

NBP ISLAMIC STOCK 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

Al Baraka Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank Limited
Silk Bank Limited
Sindh Bank Limited
Summit Bank Limited
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shaheed Chaudary Aslam Rd,
Civil Lines, Karachi, 75530

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

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

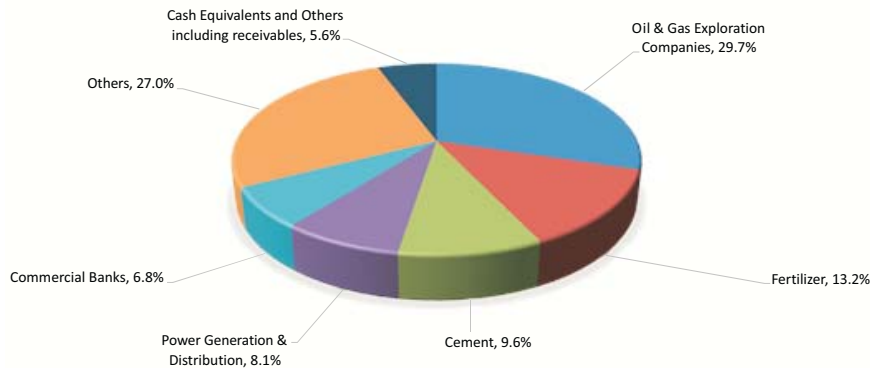
Fund's Performance

The size of NBP Islamic Stock Fund (Formerly: NAFA Islamic Stock Fund) has increased from Rs. 4,121 million to Rs. 5,637 million during the period, i.e. an increase of 37%. During the period the unit price of NBP Islamic Stock Fund (NISF) has increased from Rs. 9.1077 on June 30, 2019 to Rs. 10.9923 on December 31, 2019, thus showing an increase of 20.7%. The Benchmark (KMI-30 Index) for the same period has increased by 22.0%. Thus, the Fund has underperformed its Benchmark by 1.3% during the period under review. Since inception (January 09, 2015), the unit price of the Fund has shown a growth of 40.1% as compared to 25.9% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 14.2%. This performance is net of management fee and all other expenses.

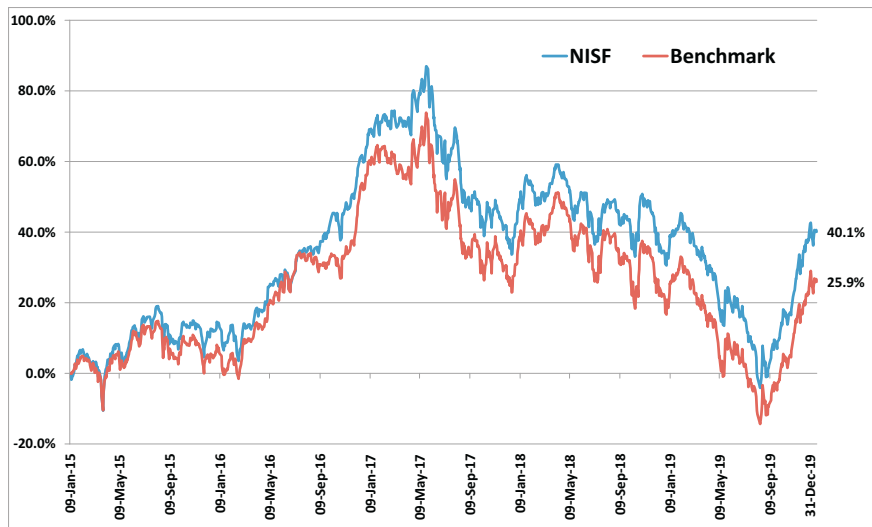
Reversing the negative trend of the last two years, the market staged a strong recovery as the benchmark KMI-30 Index surged by 22.0% during 1HFY2020, however the period was characterized with large swings. Despite flurry of positive developments that included accord of the IMF for USD 6 billion Extended 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.

NBP Islamic Stock Fund has earned a total income of Rs. 959.702 million during the period. After incurring total expenses of Rs. 94.871 million, the net income is Rs. 864.831 million. The asset allocation of the Fund as on December 31, 2019 is as follows:



NISF 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 اسٹاک فنڈ (سابقہ: NAFA اسلامک اسٹاک فنڈ) (NISF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

