



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NBP 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. Saad Amanullah Khan	Director
Mr. Humayun Bashir	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

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Summit Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Habib Metropolitan Bank Limited

NBP SAVING FUND (FORMERLY ; NAFA INCOME FUND)



NBP FUNDS
Managing Your Savings

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 Savings Fund (NBP-SF) for the half year ended December 31, 2019.

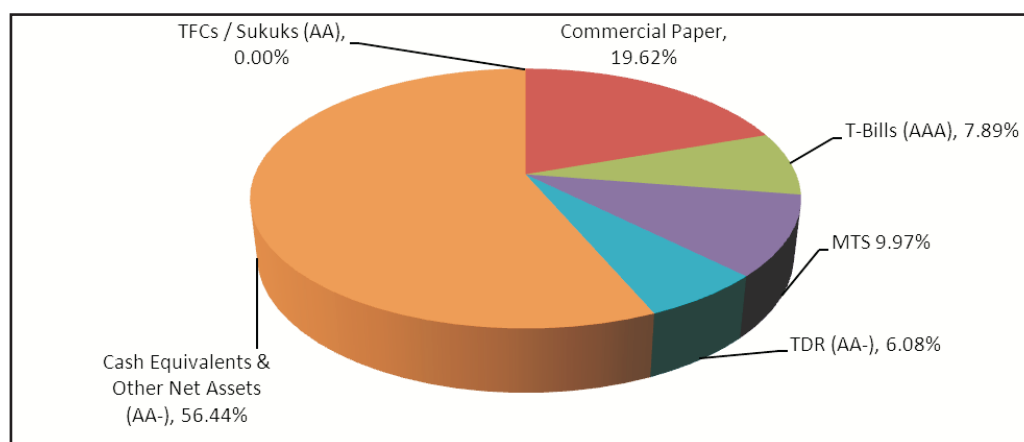
Fund's Performance

The size of NBP Savings Fund has increased from Rs. 1,004 million to Rs. 1,069 million during the period, a growth of 6%. During the period, the unit price of the Fund has increased from Rs. 9.7759 on June 30, 2019 to Rs. 10.3952 on December 31, 2019, thus showing a return of 12.6% p.a. as compared to the benchmark return of 13.7% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

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

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

The Fund has earned a total income of Rs 78.64 million during the period. After deducting total expenses of Rs 12.54 million, the net income is Rs. 66.10 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-SF:



NBP SAVING FUND (FORMERLY ; NAFA INCOME FUND)



NBP FUNDS
Managing Your Savings

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 سیونگ فنڈ (سابقہ: NAFA انکم فنڈ (NIF)) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

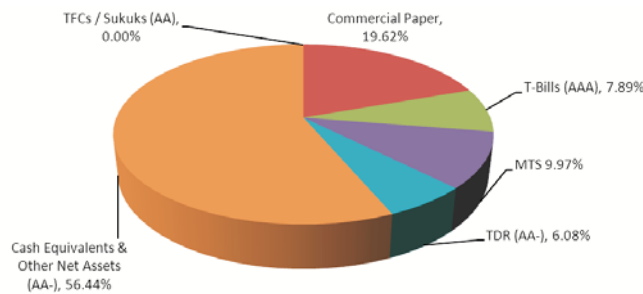
موجودہ مدت کے دوران NBP سیونگ فنڈ کا سائز 1,004 ملین روپے سے بڑھ کر 1,069 ملین روپے ہو گیا یعنی 6% کا اضافہ ہوا۔ زیر جائزہ مدت کے دوران، NBP سیونگ فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.7759 روپے سے بڑھ کر 31 دسمبر 2019 کو 10.3952 روپے ہو گئی۔ لہذا اس مدت کے دوران فنڈ نے اپنے بیج مارک 13.7% کے مقابلے میں 12.6% منافع درج کیا ہے۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

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

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

فنڈ نے موجودہ مدت کے دوران 78.64 بلین روپے کی مجموعی آمدنی کمائی ہے۔ 12.54 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 66.10 بلین روپے ہے۔

