

NBP RIBA FREE SAVINGS 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

Al Baraka Islamic Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Riba Free Savings Fund (NRFSF)** (Formerly; NAFA Riba Free Savings Fund) (NRFSF) for the half year ended December 31, 2019.

Fund's Performance

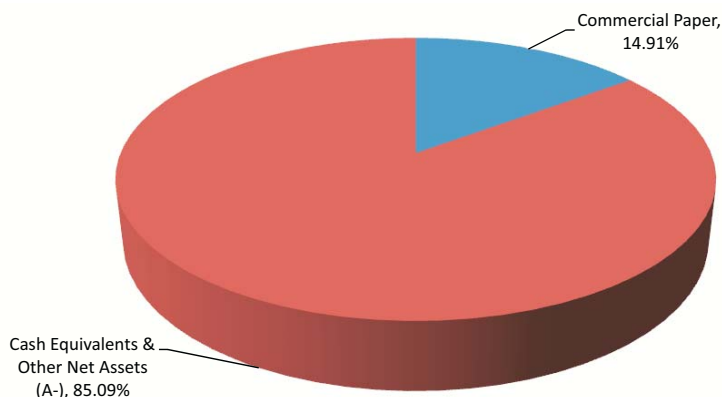
The size of NBP Riba Free Savings Fund has decreased from Rs. 6,569 million to Rs. 5,203 million during the period, a decline of 21%. During the period, the unit price of the Fund has increased from Rs. 10.2049 on June 30, 2019 to Rs. 10.8165 on December 31, 2019, thus showing a return of 11.9% p.a. as compared to the benchmark return of 6.1% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

NRFSF is an Islamic Income Scheme with no direct or indirect exposure to the stock market. The stability rating of the Fund by PACRA is 'A (f)', which denotes a strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile.

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.

During 1HFY20, the State Bank of Pakistan (SBP) held three bi-monthly Monetary Policy Committee (MPC) meetings. To contain inflationary pressures, the SBP in its Monetary Policy Meeting in July 2019, increased the policy rate by 100bps to 13.25%. In the later two Monetary Policy Statements, the SBP left the Policy Rate unchanged despite uptick in inflation.

The Fund has earned a total income of Rs. 444.180 million during the period. After deducting total expenses of Rs.66.33 million, the net income is Rs. 377.85 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NRFSF.



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 ریفاری سیونگز فنڈ (NRFSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NBP ریفاری سیونگز فنڈ کا سائز اس مدت کے دوران 6,569 ملین روپے سے کم ہو کر 5,203 ملین روپے ہو گیا ہے یعنی %21 کی کمی ہوئی ہے۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 10.2049 روپے سے بڑھ کر 31 دسمبر 2019 کو 10.8165 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے بیچ مارک منافع %6.1 کے مقابلے میں %11.9 منافع درج کر لیا۔ فنڈ کا منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

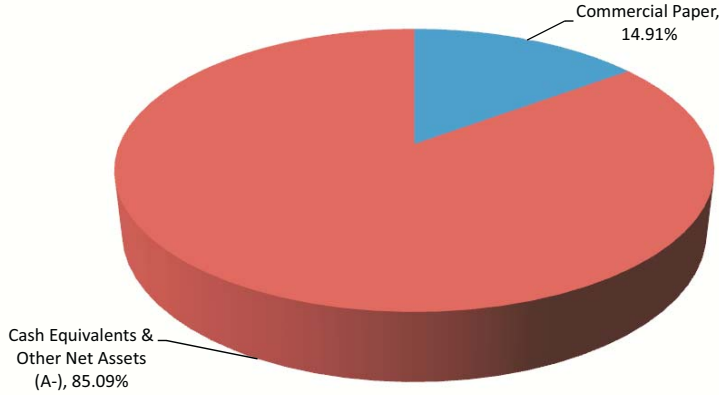
NRFSF ایک اسلامک انکم اسکیم ہے جس کا اسٹاک مارکیٹ اور کارپوریٹ sukuks سے کوئی براہ راست یا بالواسطہ تعلق نہیں ہے۔ فنڈ کو PACRA کی طرف سے A(f) کی اسٹیٹیلٹی ریٹنگ دی گئی ہے جو منافع جات میں استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامی بینکوں / کمرشل بینکوں کی اسلامی ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے تو اتر سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔

بنیادی مارکیٹ میں ڈیبٹ سیکورٹیز کے اجراء میں تیزی دیکھی گئی، اگرچہ ابتدائی مارکیٹ کی زیادہ طلب کے مقابلے میں رسد کم رہی۔ ثانوی منڈی میں، کارپوریٹ سیکورٹیز کا تجارتی سرگرمی اعلیٰ کوالٹی ڈیبٹ اجراء کی جانب زیادہ جھکاؤ رہا جس کی مجموعی تجارتی قدر مالی سال 2019ء میں 4.8 بلین روپے کے مقابلے میں مالیاتی سال 2020ء میں 3.9 بلین روپے رہی۔

مالی سال 2020 کی پہلی ششماہی میں سٹیٹ بینک آف پاکستان نے تین ماہانہ معاشی پالیسی کمیٹی (MPC) کے اجلاس طلب کئے۔ افراط زر کو تاقاب رکھنے کے لئے SBP نے جولائی 2019ء میں منعقدہ مانیٹری پالیسی کے اجلاس میں پالیسی ریٹ کو بحساب 100bps، 13.25 فی صد تک بڑھا دیا۔ دیگر مانیٹری پالیسی بیانات میں افراط زر میں اضافہ کے باوجود SBP نے پالیسی ریٹ کو مستحکم رکھا۔

فنڈ نے اس مدت کے دوران 444.180 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 66.33 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 377.85 ملین روپے رہی۔

درج ذیل چارٹ NRFSF کی ایسٹ ایلوکییشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط ریٹنگ پیش کرتا ہے۔



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 ڈسٹری بیوٹرز کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 فروری 2020ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Riba Free Savings Fund [formerly NAFA Riba Free Savings 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 Riba Free Savings Fund** (Formerly NAFA Riba Free Savings Funds) (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 matters

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 3,958,926	4,208,621
Investments	5 1,275,801	2,381,549
Profit accrued	6 42,607	68,097
Receivable against transfer of units	28,281	-
Deposit, prepayment and other receivable	7 214	416
Total assets	5,305,829	6,658,683
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	8 15,676	22,303
Payable to Central Depository Company of Pakistan Limited - Trustee	9 375	620
Payable to the Securities and Exchange Commission of Pakistan	10 654	4,197
Payable against redemption of units	49,112	861
Accrued expenses and other liabilities	11 37,012	61,651
Total liabilities	102,829	89,632
NET ASSETS	5,203,000	6,569,051
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	5,203,000	6,569,051
Contingencies and commitments	12	
	-----Number of units-----	
Number of units in issue	481,026,539	643,712,304
	-----Rupees-----	
Net asset value per unit	10.8165	10.2049

The annexed notes 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

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note ----- Rupees in '000 -----				
INCOME				
Return / profit on;				
- bank balances	320,116	181,864	163,549	105,924
- government securities	-	2,949	-	1,353
- term deposit receipts	65,668			
- commercial papers	58,396	29,986	32,551	18,781
Net Loss on sale of investment	-	(380)	-	(380)
Net unrealised gain on re-measurement of investments at fair value through profit or loss	-	-	-	700
Total income	444,180	214,419	196,100	126,378
EXPENSES				
Remuneration of NBP Fund Management Limited				
- Management Company	8.1 25,123	15,938	10,938	8,151
Sindh Sales Tax on remuneration of the Management Company	8.2 3,266	2,072	1,422	1,060
Selling and marketing expense- Management company	8.4 22,250	6,343	9,969	5,318
Reimbursement of operational expenses to the Management Company	8.3 3,270	2,435	1,424	1,329
Remuneration of Central Depository Company of Pakistan Limited	9.1			
- Trustee	2,452	2,484	1,068	1,330
Sindh Sales Tax on remuneration of the Trustee	9.2 319	323	139	173
Annual fee to the Securities and Exchange Commission of Pakistan	10 654	1,826	285	997
Settlement and bank charges	99	294	73	177
Auditors' remuneration	374	426	152	279
Fund rating fee	216	197	168	100
Legal and professional charges	38	15	32	9
Annual listing fee	14	14	7	8
Printing charges	13	27	13	27
Shariah advisor fee	530	385	481	261
Total expenses	58,618	32,779	26,171	19,219
Net income from operating activities	385,562	181,640	169,929	107,159
Provision for Sindh Workers' Welfare Fund	(7,711)	(3,633)	(3,398)	(2,143)
Net income for the period before taxation	377,851	178,007	166,531	105,016
Taxation	13 -	-	-	-
Net income for the period after taxation	377,851	178,007	166,531	105,016
Allocation of net income for the period:				
Net income for the period after taxation	377,851	178,007	166,531	105,016
Income already paid on units redeemed	(120,845)	(35,399)	(71,105)	(29,808)
	257,006	142,608	95,426	75,208
Accounting income available for distribution				
- Relating to capital gain	-	-	-	-
- Excluding capital gain	257,006	142,608	95,426	75,208
	257,006	142,608	95,426	75,208