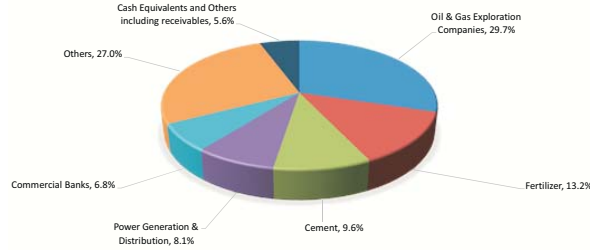
موجودہ مدت کے اختتام پر NBP اسلامک اسٹاک فنڈ (سابقہ: NAFA اسلامک اسٹاک فنڈ) کا سائز 4,121 ملین روپے سے بڑھ کر 5,637 ملین روپے ہو گیا، یعنی 37% کا اضافہ۔ اس مدت کے دوران، NBP اسلامک اسٹاک فنڈ (NISF) کے یونٹ کی قیمت 30 جون 2019 کو 9.1077 روپے سے بڑھ کر 31 دسمبر 2019 کو 10.9923 روپے ہو گئی، لہذا 20.7% کا اضافہ ہوا۔ اسی مدت کے دوران بیچ مارک (KMI-30 انڈیکس) 22.0% کا اضافہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 1.3% کی اہتر کارکردگی کا مظاہرہ کیا۔ اپنے قیام کے وقت (09 جنوری 2015) سے اب تک فنڈ کے یونٹ کی قیمت نے اپنے بیچ مارک میں 25.9% اضافہ کے مقابلے میں 40.1% کی نمو دکھائی۔ لہذا، فنڈ نے اپنے بیچ مارک سے 14.2% کی بہتر کارکردگی کا مظاہرہ کیا۔ 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 کمی واقع ہوئی۔ کشمیر میں آریٹل کے 370 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 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۔

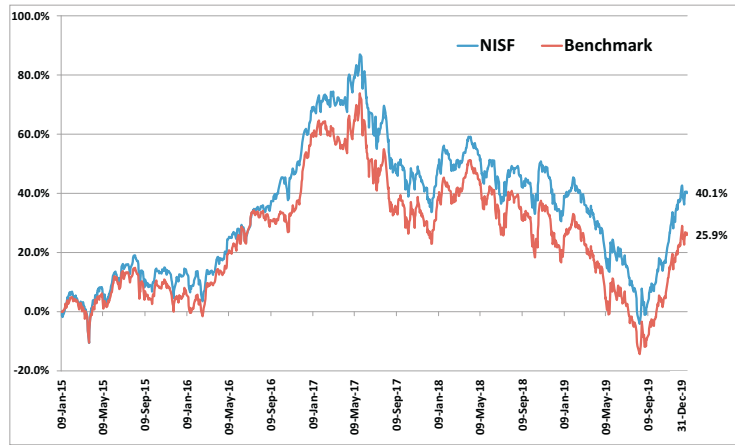
شعبہ جاتی کارکردگی کے تناظر میں انجینئرنگ، فارماسیوٹیکلز، کاغذ اور بورڈ، کیمیکلز اور ٹرانسپورٹ نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کرسٹل بینک، پاور جنریشن اور ڈسٹری بیوٹن نے ان کی پیروی کی۔ شریک دار سرگرمیوں کے تناظر میں انفرادی شرکت دار 140 ملین ڈالر کے مجموعی ان فلو کے ساتھ بڑے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

NBP اسلامک اسٹاک فنڈ (NISF) کو اس مدت کے دوران 959,702 ملین روپے کی مجموعی آمدنی ہوئی۔ 94,871 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 864,831 ملین روپے ہے۔

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



NISF کی کارکردگی بمقابلہ بیچ مارک



اظہار شکر

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 اینڈریج 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 Stock Fund [formerly NAFA Islamic Stock 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 Stock Fund** (formerly; NAFA Islamic Stock Fund) ("the Fund") as at 31 December 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 the condensed interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2019 in the interim financial information have not been reviewed and we do not express a conclusion on them.

The interim financial statements of the Fund for the six months period ended 31 December 2018 and financial statements for the year ended 30 June 2019 were reviewed and audited by another firm of auditors whose reports dated 27 February 2019 and 27 September 2019 expressed an unmodified conclusion and opinion thereon respectively.

The engagement partner on the engagement resulting in this independent auditors' review report is **Muhammad Nadeem**.

Date: February 28, 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

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

	Note	31 December 2019 Unaudited (Rupees in '000)	30 June 2019 Audited
Assets			
Bank balances	6	478,962	266,185
Investments	7	5,321,201	3,900,022
Receivable against sale of investments		-	39,695
Receivable against sale of units		31,685	-
Dividend and profit receivables		3,649	4,458
Advance, deposits and prepayment		7,123	4,200
Total assets		<u>5,842,620</u>	<u>4,214,560</u>
Liabilities			
Payable to NBP Fund Management Limited - Management Company	8	26,422	23,378
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	632	501
Payable to the Securities and Exchange Commission of Pakistan	10	421	5,301
Payable against purchase of investments		87,582	-
Payable against redemption of units		2,640	-
Accrued expenses and other liabilities	11	87,550	64,590
Total liabilities		<u>205,247</u>	<u>93,770</u>
Net assets		<u>5,637,373</u>	<u>4,120,790</u>
Unit holders' fund (as per statement attached)		<u>5,637,373</u>	<u>4,120,790</u>
Contingency and commitment	12		
		-----Number of units-----	
Number of units in issue		<u>512,846,134</u>	<u>452,452,689</u>
		-----Rupees-----	
Net assets value per unit		<u>10.9923</u>	<u>9.1077</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2019