درج ذیل چارٹ NBP-SF کی ایسٹ ایلو کیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔
بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP منجمنٹ 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 Savings Fund [formerly NAFA Income Fund] (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund for the period ended December 31, 2019 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 26, 2020

Independent Auditors' Review Report to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Savings Fund** (formerly; NAFA Income 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 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 31 December 2019

	31 December 2019 Unaudited	30 June 2019 Audited
Note	(Rupees in '000)	
Assets		
Bank balances	6 606,929	728,176
Investments	7 359,059	278,182
Receivable against Margin Trading System	8 106,630	-
Profit and other receivables	9 9,313	10,736
Advances, deposit and prepayments	1,067	1,133
Total assets	1,082,998	1,018,227
Liabilities		
Payable to NBP Fund Management Limited - Management Company	10 3,463	4,189
Payable to Central Depository Company of Pakistan Limited - Trustee	11 77	159
Payable to Securities and Exchange Commission of Pakistan	12 108	698
Payable against redemption of units	79	-
Accrued expenses and other liabilities	13 9,890	9,255
Total liabilities	13,617	14,301
Net assets	1,069,381	1,003,926
Unit holders' fund (as per statement attached)	1,069,381	1,003,926
Contingency and commitment	14	(Number of units)
Number of units in issue	102,872,959	102,693,776
Net assets value per unit	10.3952	9.7759

The annexed notes 1 to 19 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					
Income from government securities		1,030	1,289	1,013	704
Income from term finance certificate		3,160	4,352	611	2,253
Income from term deposit receipts and bank balances		61,622	27,522	26,879	15,385
Income from Margin Trading System		1,908	6,247	1,908	4,245
Income on commercial paper		10,876	1,173	7,773	863
Gain / (Loss) on sale of investments - net		48	(35)	48	(16)
Reversal of provision		-	3,646	-	910
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.8	(6)	(1,256)	(15)	(997)
Total income		78,638	42,938	38,217	23,347
Expenses					
Remuneration to NBP Fund Management Limited - Management Company	10.1	4,390	2,952	2,103	1,471
Sindh Sales Tax on remuneration of Management Company	10.2	571	384	274	191
Remuneration to Trustee	11.1	406	551	192	349
Sindh Sales Tax on remuneration of Trustee	11.2	53	72	25	46
Annual fee - Securities and Exchange Commission of Pakistan	12	108	327	51	175
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.3	542	436	257	234
Selling and marketing expense	10.4	3,690	1,118	1,798	935
Settlement and bank charges		763	1,337	470	730
Annual listing fee		14	14	7	7
Auditors' remuneration		431	429	276	302
Professional charges		18	-	9	-
Fund rating fee		204	198	86	111
Printing charges		-	16	-	6
Brokerage Expense		3	-	3	-
Total expenses		11,193	7,834	5,551	4,557
Net income from operating activities		67,445	35,104	32,666	18,790
Provision for Sindh Workers' Welfare Fund	13.1	(1,349)	(702)	(653)	(376)
Net income for the period before taxation		66,096	34,402	32,013	18,414
Taxation	15	-	-	-	-
Net income for the period		66,096	34,402	32,013	18,414
Allocation of net income for the period					
Net income for the period		66,096	34,402	32,013	18,414
Income already paid on units redeemed		(7,716)	(4,057)	(1,838)	(3,626)
		58,380	30,345	30,175	14,788
Accounting income available for distribution:					
- Relating to capital gains		34	-	25	-
- Excluding capital gains		58,346	30,345	30,150	14,788
		58,380	30,345	30,175	14,788

The annexed notes 1 to 19 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

	Six months period ended		Three months period ended	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period	66,096	34,402	32,013	18,414
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	66,096	34,402	32,013	18,414

The annexed notes 1 to 19 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 MONTHS PERIOD ENDED 31 DECEMBER 2019