The annexed notes 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 for the period after taxation	377,851	178,007	166,531	105,016
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	377,851	178,007	166,531	105,016

The annexed notes 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	6,539,757	29,294	6,569,051	3,904,490	112,711	4,017,201
Issue of 386,581,922 units (2018: 439,451,270 units)						
- Capital value	3,945,030	-	3,945,030	4,477,349	-	4,477,349
- Element of income	79,036	-	79,036	85,670	-	85,670
Total proceeds on issuance of units	4,024,066	-	4,024,066	4,563,019	-	4,563,019
Redemption of 549,267,687 units (2018: 233,329,657 units)						
- Capital value	(5,605,222)	-	(5,605,222)	(2,377,289)	-	(2,377,289)
- Element of loss	(41,901)	(120,845)	(162,746)	(8,942)	(35,399)	(44,341)
Total payments on redemption of units	(5,647,123)	(120,845)	(5,767,968)	(2,386,231)	(35,399)	(2,421,630)
Total comprehensive income for the period	-	377,851	377,851	-	178,007	178,007
Final distribution Nil (Re.0.5334 declared on July 04, 2018)						
- Cash distribution	-	-	-	-	(94,079)	(94,079)
- Refund of capital	-	-	-	(105,771)	(94,079)	(199,850)
Net assets at end of the period	4,916,700	286,300	5,203,000	5,975,507	161,240	6,136,747
Undistributed income brought forward						
- Realised		29,294			112,711	
- Unrealised		-			-	
		29,294			112,711	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		257,006			142,608	
		257,006			142,608	
Distribution during the period		-			(94,079)	
Undistributed income carried forward		286,300			161,240	
Undistributed income carried forward						
- Realised		286,300			161,240	
- Unrealised		-			-	
		286,300			161,240	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the period		10.2049			10.7219	
Net assets value per unit at end of the period		10.8165			10.5661	

The annexed notes 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
	Note ----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	377,851	178,007
Adjustments:		
Profit on;		
- bank balances	(320,116)	(181,864)
- government securities	-	(2,949)
- commercial papers	(58,396)	-
- term deposit receipts	(65,668)	-
Provision for Sindh Worker's Welfare Fund	7,711	3,633
	(58,618)	(3,173)
Decrease / (increase) in assets		
Investments - net	1,105,748	(788,044)
Deposit, prepayment and other receivable	202	(14)
	1,105,950	(788,058)
(Decrease) / increase in liabilities		
Payable to the Management Company	(6,627)	8,429
Payable to the Trustee	(245)	168
Payable to the Securities and Exchange Commission of Pakistan	(3,543)	(647)
Accrued expenses and other liabilities	(32,351)	1,759
	(42,766)	9,709
Profit received on bank balances	331,549	156,408
Profit received on term deposit receipts	79,726	-
profit on commercial papers	58,396	-
Profit received on government securities	-	3,175
	469,671	159,583
Net cash generated from / (used in) operating activities	1,474,237	(621,939)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received from issuance of units	3,995,785	4,455,417
Amounts paid on redemption of units	(5,719,717)	(2,418,001)
Distributions paid	-	(94,079)
Net cash (used in) / generated from financing activities	(1,723,932)	1,943,337
Net increase in cash and cash equivalents during the period	(249,695)	1,321,398
Cash and cash equivalents at the beginning of the period	4,208,621	3,921,350
Cash and cash equivalents at the end of the period	4	5,242,748