	Note	Six months period ended		Three months period ended	
		2019	2018	2019	2018
(Rupees in '000)					
Income					
Gain / (loss) on sale of investments - net		39,081	(121,339)	90,524	(87,182)
Profit on bank deposits		19,910	35,718	11,138	15,163
Dividend income		139,002	154,334	89,264	92,227
Net unrealised appreciation / (diminution) on re-measurement of as investments classified financial assets 'at fair value through profit or loss'	7.2	761,709	(620,144)	983,321	(523,085)
Total income / (loss)		959,702	(551,431)	1,174,247	(502,877)
Expenses					
Remuneration of NBP Fund Management Limited - Management Company	8.1	32,224	59,623	18,096	29,379
Sindh Sales Tax on remuneration of the Management Company	8.2	4,189	7,751	2,352	3,819
Accounting and operational expenses	8.3	2,107	2,981	1,207	1,469
Selling and marketing expenses	8.4	23,751	11,925	14,331	5,876
Remuneration to Central Depository Company of Pakistan Limited - Trustee		2,610	3,485	1,459	1,721
Sindh Sales Tax on remuneration of Trustee	9.2	339	453	189	224
Annual fee of the Securities and Exchange Commission of Pakistan	10	421	2,832	241	1,395
Auditors' remuneration		364	302	235	196
Listing fee		14	14	7	6
Charity expense	11.3	3,435	-	3,435	-
Printing and other charges		20	24	19	10
Securities transaction cost		6,660	5,672	5,719	3,080
Legal and professional charges		22	16	13	7
Settlement and bank charges		573	1,032	166	620
Shari'ah advisor fee		381	475	154	372
Mutual fund rating fee		111	110	55	65
Total expenses		77,221	96,695	47,678	48,239
Net income / (loss) from operating activities		882,481	(648,126)	1,126,569	(551,116)
Provision for Sindh Workers' Welfare Fund	11.1	(17,650)	-	(17,650)	-
Net income / (loss) for the period before taxation		864,831	(648,126)	1,108,919	(551,116)
Taxation	13	-	-	-	-
Net income / (loss) for the period after taxation		864,831	(648,126)	1,108,919	(551,116)
Allocation of net Income for the period:					
Net income for the period		864,831		1,108,919	
Income already paid on units redeemed		(131,211)		(131,211)	
		733,620		977,708	
Accounting income available for distribution:					
- Relating to capital gains		667,445		667,445	
- Excluding capital gains		66,175		310,263	
		733,620		977,708	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2019

	<u>Six months period ended</u>		<u>Three months period</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	864,831	(648,126)	1,108,919	(551,116)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>864,831</u>	<u>(648,126)</u>	<u>1,108,919</u>	<u>(551,116)</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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 SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2019

	Six months period ended					
	2019			2018		
	Value	Undistributed income	Total	□Valu	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period (audited)	5,335,425	(1,214,635)	4,120,790	6,390,941	12,985	6,403,926
Issue of 322,755,560 units (2018: 214,078,118 units)						
- Capital value	2,939,561	-	2,939,561	2,439,913	-	2,439,913
- Element of income	240,817	-	240,817	(17,455)	-	(17,455)
Total proceeds on issuance of units	3,180,378	-	3,180,378	2,422,458	-	2,422,458
Redemption of 262,362,115 units (2018: 268,462,838 units)						
- Capital value	(2,389,515)	-	(2,389,515)	(3,059,752)	-	(3,059,752)
- Element of loss	(7,900)	(131,211)	(139,111)	79,386	-	79,386
Total payments on redemption of units	(2,397,415)	(131,211)	(2,528,626)	(2,980,366)	-	(2,980,366)
Total comprehensive income / (loss) for the period	-	864,831	864,831	-	(648,126)	(648,126)
Net assets at end of the period	6,118,388	(481,015)	5,637,373	5,833,033	(635,141)	5,197,892
Undistributed (loss) / income brought forward						
- Realised		(294,637)			502,116	
- Unrealised		(919,998)			(489,131)	
		(1,214,635)			12,985	
Accounting income available for distribution						
- Relating to capital gains	667,445				-	
- Excluding capital gains	66,175				-	
	733,620				-	
Total comprehensive loss for the period		-			(648,126)	
Undistributed loss carried forward		(481,015)			(635,141)	
Undistributed loss carried forward						
- Realised		(1,242,724)			(14,997)	
- Unrealised		761,709			(620,144)	
		(481,015)			(635,141)	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period			9.1077			11.3973
Net assets value per unit at end of the period			10.9923			10.2422

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019

	31 December	
	2019	2018
<i>Note</i>	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	864,831	(648,126)
Adjustments for:		
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(761,709)	620,144
	103,122	(27,982)
(Increase) / decrease in assets		
Investments	(659,470)	385,149
Dividend and profit receivable	809	6,460
Receivable against sale of investments	39,695	-
Advances, deposits and prepayments	(2,923)	8,107
	(621,889)	399,716
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	3,044	(5,771)
Payable to the Central Depository Company of Pakistan Limited - Trustee	131	(97)
Payable to the Securities and Exchange Commission of Pakistan	(4,880)	(4,183)
Payable against purchase of investment	87,582	10,399
Accrued expenses and other liabilities	22,960	(3,357)
	108,837	(3,009)
Net cash (used in) / generated from operating activities	(409,930)	368,725
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issue of units	3,148,693	2,416,075
Payments against redemption of units	(2,525,986)	(2,979,254)
Net cash from / (used in) financing activities	622,707	(563,179)
Net increase / (decrease) in cash and cash equivalents during the period	212,777	(194,454)
Cash and cash equivalents at the beginning of the period	266,185	989,555
Cash and cash equivalents at the end of the period	478,962	795,101

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Stock Fund (formerly NAFA Islamic Stock Fund) (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on 18 November 2014 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The SECP approved the change of name on 13 May 2019.