	Six months period ended					
	2019			2018		
	Value	Undistributed income	Total	Value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	1,003,542	384	1,003,926	767,782	35,938	803,720
Issuance of 75,916,853 units (2018: 60,934,936 units)						
- Capital value	742,157	-	742,157	594,408	-	594,408
- Element of income	17,606	-	17,606	16,861	-	16,861
Total proceeds on issuance of units	759,763	-	759,763	611,269	-	611,269
Redemption of 75,737,670 units (2018: 46,452,190 units)						
- Capital value	(740,405)	-	(740,405)	(453,132)	-	(453,132)
- Element of loss	(12,283)	(7,716)	(19,999)	(10,312)	(4,057)	(14,369)
Total payments on redemption of units	(752,688)	(7,716)	(760,404)	(463,444)	(4,057)	(467,501)
Total comprehensive income for the period	-	66,096	66,096	-	34,402	34,402
Final Distribution for the year ended 30 June 2018: 5.39% declared on 04 July 2018						
- Cash distribution	-	-	-	-	(37,694)	(37,694)
- Refund of capital	-	-	-	(4,390)	-	(4,390)
Total distribution	-	-	-	(4,390)	(37,694)	(42,084)
Net assets at end of the period	1,010,617	58,764	1,069,381	911,217	28,589	939,806
Undistributed income brought forward						
- Realised		2,030			37,008	
- Unrealised		(1,646)			(1,070)	
		384			35,938	
Accounting income available for distribution:						
- Relating to capital gains		34			-	
- Excluding capital gains		58,346			30,345	
		58,380			30,345	
Final distribution for the year ended 30 June 2018: 5.39% declared on 04 July 2018						
- Cash distribution		-			(37,694)	
Undistributed income carried forward		58,764			28,589	
Undistributed income carried forward						
- Realised		58,770			29,845	
- Unrealised		(6)			(1,256)	
		58,764			28,589	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			9.7759			10.2938
Net assets value per unit at end of the period			10.3952			10.1534

The annexed notes 1 to 19 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

	<u>Six months period ended</u>	
	2019	2018
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	66,096	34,402
Adjustments for:		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6	1,256
Reversal of provision	-	3,646
Gain / (loss) on sale of investments - net	(48)	35
	<u>66,054</u>	<u>39,339</u>
Increase in assets		
Investments - net	(80,835)	(42,759)
Receivable against Margin Trading System	(106,630)	(25,235)
Profit and other receivables	1,423	(4,597)
Deposits, prepayment and other receivables	66	(238)
	<u>(185,976)</u>	<u>(72,829)</u>
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	(726)	1,549
Payable to Central Depository Company of Pakistan Limited - Trustee	(82)	238
Payable to Securities and Exchange Commission of Pakistan	(590)	(327)
Accrued expenses and other liabilities	635	421
	<u>(763)</u>	<u>1,881</u>
Net cash (used in) operating activities	<u>(120,685)</u>	<u>(31,609)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issue of units	759,763	606,844
Cash distribution	-	(37,694)
Payments against redemption of units	(760,325)	(467,371)
Net cash (used in) / from financing activities	<u>(562)</u>	<u>101,779</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(121,247)</u>	<u>70,170</u>
Cash and cash equivalents at beginning of the period	728,176	452,098
Cash and cash equivalents at end of the period	<u>606,929</u>	<u>522,268</u>

The annexed notes 1 to 19 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

- 1.1 NBP Savings Fund (formerly NAFA Income 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 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). Subsequently, CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of the CDC on 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL. CDC was appointed in place of MCBFSL as the Trustee with effect from 19 October 2018. Accordingly the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company and CDC. The effective date of change of name of the Fund is 4 April 2019.
- 1.2 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 also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of 'A(f)' to the Fund and has assigned and maintained asset manager rating of 'AM1' of Management Company..
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The 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 as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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 FS 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 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 JUDGEMENTS AND ESTIMATES

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 annual financial statements as at and for the year ended 30 June 2019.

