited	407,000	-	-	-	407,000	5,906	0.10	0.12	0.11
K-Electric Limited	5,159,000	-	-	2,405,500	2,753,500	12,033	0.20	0.24	0.01
							7.31	8.74	
COMMERCIAL BANKS									
Meezan Bank Limited (Refer 5.1.2)	3,171,093	199,000	-	499,000	2,871,093	273,127	4.60	5.51	0.29
							4.60	5.51	
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	70,000	-	-	-	70,000	49,309	0.83	0.99	0.16
Honda Atlas Cars (Pakistan) Limited	6,600	100	-	-	6,700	1,467	0.02	0.03	0.00
Agriautos Industries Co. Ltd.	1,400	-	-	-	1,400	280	-	0.01	0.05
							0.85	1.03	
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	234,500	-	-	-	234,500	15,526	0.26	0.31	1.76
Thal Limited	1	-	-	-	1	-	-	-	0.00
							0.26	0.31	
PHARMACEUTICALS									
Ferozsons Laboratories Limited	4,500	-	-	-	4,500	943	0.02	0.02	0.01
The Searle Company Limited	3,817	65,000	-	-	68,817	12,989	0.22	0.26	0.05
AGP Limited	109,000	-	-	-	109,000	10,829	0.18	0.22	0.39
GlaxoSmithKline Pakistan Limited	172,900	-	-	144,500	28,400	4,560	0.08	0.09	0.01
							0.50	0.59	

5.2.1 Other particulars of sukuk 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
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR offer rate + 0.50% Spread	AA-	14-Jul-17	14-Jul-27
Engro Powergen Thar (Pvt) Limited	5,000	3 months KIBOR offer rate + 1.10% Spread	A	2-Aug-19	2-Aug-24
The HUB Power Company Limited	100,000	3 months KIBOR offer rate + 1.90% Spread	AA+	22-Aug-19	22-Aug-23
Engro Polymer Chemical Limited	100,000	3 months KIBOR offer rate + 0.90% Spread	AA	11-Jan-19	11-Jul-26

5.3 Non-performing Sukuk

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

Rupees in '000 ----- % -----

All sukuk have a face value of Rs. 5,000 each.

Eden Housing Limited	5.3.1	5,000	-	-	5,000	-	-	-	-
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Carrying value as at December 31, 2019

4,922

Accumulated impairment

4,922

5.3.1 This represents investment in privately placed sukuk with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. 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.

5.3.2 The sukuk held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

5.3.3 Other particulars of sukuk 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
------------------------------	-------------------------	------------------------	--------	------------	---------------

Eden House Limited	-Rupees- 984	6 Month KIBOR plus 2.5%	Not rated	31-Mar-08	31-Mar-13
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(Un-audited) (Audited)
December 31, **June 30,**
2019 **2019**

-----Rupees in '000-----

6. MARK-UP ACCRUED AND DIVIDEND RECEIVABLES

Mark-up accrued on bank balances	14,502	38,035
Mark-up accrued on debt securities	23,220	6,686
Dividend receivables	2,398	5,200
	<u>40,120</u>	<u>49,921</u>

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
7. PAYABLE TO NBP ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	7.1	7,474	12,236
Sindh Sales Tax on remuneration of the Management Company	7.2	972	1,591
Operational expenses	7.3	1,375	4,397
Selling and marketing expenses	7.4	16,302	17,590
Sales and transfer load		6,807	5,433
Sindh Sales Tax and Federal Excise Duty on sales load		20,220	20,041
		<u>53,150</u>	<u>61,288</u>

- 7.1** Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or a combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015, SECP had made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provision of amended NBFC Regulations, the applicable rate has been changed to 2% of average annual net assets.

Accordingly, Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund from that date.

Effective from 12 July 2019, Management Company has revised its remuneration at the rate of 1.5% of the average annual net assets of the Fund from that date.

- 7.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 7.3** This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged the actual cost, being the lower amount, to the Fund.
- 7.4** 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, selling and marketing expense has been changed from 0.4% to 1.15% of daily net asset value of the Fund. Considering the actual expenses, the Board has approved the maximum limits on December 17, 2019, thereby, allowing management to change the percentages within limits. Consequently, management has further changed the limit from 1.15% to 1.35%.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	8.1	583	694
Sindh Sales Tax on remuneration of the Trustee	8.2	76	90
		659	784

8.1 "The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

The applicability of Tariff Structure to the Fund is same as upto Rs 1 billion of Net Assets @ 0.20% or 0.7 million per annum (whichever is higher) and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion."