The annexed notes 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Riba Free Savings 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 June 29, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 18, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

Last year on May 13, 2019, the name of the Fund was changed from NAFA Riba Free Savings Fund to NBP Riba Free Savings Fund. The change of name was made effective vide Fund's ninth Supplement Offering Document which was approved by SECP vide its letter no. SCD/AMCW/NAFA/407/2019 dated May 13, 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 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 Funds Association of Pakistan (MUFAP).

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

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in Shariah compliant banks and money market / debt securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned stability rating of 'A(f)' 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

This condensed interim financial information has been prepared, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting , issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 ; and
- The requirements of the Trust Deed , the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The "NBFC Regulation") and the directives issued by the SECP.

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

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 does 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 this condensed interim financial information 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 have 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 has been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

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

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

- 3.1** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2019.
- 3.2** 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 recognised 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 this condensed interim financial information.
- 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

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Note	-----Rupees in '000-----	
4 BANK BALANCES		
Current accounts	20,959	23,890
Savings accounts	4.1 3,937,967	4,184,731
	3,958,926	4,208,621

- 4.1** These savings accounts carry mark-up at rates ranging from 11% to 14.5% per annum (June 30, 2019: 2.42% to 13.85% per annum).

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
5	INVESTMENTS		
	Financial assets at fair value through profit or loss		
	Commercial paper	5.1 775,801	1,406,549
	Term deposit receipt	5.2 500,000	975,000
		1,275,801	2,381,549
5.1	This represents the purchase of commercial paper from K-electric on September 19, 2019 (having face value of Rs. 800 million). It carries profit at the rate of 14.6% and will mature on March 19, 2020.		
5.2	This represents the purchase of term deposit receipts from Bank Islami Limited on December 30, 2019 (having face value of Rs. 500 million). It carries profit at the rate of 13.35% and will mature on January 30, 2020.		
		(Un-audited) December 31, 2019	(Audited) June 30, 2019
		Note -----Rupees in '000-----	
6	PROFIT ACCRUED		
	Profit receivable on bank balances	42,242	53,675
	Profit receivable on term deposits receipts	365	14,422
		42,607	68,097
7	DEPOSIT, PREPAYMENT AND OTHER RECEIVABLE		
	Security deposit with Central Depository Company of Pakistan Limited	200	200
	Prepayments	14	216
		214	416
8	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Remuneration of the Management Company	8.1 3,343	5,048
	Sindh Sales Tax on remuneration of the Management Company	8.2 435	657
	Operational expenses	8.3 1,424	3,161
	Sales load	151	405
	Sindh Sales Tax and Federal Excise Duty on sales load	354	387
	Selling and marketing expense	8.4 9,969	12,645
		15,676	22,303

- 8.1 Under the provisions of the Non-Banking Finance Companies and Notifies Entities Regulations, 2008 (the NBFC Regulation), the Management Company was entitled to a remuneration during the first five years of a 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 the 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 has made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provisions of amended NBFC Regulations 2008, the applicable rate has been changed from 2% to 1.5%.

Below is the policy of charging management remuneration effective from July 12, 2019. Previously the management remuneration was 7% of Net income till 11 July 2019.

Management remuneration (as % of net income *)	Minimum management remuneration (as % of average net asset value)	Maximum management remuneration (as % of average net asset value)
6.00%	0.50%	1.25%

* Net income = Gross income - all expenses of the Fund excluding Management remuneration and related Sales Tax and Federal Excise Duty thereon.