6 BANK BALANCES

		31 December 2019 Unaudited (Rupees in '000)	30 June 2019 Audited
In current accounts		1,096	633
In saving accounts	6.1, 6.2 & 6.3	<u>605,833</u>	<u>727,543</u>
		<u>606,929</u>	<u>728,176</u>

6.1 These carry rate of return ranging from 10.25% to 15.5% (30 June 2019: 8.25% to 14.5%) per annum.

6.2 This includes cheques amounting to Rs. 0.022 million (2019: Rs. 1.970 million) issued on account of redemption of units and the cheques amounting to Rs. 0.225 million (2019: Rs. 2.220 million) received on account of issuance of units as at period / year end.

- 6.3 These includes cheques amounting to Rs. 0.005 million and Rs. 0.493 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 2019	30 June 2019
Investments by category		Unaudited	Audited
	Note	(Rupees in '000)	
At fair value through profit or loss			
Term finance certificates - listed	7.1	-	56,427
Term finance certificates - unlisted	7.2	-	20,000
Sukuks	7.4	-	-
Government securities - Market Treasury Bills	7.5	84,357	4,947
Commercial Paper	7.6	209,702	98,330
Term deposit receipt	7.7	65,000	98,478
		359,059	278,182

7.1 Term finance certificates - listed

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

Name of the investee company

Name of the investee company	Tenor	As at 01 July 2019	Purchases during the period	Sales / matured during the period	As at 31 December 2019	Market value/ Carrying value as at 31 December 2019	Market value / Carrying value as a percentage of net assets	Market value/ carrying value as a percentage of total investments
		----- (Number of certificates) -----				(Rupees in '000)	-----(%)-----	
Askari Commercial Bank Limited	5 years	7,400	-	7,400	-	-	-	-
JS Bank Limited	5 years	4,660	-	4,660	-	-	-	-
Saudi Pak Leasing Company Limited (Note 7.1.1)	10 years	8,000	-	-	8,000	-	-	-
Worldcall Telecom Limited (Note 7.1.2)	13 years	14,000	-	-	14,000	-	-	-
		34,060	-	12,060	22,000	-	-	-

- 7.1.1 This represents investment in listed term finance certificates with original term of five years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its terms on 26 December 2011 with new maturity in March 2017. The investee company again defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 30 April 2014. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of said circulars.

- 7.1.2 This represents investment in listed term finance certificates of Worldcall Telecom Limited. On 07 April 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

7.2 Term finance certificates - Unlisted

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

Name of the investee company	Tenor	As at 01 July 2019	Purchases during the period	Sales / matured during the period	As at 31 December 2019	Market value/ Carrying value as at 31 December 2019	Market value / Carrying value as a percentage of net assets	Market value/ carrying value as a percentage of total investments
		----- (Number of certificates) -----			(Rupees in '000)		----- (%) -----	
Agritech Limited II (Note 7.2.1)	10 years	30,000	-	-	30,000	-	-	-
Agritech Limited V (Note 7.2.2)	6 years	4,436	-	-	4,436	-	-	-
Jahangir Siddiqui and Company Limited	5 years	8,000	-	8,000	-	-	-	-
		<u>42,436</u>	<u>-</u>	<u>8,000</u>	<u>34,436</u>	<u>-</u>	<u>-</u>	<u>-</u>

7.2.1 This represents investment in Privately Placed unlisted Term Finance Certificates (PPTFCs) with a term of seven years. On 14 July 2010 the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing by MUFAP since 02 August 2010. The amount of provision as per circular no.1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

7.2.2 This represents investment in Privately Placed Term Finance Certificates (PPTFC) of Agritech V received against due markup of Agritech I. The investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 17 January 2012. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

7.3 Significant terms and conditions of term finance certificates outstanding at the period end are as follows:

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate	Issue date	Maturity date	Rating
Secured							
Listed term finance certificates							
Saudi Pak Leasing Company Limited	15,000	Impaired	2,755	6 Month KIBOR ask rate plus 1.50%	13-Mar-2008	13-Mar-2013	Not Rated
Worldcall Telecom Limited	14,000	Impaired	1,920	6 Month KIBOR ask rate plus 1.6%	07-Oct-2008	07-Oct-2021	Not Rated
Unlisted term finance certificates							
Agritech Limited II	30,000	Impaired	4,996	6 Month KIBOR ask rate plus 1.75%	14-Jan-2008	14-Jan-2019	Not Rated
Agritech Limited V	4,436	Impaired	5,000	11% Fixed rate	01-July-2011	01-July-2017	Not Rated

7.4 Sukuks - Unlisted

All sukuks have a face value of Rs. 5,000 each unless stated otherwise.