Effective from 1 July, 2019 Tariff Structure to the Fund is revised as upto Rs 1 billion of Net Assets .@ 0.20% per annum and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion.

8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the 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 "asset allocation" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019, fee has been reduced to 0.02% per annum from 0.075% per annum. The fee is paid annually in arrears.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		438	478
Provision for Sindh Workers' Welfare Fund	10.2	77,295	60,862
Federal Excise Duty on remuneration of the Management Company	10.1	18,406	18,406
Bank charges		451	38
Settlement charges		432	156
Printing charges		8	8
Brokerage		727	197
Charity		8,719	8,855
Withholding tax		343	222
Capital gain tax		1,014	1,595
Others		2,646	2,034
		110,479	92,851

10.1 "The legal status of applicability of Federal Excise Duty (FED) on the Fund is same as disclosed in note 10.2 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 Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

Had the provision not being made, the net asset value per unit as at December 31, 2019 would have been higher by Rs. 0.0503 per unit (June 30, 2019: Rs.0.0369 per unit)."

10.2 The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 16 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 SWWF amounted to Rs. 77.295 million (June 30, 2019 : 60.862). Had the provision not being made, the net asset value per unit as at December 31, 2019 would have been higher by Rs.0.2111 per unit (June 30, 2019: Rs. 0.1220 per unit).

11. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments 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 realised or unrealised 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. DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan 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 Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
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-----Rupees in '000-----

Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks (13.1)	4,922	(4,922)	-	-	-
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13.1 At the time of purchase, these sukuk were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

14. TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 3.86% (2019: 3.14%) per annum including 0.83% (2019: 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 20 June, 2019, total expense ratio has been limited to 4.5% for Equity / Balanced / Asset Allocation Funds.

15. TRANSACTIONS 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, NAFA Pension Fund, NAFA Provident Fund Trust being associates Management Company and other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the fund.

15.2 The transactions with connected persons and related parties 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 transaction with connected persons and related parties are as follows:

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in '000' -----	
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of Management Company	42,189	111,934
Sindh Sales Tax on remuneration of the Management Company	5,485	14,551
Reimbursement of operational expenses to the Management Company	2,744	5,597
Selling and marketing expense	30,504	22,387
NBP Fullerton Asset Management Limited (Provident Fund Company)		
Units redeemed / transferred out Nil units (2018: 443,895 units)	-	6,538
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	3,247	6,101
Sindh Sales Tax on remuneration of the Trustee	422	793
Settlement charges	116	39
Employees of the Management Company		
Units issued / transferred in 42,279 units (2018: 76,141 units)	599	1,158
Units redeemed / transferred out 41,763 units (2018: 142,653 units)	566	2,145

NBP ISLAMIC SARMAYA IZAFI FUND (FORMERLY; NAFA ISLAMIC ASSET ALLOCATION FUND)



	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in '000' -----	
Taurus Securities (Private) Limited (Subsidiary of Parent of the Management Company)		
Brokerage charges	136	384
NBP Islamic Savings Fund (Fund Managed by Management Company)		
Purchase of Sukuk	88,457	-
*International Industries Limited (Common directorship with the Management Company)		
Ordinary shares purchased Nil (2018: 187,000 shares)	-	32,279
Ordinary shares Sold Nil (2018: 139,000 shares)	-	21,121
Dividend Income	-	896
International Steel Limited (Common directorship with the Management Company)		
Ordinary shares purchased 560,000 (2018: 1,295,700 shares)	28,297	111,048
Ordinary shares sold 308,888 (2018: 717,700 shares)	9,641	53,945
Dividend Income	446	3,076
*Cherat Cement Company Limited (Common directorship with the Management Company)		
Ordinary shares sold Nil (2018: 392,500 shares)	-	29,036
Dividend Income	-	2,387
Portfolio managed by Management Company		
Units issued / transferred in NIL units (2018: 885,727 units)	-	14,016
Units redeemed / transferred out 152,578 units (2018: 571,788 units)	2,016	9,000
**The Hub Power Company Limited (Common directorship with the Management Company)		
Ordinary shares sold 589,000 (2018: Nil shares)	42,362	-
Dividend Income	-	-
Purchase of Sukuk	300,000	-
Sukuk Income	19,943	-
**BankIslami Limited (Common directorship with the Management Company)		
Markup Income	14,931	-
**National Clearing Company of Pakistan Limited (Common directorship with the Management Company)		
NCCPL Charges	550	-
**Pakistan Stock Exchange Limited (Common Directorship with the Management Company)		
Listing fee paid	25	-

*Current period transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the period.