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 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 Management Company is a member of Mutual Fund Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended "Shariah compliant equity scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at Rs. 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from 9 January 2015 and are transferable and redeemable by surrendering them to the Fund.

The objective of the fund is to provide investors with long-term capital growth from an actively managed portfolio of shari'ah compliant listed equities securities. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an Asset Manager Rating of AM1 of Management Company and performance ranking of "4 - Star" to the Fund.

The title to the assets of the Fund is held in the name of the Central Depository Company Limited as the Trustee of the Fund.

2 STATEMENT OF COMPLIANCE

2.1 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 applicable in Pakistan for interim

- 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

2.1.1 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last annual financial statements.

2.1.2 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.2 New or Amendments / Interpretations to Existing Standards, Interpretation and Forthcoming Requirements

There are certain amendments which are effective from annual period beginning on or after 1 July 2019. These amendments are not likely to have an impact on the Fund's financial position. Therefore these are not stated in this condensed interim financial information.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. The Fund shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the condensed interim financial information of the Fund.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019)

provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on the Fund’s condensed interim financial information.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund’s functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund as at and for the year ended 30 June 2019.

4 USE OF ESTIMATES AND JUDGEMENTS

In preparing these condensed interim financial information, management has made judgement, estimates and assumptions that affect the application of the Fund’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the condensed interim financial information to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment are the same as those that applied to annual financial statements as at and for the year ended 30 June 2019.

5 FINANCIAL RISK MANAGEMENT

The Fund’s financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2019.

6	BANK BALANCES	Note	31 December	30 June
			2019	2019
			Unaudited	Audited
			(Rupees in '000)	
	In current accounts		32,235	44,427
	In savings accounts	6.1, 6.2 & 6.3	446,727	221,758
			<u>478,962</u>	<u>266,185</u>

6.1 These carry a rate of return ranging from 7.05% to 14.50% (30 June 2019: 9.5% to 13.5%) per annum.

6.2 These includes cheques amounting to Rs. 0.008 million issued on account of redemption of units and cheques amounting to Rs. 14.88 million received on account of issuance of units as at period.

6.3 These includes cheques amounting to Rs. 99.61 million and Rs. 7.71 million issued and received on account of conversion / switching of units between funds managed by the Management Company as per the instructions of units holders of the respective funds as at period end.

7 INVESTMENTS

31 December **30 June**
2019 **2019**
Note **Unaudited** **Audited**
(Rupees in '000)

Financial assets 'at fair value through profit or loss'

- Listed equity securities 7.1 **5,321,201** **3,900,022**

7.1 Investment in listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Agriauto Industries Limited, Al-Ghazi Tractors Limited, Habib Sugar Mills Limited, Shabbir Tiles & Ceramics Limited and Thal Limited which have a face value of Rs 5 each and K-Electric Limited which have a face value of Rs 4 each.