- 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 Management Company through the Sindh Sales Tax on Services Act, 2011.
- 8.3 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 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 0.1% of the average annual net assets, being the lower amount, to the Fund.
- 8.4 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, the Fund is charging 0.7% of daily net asset value of the Fund in respect of selling and marketing.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	-----Rupees in '000-----
	Remuneration of the Trustee	9.1	332
	Sindh Sales Tax on remuneration of the Trustee	9.2	43
			549
			71
			<u>375</u>
			<u>620</u>

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

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

Net asset value	Tariff per annum
Upto Rs 1,000 million	0.17% per annum of net asset value
On an amount exceeding Rs. 1,000 million to 10,000 million	Rs 1.7 million plus 0.085% per annum of net asset value exceeding Rs 1,000 million
On an amount exceeding Rs. 10,000 million	Rs 5.1 million plus 0.07% per annum of net asset value exceeding Rs 5,000 million.

Effective from July 1, 2019, tariff structure has been revised from above table, during the period, the fund has charged trustee remuneration at the rate of 0.075% per annum of net assets.

- 9.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "income scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. 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-----	
11 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	447	536
Provision for Sindh Workers' Welfare Fund	11.1 22,767	15,055
Federal Excise Duty on remuneration of the Management Company	11.2 10,657	10,657
Bank charges	29	112
Settlement charges	35	42
Withholding tax	4	28,060
Capital gain tax	1,490	6,155
Legal and professional charges	50	22
Printing charges	2	59
Others	1,531	953
	37,012	61,651

- 11.1 The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 19 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 22.767 million for the half year ended (December 31, 2019 Rs.15.055 million) in these condensed interim financial statements. Had the

provision not been made, net assets value per unit at December 31, 2019 would have been higher by Rs. 0.0473 per unit (June 30, 2019: Rs. 0.0234 per unit).

- 11.2** The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 13.1 and 13.2 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.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2018 aggregating to Rs. 10.657 million. Had the provision not being made, the net asset value per unit as at December 31, 2019 would have been higher by Rs.0.0222 per unit (June 30, 2019: Rs. 0.0166 per unit).

12 CONTINGENCIES AND COMMITMENTS

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

13 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund 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.

14 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 2.03% per annum including 0.36% representing government levies on collective investment scheme such as sales tax, Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the period.

15 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 15.1** Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company and its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 15.2** The transactions with connected persons and related parties are carried out at terms.
- 15.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

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

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

NBP Fund Management Limited (Management Company)

Remuneration of the Management Company	25,123	15,938
Sindh Sales Tax on remuneration of the Management Company	3,266	2,072
Reimbursement of operational expenses to the Management Company	3,270	2,435
Sales load and Sindh Sales Tax on sales load	547	813
Selling and marketing expense- Management company	22,250	6,343

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	2,452	2,484
Sindh Sales Tax on remuneration of the Trustee	319	323

Employees of the Management Company

Units issued / transferred in 1,213,305 units (2018: 4,538,130 units)	12,942	46,820
Units redeemed / transferred out 2,582,551 units (2018: 3,764,004 units)	27,418	39,137
Dividend re-invest Nil units (2018: 27,975 units)	-	285

NAFA Employee Provident Fund (Provident Fund of the Management Company)

Units issued / transferred in Nil units (2018: 34,091 units units)	-	127
Units redeemed / transferred out 171,102 units (2018: 100,140 units)	1,797	1,055

Portfolio Managed By Management Company

Units Issued / transferred In 12,205,942 Units (2018: 2,124,375 units)	130,628	21,375
Units Redeemed / transferred Out 15,569,847 Units (2018:2,756,283 units)	165,460	28,707

Mr. Khalid Mehmood - Chief Financial Officer

Units issued / transferred in 38,846 units (2018: 151,740 units)	400	1,550
Units redeemed / transferred out 441,969 units (2018: 167,621 units)	4,722	1,727
Dividend re-invest Nil units (2018: 2,742 units)	-	28

Bank Islami Pakistan Limited

Profit on bank balance	144,727	66,178
Profit on term deposit receipts	65,669	24,130
Placement in term deposit receipts	5,363,000	1,385,000

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

NBP Islamic Money Market Fund

Sell of Commercial Paper 201,131 -

NBP Islamic Daily Dividend Fund

Sell of Commercial Paper 38,311 -

***Pakistan Stock Exchange Limited-Common Directorship**

Listing Fee paid 25 -

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

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

NBP Fund Management Limited (Management Company)