**Prior period transactions with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

NBP ISLAMIC SARMAYA IZAFI FUND (FORMERLY; NAFA ISLAMIC ASSET ALLOCATION FUND)



	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- Rupees in '000' -----	
15.6 Amounts outstanding as at period / year end are as follows:		
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of the Management Company	7,474	12,236
Sindh Sales Tax on remuneration of the Management Company	972	1,591
Operational expenses	1,375	4,397
Sales load	6,807	5,433
Selling and marketing expense	16,302	17,590
Sindh Sales Tax and Federal Excise Duty on sales load	20,220	20,041
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	583	694
Sindh Sales Tax on remuneration of the Trustee	76	90
Settlement Charges Payable	86	23
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balance	5,630	4,836
Mark-up accrued	5	5
**National Clearing Company of Pakistan Limited (Common directorship with the Management Company)		
Security Deposit	2,500	-
Settlement charges payable	432	-
*International Industries Limited (Common directorship with the Management Company)		
Ordinary shares held (June 30, 2019: 186,700 shares)	-	36,700
International Steel Limited (Common directorship with the Management Company)		
Ordinary shares held 696,412 (June 30, 2019: 445,300 shares)	40,315	35,737
*Cherat Cement Company Limited (Common directorship with the Management Company)		
Ordinary shares held (June 30, 2019 :262,700)	-	45,542
**The Hub Power Company Limited (Common directorship with the Management Company)		
Ordinary shares held 4,453,011 (June 30, 2019 :Nil)	415,689	-
Investment in Sukuk	302,700	-
Accrued Mark-up of Sukuk	5,099	-
**Bank Islami Pakistan Limited (Common directorship with the Management Company)		
Bank balance	949,228	29,470
Mark-up accrued	5,036	20,441
*Askari Bank Limited (Common directorship with the Management Company)		
Bank balance	-	509
*Summit Bank Limited (Common directorship with the Management Company)		
Bank balance	-	11,016
Portfolios managed by the Management Company		
Investment held in the Fund units Nil (June 2019: 152,578 units)	-	2,079
Employees of the Management Company		
Investment held in the Fund units 74,444 (June 2019: 73,928 units)	1,207	1,016

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

**Prior period balances with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

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.

Fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

December 31, 2019	Note	Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----								
Financial assets measured at fair value								
Sukuks	5	817,998	-	817,998	86,169	731,829	-	817,998
Listed equity securities		4,140,771	-	4,140,771	4,140,771	-	-	4,140,771
		4,958,769	-	4,958,769	4,226,940	731,829	-	4,958,769
Financial assets not measured at fair value								
Bank balances	4	-	1,129,231	1,129,231	-	-	-	-
Accrued interest	6	-	47,523	47,523	-	-	-	-
Receivable against transfer of units		-	11,254	11,254	-	-	-	-
Deposits and other receivables		-	5,939	5,939	-	-	-	-
		-	1,193,947	1,193,947	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	7	-	53,150	53,150	-	-	-	-
Remuneration payable to the Trustee	8	-	659	659	-	-	-	-
Payable against redemption of units		-	46,983	46,983	-	-	-	-
Accrued expenses and other liabilities	10	-	13,422	13,422	-	-	-	-
Net assets attributable to redeemable units		-	5,933,631	5,933,631	-	-	-	-
		-	6,047,845	6,047,845	-	-	-	-
June 30, 2019	Note	Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----								
Financial assets measured at fair value								
Sukuks	5	131,413	-	131,413	-	131,413	-	131,413
Listed equity securities		3,911,211	-	3,911,211	3,911,211	-	-	3,911,211
		4,042,624	-	4,042,624	3,911,211	131,413	-	4,042,624
Financial assets not measured at fair value								
Bank balances	4	-	2,798,299	2,798,299	-	-	-	-
Accrued interest	6	-	49,921	49,921	-	-	-	-
Receivable against sale of Investment		-	123,522	123,522	-	-	-	-
Deposits and other receivables		-	5,424	5,424	-	-	-	-
		-	2,977,166	2,977,166	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	7	-	61,288	61,288	-	-	-	-
Remuneration payable to the Trustee	8	-	784	784	-	-	-	-
Accrued expenses and other liabilities	10	-	11,766	11,766	-	-	-	-
Net assets attributable to redeemable units		-	6,855,373	6,855,373	-	-	-	-
		-	6,929,211	6,929,211	-	-	-	-

17. GENERAL

- 17.1** Figures have been rounded off to the nearest thousand rupees unless otherwise specified.
- 17.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.
- 17.3** These condensed interim financial statements are unaudited and have been reviewed by the auditors. Furthermore, the figures for the quarter 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

These condensed interim financial statements were 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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