Name of the Investee Company	As at 01 July 2019	Purchases during the period	Bonus Shares issued during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 December 2019	Market value /carrying value as at 31 December 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
			(Number of shares)				(Rupees in '000)	(%)		
Automobile Assembler										
Al-Ghazi Tractors Limited	-	3,900	-	-	-	3,900	1,433	0.03	0.03	0.01
Honda Atlas Cars (Pakistan) Ltd.	-	284,900	-	-	-	284,900	62,376	1.11	1.17	0.20
Indus Motor Company Limited	-	8,700	-	-	-	8,700	10,106	0.18	0.19	0.01
Millat Tractors Limited	-	90,800	-	-	-	90,800	63,961	1.13	1.20	0.18
Sazgar Engineering Works (refer note 7.1.2)	4	-	-	-	-	4	1	-	-	-
	4	388,300	-	-	-	388,304	137,877	2.45	2.59	
Automobile Parts and Accessories										
Agriauto Industries Limited	26,100	5,100	-	-	-	31,200	6,240	0.11	0.12	0.11
Baluchistan Wheels Limited	10,000	-	-	-	-	10,000	662	0.01	0.01	0.07
Thal Limited	-	142,400	-	-	-	142,400	48,164	0.85	0.91	0.18
	36,100	147,500	-	-	-	183,600	55,066	0.97	1.04	
Cable and Electrical Goods										
Pak Elektron Limited	-	1,930,000	-	-	1,373,000	557,000	15,078	0.27	0.28	0.11
Cement										
D.G. Khan Cement Company Limited	191,000	1,278,000	-	-	1,175,000	294,000	21,835	0.39	0.41	0.07
Fauji Cement Company Ltd.	700,000	3,798,000	-	-	2,685,500	1,812,500	28,203	0.50	0.53	0.13
Kohat Cement Company Limited	377,710	936,500	-	-	-	1,314,210	101,720	1.80	1.91	0.65
Lucky Cement Limited (refer note 7.1.1)	380,700	426,700	-	-	99,300	708,100	303,350	5.38	5.70	0.22
Maple Leaf Cement Factory Limited	1,526,000	2,895,000	-	297,500	1,651,000	3,067,500	70,982	1.26	1.33	0.28
Pioneer Cement Limited	445,100	420,000	-	-	445,100	420,000	12,806	0.23	0.24	0.18
	3,620,510	9,754,200	-	297,500	6,055,900	7,616,310	538,896	9.56	10.12	
Chemical										
Engro Polymer & Chemicals Limited	2,245,480	2,619,500	-	-	1,769,000	3,095,980	102,817	1.82	1.93	0.34
I.C.I Pakistan Limited	-	62,500	-	-	-	62,500	42,178	0.75	0.79	0.07
Lotte Chemical Pakistan Ltd	3,190,000	-	-	-	3,190,000	-	-	-	-	-
	5,435,480	2,682,000	-	-	4,959,000	3,158,480	144,995	2.57	2.72	
Commercial Banks										
Meezan Bank Limited	3,483,431	719,500	-	-	179,000	4,023,931	382,796	6.79	7.19	0.31
Engineering										
Amreli Steels Limited	-	1,461,000	-	-	455,000	1,006,000	36,337	0.64	0.68	0.34
International Industries Ltd	166,500	220,000	10,200	-	64,500	332,200	36,821	0.65	0.69	0.25
International Steels Ltd	394,900	1,321,000	-	-	990,900	725,000	41,970	0.74	0.79	0.17
Ittefaq Iron Industries	-	2,717,500	-	-	-	2,717,500	26,632	0.47	0.50	1.88
Mughal Iron and Steel Industries Limited (refer note 7.1.2)	330,823	1,494,500	-	-	-	1,825,323	74,783	1.33	1.41	0.73
	892,223	7,214,000	10,200	-	1,510,400	6,606,023	216,543	3.83	4.07	

NBP ISLAMIC STOCK FUND (FORMERLY; NAFA ISLAMIC STOCK FUND)



Name of the Investee Company	As at 01 July 2019	Purchases during the period	Bonus Shares issued during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 December 2019	Market value /carrying value as at 31 December 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)				(Rupees in '000)		(%)			
Investment Banks / Investment Company / Securities Company										
Dawood Hercules Corporation Limited	12,000	-	-	-	-	12,000	1,851	0.03	0.03	-
Fertilizer										
Engro Corporation Limited (refer note 7.1.1)	1,577,020	276,000	-	-	397,600	1,455,420	502,484	8.91	9.44	0.25
Engro Fertilizers Limited	5,142,500	1,549,500	-	-	3,432,000	3,260,000	239,382	4.25	4.50	0.24
Fatima Fertilizer Company Limited	9,500	-	-	-	-	9,500	253	-	-	-
	6,729,020	1,825,500	-	-	3,829,600	4,724,920	742,119	13.16	13.94	
Food and Personal Care Products										
Al Shaheer Corporation Limited (refer note 7.1.2)	1,223,338	319,500	-	-	681,500	861,338	12,171	0.22	0.23	0.61
Al-Tahur Limited	509,365	1,383,500	91,536	-	-	1,984,401	41,573	0.74	0.78	1.23
	1,732,703	1,703,000	91,536	-	681,500	2,845,739	53,744	0.96	1.01	
Glass and Ceramics										
Shabbir Tiles & Ceramics Limited	26,500	-	-	-	-	26,500	264	-	-	0.01
Tariq Glass Industries Limited	655,800	33,000	-	-	-	688,800	73,702	1.31	1.39	0.94
	682,300	33,000	-	-	-	715,300	73,966	1.31	1.39	
Oil & Gas Exploration Company										
Mari Petroleum Company Limited	222,431	111,040	22,773	-	5,300	350,944	459,772	8.16	8.64	0.26
Oil & Gas Development Company Limited	4,051,400	513,000	-	-	1,948,500	2,615,900	372,295	6.60	7.00	0.06
Pakistan Oilfields Limited (refer note 7.1.1)	460,040	422,200	-	-	117,400	764,840	341,669	6.06	6.42	0.27
Pakistan Petroleum Limited (refer note 7.1.1)	2,956,710	1,769,500	550,382	-	1,612,300	3,664,292	502,521	8.91	9.44	0.13
	7,690,581	2,815,740	573,155	-	3,683,500	7,395,976	1,676,257	29.73	31.50	
Oil & Gas Marketing Company										
Attock Petroleum Limited	33,950	-	-	-	-	33,950	12,555	0.22	0.24	0.03
Hascol Petroleum Limited (refer note 7.1.1 & 7.1.2)	21,033	-	-	-	19,449	1,584	43	-	-	-
Pakistan State Oil Company Limited (refer note 7.1.2)	611,044	95,000	96,809	-	391,500	411,353	78,832	1.40	1.48	0.09
Sui Northern Gas Pipelines Limited	992,200	1,409,500	-	-	591,000	1,810,700	137,921	2.45	2.59	0.29
	1,658,227	1,504,500	96,809	-	1,001,949	2,257,587	229,351	4.07	4.31	
Paper & Board										
Cherat Packaging Ltd.	293,559	-	19,355	-	100,000	212,914	25,854	0.46	0.49	0.50
Packages Limited	-	153,700	-	-	-	153,700	61,286	1.09	1.15	0.17
	293,559	153,700	19,355	-	100,000	366,614	87,140	1.55	1.64	
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	22,150	-	-	-	-	22,150	9,896	0.18	0.19	0.02
Ferozsons Laboratories Limited	65,900	64,500	-	-	-	130,400	27,334	0.48	0.51	0.43
Glaxosmithkline Pakistan Limited	103,200	-	-	-	-	103,200	16,571	0.29	0.31	0.03
The Searle Company Limited (refer note 7.1.2)	1,915	92,000	-	-	-	93,915	17,726	0.31	0.33	0.04
	193,165	156,500	-	-	-	349,665	71,527	1.26	1.34	
Power Generation & Distribution										
K-Electric Ltd	3,951,500	6,374,500	-	-	7,193,000	3,133,000	13,691	0.24	0.26	0.01
The Hub Power Company Limited (refer note 7.1.2)	4,440,283	1,589,500	-	-	1,303,500	4,726,283	441,199	7.83	8.29	0.36
	8,391,783	7,964,000	-	-	8,496,500	7,859,283	454,890	8.07	8.55	
Refinery										
Attock Refinery Limited	69,200	-	-	-	69,200	-	-	-	-	-