Remuneration of the Management Company	3,343	5,048
Sindh Sales Tax on remuneration of the Management Company	435	657
Operational expenses	1,424	3,161
Sales load	151	405
Selling and marketing expense	9,969	12,645
Sindh sales Tax	354	387
Federal Excise Duty on remuneration of the Management Company	10,657	10,657

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	332	549
Sindh Sales Tax on remuneration of the Trustee	43	71
CDS charges	35	13
Security deposit	200	200

National Bank of Pakistan (Parent of the Management Company)

Bank Balance	3,326	2,837
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***Summit Bank Limited (Common directorship with the Management Company)**

Bank Balance	-	7,888
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Bank Islami Pakistan Limited

Bank balance	298,751	874,415
Accrued profit on bank balance	16,402	15,885
Investment term deposit receipt	500,000	975,000
Profit receivable on term deposit receipt	365	14,421

Employees of the Management Company

Investment held in the Fund 2,199,46 units (June 30, 2019: 1,599,198 units)	2,379	16,320
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National Fullerton Asset Management Limited

Investments held in the Fund 551,289 units(June 30 2019: Nil)	5,963	-
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Mr. Khalid Mehmood - Chief Financial Officer

Investment held in the Fund Nil units (June 30, 2019: 403,123 units)	-	4,114
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(Un-audited) (Audited)
December 31, June 30,
2019 2019
----- Rupees in '000 -----

Portfolio Managed by the Management Company

Investment held in Fund 5,643,776 (June 30, 2019: 6,354,092) 61,045 64,834

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

** 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:

	Note	Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized	Total	Level 1	Level 2	Level 3	Total
December 31, 2019								
Financial assets measured at fair value								
Government securities-Gop ijarah sukuk		-						
Commercial paper	5	775,801	-	775,801	775,801	-		775,801
Term deposit receipt		500,000	-	500,000	-	500,000		500,000
		1,275,801	-	775,801	775,801	-		775,801
Financial assets not measured at fair value								
Bank balances	4	-	3,958,926	3,958,926	-	-	-	-
Profit accrued	6	-	42,607	42,607	-	-	-	-
Receivable against transfer of units			28,281	28,281				
		-	4,029,814	4,029,814	-	-	-	-
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company	8	-	15,676	15,676	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	375	375	-	-	-	-
Payable against redemption of units	11		49,112	49,112				
Accrued expenses and other liabilities	11	-	2,094	2,094	-	-	-	-
		-	67,257	67,257	-	-	-	-

NBP RIBA FREE SAVINGS FUND (FORMERLY; NAFA RIBA FREE SAVINGS FUND)



	Note	Carrying amount			Fair value			
		At Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2019								
----- Rupees '000-----								
Financial assets measured at fair value								
Government securities-Gop ijarah sukuk		-						
Commercial Paper	5	1,406,549	-	1,406,549		1,406,549		1,406,549
Term deposit receipt		975,000	-	975,000		975,000		975,000
		<u>2,381,549</u>	<u>-</u>	<u>1,406,549</u>	<u>-</u>	<u>1,406,549</u>		<u>1,406,549</u>
Financial assets not measured at fair value								
Bank balances	4	-	4,208,621	4,208,621	-	-	-	-
Accrued profit on bank balances	6	-	53,675	53,675	-	-	-	-
Accrued profit on term deposit receipts	6	-	14,422	14,422	-	-	-	-
Receivable against transfer of units		-	-					
		<u>-</u>	<u>4,276,718</u>	<u>4,276,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	8	-	22,303	22,303	-	-	-	-
Remuneration payable to the Trustee	9	-	620	620	-	-	-	-
Payable against redemption of units	11	-	861	861	-	-	-	-
Accrued expenses and other liabilities	10	-	1,724	1,724	-	-	-	-
		<u>-</u>	<u>25,508</u>	<u>25,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees.

17.2 These condensed interim financial statements are unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 have not been reviewed.

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








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*Mobile apps are also available for download for android and ios devices

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