NBP ISLAMIC STOCK FUND (FORMERLY; NAFA ISLAMIC STOCK FUND)



Name of the Investee Company	As at 01 July 2019	Purchases during the period	Bonus Shares issued during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 December 2019	Market value /carrying value as at 31 December 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
			(Number of shares)	(Number of shares)			(Rupees in '000)	(%)	(%)	
Sugar & Allied Industries										
Faran Sugar Mills Limited	-	320,000	-	-	-	320,000	24,291	0.43	0.46	1.28
Habib Sugar Mills Limited	-	250,500	-	-	-	250,500	9,581	0.17	0.18	0.17
Mirpurkhas Sugar Mills Limited	-	1,000	-	-	-	1,000	101	-	-	0.01
	-	571,500	-	-	-	571,500	33,973	0.60	0.64	
Technology and Communication										
Avanceon Limited (refer note 7.1.2)	263,475	-	-	-	253,140	10,335	388	0.01	0.01	0.01
NetSol Technologies Limited	753,900	-	-	-	126,500	627,400	41,321	0.73	0.78	0.70
System Limited	551,650	-	-	-	43,000	508,650	63,224	1.12	1.19	0.41
	1,569,025	-	-	-	422,640	1,146,385	104,933	1.86	1.98	
Textile Composite										
Interloop Limited	946,662	-	-	-	-	946,662	54,954	0.97	1.03	0.11
Kohinoor Textile Mills Limited (refer note 7.1.2)	855,533	-	-	-	354,000	501,533	19,595	0.35	0.37	0.17
Nishat Mills Limited	2,124,900	1,144,000	-	-	1,323,300	1,945,600	206,505	3.66	3.88	0.55
	3,927,095	1,144,000	-	-	1,677,300	3,393,795	281,054	4.98	5.28	
Transport										
Pakistan National Shipping Corporation Limited	17,000	-	-	-	-	17,000	1,597	0.03	0.03	0.01
Miscellaneous										
EcoPack Limited (refer note 7.1.2)	2,083	-	208	-	-	2,291	32	-	-	0.01
Synthetic Products Enterprises Limited (refer note 7.1.2)	1,302,600	-	19,304	-	820,000	501,904	17,516	0.31	0.33	0.57
	1,304,683	-	19,512	-	820,000	504,195	17,548	0.31	0.33	
Total - 31 December 2019	47,738,089	40,706,940	810,567	297,500	34,859,489	54,693,607	5,321,201	94	100	
Carrying value before fair value adjustment as at 31 December 2019							4,559,492			

7.1.1 Investments include shares with market value of Rs 144.037 million (30 June 2019: 137.164 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

7.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has led a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 3.4938 million (30 June 2019: 2.868 million) and not deposited in CDC account of department of Income Tax.

7.2 Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	31 December 2019	31 December 2018
Note	Unaudited (Rupees in '000)	
Market value of securities	7.1 5,321,201	4,489,655
Less: Carrying value of investments	(4,559,492)	(5,109,799)
	<u>761,709</u>	<u>(620,144)</u>

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

Remuneration of the Management Company	8.1	7,118	7,225
Sindh Sales Tax on the remuneration of the Management Company	8.2	925	939
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	1,206	2,598
Selling and marketing expenses	8.4	14,331	10,394
Sales and transfer load payable to Management Company		2,497	2,202
Sindh Sales Tax on sales load		325	-
Other payable		20	20
		<u>26,422</u>	<u>23,378</u>

8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. The Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund till 11 July 2019 and with effective from 12 July 2019 the Management Company has revised its remuneration rate and charged it at the rate of 1.5% of the average annual net assets of the Fund.

8.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the period, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on management remuneration and sales load.

8.3 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

8.4 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. Subsequently, the Management Company has revised selling and marketing expenses rate during the period and charged accordingly as follows:

Period	Rate per annum
1 July 2019 to 11 July 2019	0.4% of net assets or actual expenses whichever is lower.
12 July 2019 to 16 December 2019	1.15% of net assets or actual expenses whichever is lower.
17 December 2019 to 31 December 2019	1.35% of net assets or actual expenses whichever is lower.

9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	31 December	30 June
			2019	2019
			Unaudited	Audited
			(Rupees in '000)	
	Trustee Remuneration	9.1	560	443
	Sindh Sales Tax on Trustee remuneration	9.2	72	58
			<u>632</u>	<u>501</u>

9.1 Upto 30 June 2019, the Trustee was entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.

Net assets	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% per annum of net assets, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

However, with effective from 1 July 2019 the Trustee has revised its remuneration which is as follows:

Net assets	Tariff per annum
Upto 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 exceeding Rs. 1,000 million.

The remuneration is paid to the Trustee monthly in arrears.

9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the period, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on trustee remuneration.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP at an amount equal to 0.095 percent per annum of the average net assets of the Fund till 30 June 2019 and with effective from 1 July 2019 SECP has revised its fee rate to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

		31 December 2019 Unaudited	30 June 2019 Audited
	Note	(Rupees in '000)	
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Worker's Welfare Fund	11.1	62,090	44,440
Federal Excise Duty on management remuneration	11.2	8,209	8,209
Federal Excise Duty on sales load		2,327	2,327
Auditors' remuneration payable		321	458
Brokerage payable		2,553	311
Settlement and bank charges		91	175
Legal fee		11	12
Shari'ah advisor fee payable		1,331	950
Charity payable	11.3	7,624	7,489
Withholding tax payable		857	150
Capital gain tax payable		2,122	8
Payable against printing charges		14	61
		87,550	64,590

11.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly the fund has recorded the adjustments on 12 January 2017 . Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.1211 (2019: Rs 0.098) per unit.

11.2 The status of Federal Excise Duty (FED) is same as disclosed in annual financial statements for the year ended 30 June 2019. Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 8.209 million (30 June 2019: Rs. 8.209 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0160 (30 June 2019: Rs. 0.018) per unit.

11.3 This represents the haram portion of the dividend income determined on the rates specified by Shariah advisor.

12 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 31 December 2019 (30 June 2019: Nil).

13 TAXATION

The income of the Fund is exempt from income tax under 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% of the 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 its accounting income as per its distribution policy for the year ending 30 June 2020 if require to ensure the compliance of this clause. Accordingly, no provision for taxation has been made in these condensed interim financial information.

14 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 4.34% per annum. Total expense ratio (excluding government levies) is 3.26% per annum.

15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

15.1 Connected persons include NBP Fund Management Limited (NBP Funds) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management

Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding 10 percent or more units of the Fund.

- 15.2** The transactions with connected persons are in the normal course of business, at contracted / agreed rates.
- 15.3** Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 15.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust of Deed.
- 15.5** **Details of transactions with connected persons are as follows:**

	------(Un-audited)-----	
	Six months period ended	
	2019	2018
	------(Rupees in '000)-----	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	32,224	59,623
Sindh Sales Tax on remuneration of the Management Company	4,189	7,751
Accounting and operational expenses	2,107	2,981
Selling and marketing expenses	23,751	11,925
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	2,610	3,485
Sindh Sales Tax on remuneration of the Trustee	339	453
National Fullerton Asset Management Limited - Employees Provident Fund		
Redemption of Nil units (2018: 197,915 units)	-	2,075
Employees of the Management Company		
Issue of 21,516,219 units (2018: 12,171,828 units)	203,865	131,474
Redemption of 18,059,531 units (2018: 9,327,522 units)	175,068	106,351
Taurus Securities Limited		
Brokerage expense	381	309
Summit Capital (Private) Limited*		
Brokerage expense	-	94
Muhammad Murtaza Ali - Company Secretary / Chief Operating Officer		
Issue of Nil units (2018: 8,756 units)	-	100
Redemption of 42 units (2018: 29,655 units)	-	339
Bank Islami Pakistan Limited		
Profit on bank deposits	7,799	11,148
Cherat Cement Company Limited*		
Sale of Nil (2018:406,400 shares)	-	34,413
Dividend income	-	1,977
The Hub Power Company Limited**		
Purchase of 1,589,500 shares	129,543	-
Sold 1,303,500 shares	104,064	-

	------(Un-audited)-----	
	<u>Six months period ended</u>	
	2019	2018
	------(Rupees in '000)-----	
Cherat Packaging Limited*		
Purchase of Nil shares (2018: 106,900 shares)	-	16,561
Dividend income	-	1,420
International Steels Limited		
Purchase of 1,321,000 shares (2018: 1,451,700 shares)	65,920	136,764
Sale of 990,900 shares (2018: 1,524,200 shares)	44,260	122,881
Dividend income	430	4,395
International Industries Limited*		
Purchase of nil shares (2018: 140,600 shares)	-	22,688
Dividend income	-	628
Portfolio managed by Management Company		
Units issued : 6,220,044 (2018 : 5,288,179) units	64,766	60,007
Units redeemed : 556,856 (2018 : 647,296) units	5,061	24,291
Service Provident Fund Trust		
Issue of Nil units (2018: 3,410,915 units)	-	39,000
Redemption of Nil units (2018: 1,601,627 units)	-	17,305
National Clearing Company of Pakistan Limited		
NCCPL charges	377	441
Pakistan Stock Exchange Limited*		
Listing fee paid	25	-
National Bank of Pakistan		
Markup on Bank deposit	15	-
15.6 Balances as at period / year end are as follows:	31 December	30 June
	2019	2019
	Unaudited	Audited
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	7,118	7,225
Sindh Sales Tax payable on remuneration of the Management Company	925	939
Accounting and operational charges	1,206	2,598
Selling and marketing expenses	14,331	10,394
Sales and transfer load payable	2,497	2,202
Sindh sales tax payable on sales load	325	-
Other payable	20	20
Employees of the Management Company		
Units held 4,841,107 units (June 30, 2019: 1,384,419 units)	53,215	12,609

NBP ISLAMIC STOCK FUND

(FORMERLY; NAFA ISLAMIC STOCK FUND)



	31 December 2019 Unaudited (Rupees in '000)	30 June 2019 Audited
Rohma Amjad	17	-
Units held 1,553 units (June 30, 2019: Nil units)		
National Fullerton Asset Management Limited - Employees Provident Fund	1,262	1,046
Units held 114,845 units (June 30, 2019: 114,845 units)		
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	560	443
Sindh sales tax payable	72	58
Security deposit	103	103
National Bank of Pakistan		
Bank Balances	5,127	6,784
Summit Bank Limited*		
Bank Balances	-	8,670
Profit receivable	-	4
Bank Islami Pakistan Limited		
Bank balances	417,854	84,372
Profit receivable	1,930	2,668
Cherat Packaging Limited *		
Shares held Nil (30 June 2019: 293,559)	-	23,673
International Steels Limited		
Shares held 725,000 (30 June 2019: 394,900)	41,970	15,681
International Industries Limited*		
Shares held Nil (30 June 2019: 166,500)	-	12,832
Jubilee Life Insurance Company Limited - Common Directorship		
Units held Nil units (30 June 2019: 22,662,170 units)	-	206,400
Portfolio Managed by Management Company		
Units held 8,306,161 units (30 June 2019: 36,992,244)	91,304	336,915
Taurus Securities Limited		
Brokerage payable	142	17
National Clearing Company of Pakistan Limited		
Security Deposit	2,530	2,530
NCCPL charges payable	95	48
The Hub Power Company Limited**		
Shares held : 4,726,283	441,199	-

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

** Comparative balances with these parties have not been disclosed as these parties were not related parties in the last term.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		31 December 2019					
		Carrying amount		Fair value			
		Amortised cost	Total	Level 1	Level 2	Level 3	Total
At fair value through profit and loss							
		(Unaudited)					
		(Rupees in '000)					
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investment							
- Equity securities - listed		5,321,201	5,321,201	5,321,201	-	-	5,321,201
		5,321,201	5,321,201	5,321,201	-	-	5,321,201

		31 December 2019						
		Carrying amount		Fair value				
		At fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Unaudited)						
		(Rupees in '000)						
Financial assets not measured at fair value	16.1							
Bank balances		-	478,962	478,962	-	-	-	-
Receivable against sale of units		-	31,685	31,685	-	-	-	-
Profit receivables		-	3,649	3,649	-	-	-	-
Deposits		-	2,633	2,633	-	-	-	-
		-	516,929	516,929	-	-	-	-
Financial liabilities not measured at fair value	16.1							
Payable to NBP Fund Management Limited - Management Company		-	26,422	26,422	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	632	632	-	-	-	-
Payable against purchase of investments		-	87,582	87,582	-	-	-	-
Payable against redemption of units		-	2,640	2,640	-	-	-	-
Accrued expenses and other liabilities		-	11,945	11,945	-	-	-	-
		-	129,221	129,221	-	-	-	-
		30 June 2019						
		Carrying amount		Fair value				
		At fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Audited)						
		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Equity securities - listed		3,900,022	-	3,900,022	3,900,022	-	-	3,900,022
		3,900,022	-	3,900,022	3,900,022	-	-	3,900,022
Financial assets not measured at fair value								
Bank balances		-	266,185	266,185	-	-	-	-
Receivable against sale of investments		-	39,695	39,695	-	-	-	-
Dividend and profit receivables		-	4,458	4,458	-	-	-	-
Deposits		-	2,633	2,633	-	-	-	-
		-	312,971	312,971	-	-	-	-
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company		-	23,378	23,378	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	501	501	-	-	-	-
Accrued expenses and other liabilities		-	9,456	9,456	-	-	-	-
		-	33,335	33,335	-	-	-	-

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

16.2 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

17 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was 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








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