Name of the investee company	Tenor	As at 01 July 2019	Purchases during the period	Sales / matured during the period	As at 31 December 2019	Market value/ Carrying value as at 31 December 2019	Market value / Carrying value as a percentage of net assets	Market value/ carrying value as a percentage of total investments
		-----Number of certificates-----			(Rupees in '000)		----- (%) -----	
New Allied Electronics (Private) Limited (Note 7.4.1)	11 years	10,000	-	-	10,000	-	-	-
Eden Housing Limited (Note 7.4.2)	12 years	20,000	-	-	20,000	-	-	-
		<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

7.4.1 This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 09 January 2009. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

7.4.2 This represents investment in privately placed sukuks with a term of five years. On 06 May 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

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

7.5 Investments in government securities

Issue date	Tenor	Face value				Market value / Carrying value as at 31 December 2019	Market value / Carrying value as a percentage of net assets	Market value / Carrying value as a percentage of total investments
		As at 01 July 2019	Purchases during the period	Sales / matured during the period	As at 31 December 2019			
		----- (Rupees in '000) -----				----- (%) -----		
Market Treasury Bills								
9 May 2019	03 Months	5,000	-	5,000	-	-	-	-
2 December 2019	12 Months	-	35,000	35,000	-	-	-	-
26 November 2019	6 Months	-	50,000	-	50,000	49,726	4.65	13.85
11 December 2019	3 Months	-	35,000	-	35,000	34,631	3.24	9.64
Total		5,000	120,000	40,000	85,000	84,357	7.89	23.49

Carrying value before fair value adjustments as at 31 December 2019.

84,363

7.5.1 Investments include market treasury bills with market value of Rs. 84.357 million (30 June 2019: Rs 4.947 million) which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

7.6 Commercial Paper

Name of Issuer	Maturity Date	Face value				Carrying value as at 31 Dec 2019	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
		As at 01 July 2019	Purchases during the period	Sales / matured during the period	As at 31 Dec 2019			
		----- (Rupees in '000) -----				----- (%) -----		
Hub Power Company Limited	22-Jul-2019	99,000	-	99,000	-	-	-	-
Hub Power Company Limited	24-Mar-2020	-	90,000	-	90,000	87,070	0.08	0.24
K Electric Limited	27-Feb-2020	-	100,000	-	100,000	97,733	0.09	0.27
TPL Corporation Limited	11-Jan-2020	-	25,000	-	25,000	24,899	0.02	0.07
		99,000	215,000	99,000	215,000	209,702	0.20	0.58

7.7 These carry profit at rate of 15.6% (2019: 13.2%) per annum and have maturity of more than 3 months.

7.8 Net unrealised (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'

	31 December 2019	31 December 2018
	Unaudited (Rupees in '000)	
Market value / carrying value of investments	294,059	118,650
Less: carrying cost of investments	<u>(599,420)</u>	<u>(425,261)</u>
	<u>(305,361)</u>	<u>(306,611)</u>
Add: Provision against non-performing term finance certificates and sukus	<u>305,355</u>	<u>305,355</u>
	<u>(6)</u>	<u>(1,256)</u>

7.9 Movement in provision against non-performing term finance certificates and sukus

	31 December 2019	31 December 2018
Opening balance	305,355	309,001
Add: charge for the period	-	-
Less: reversal of provision due to recovery	<u>(305,355)</u>	<u>(3,646)</u>
	<u>-</u>	<u>305,355</u>

8 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

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

9 PROFIT AND OTHER RECEIVABLES

	8,219	8,408
Savings and Term deposits		
Profit Receivable on Debt Securities	191,693	194,021
Margin Trading System	1,094	-
Less: Income suspended over non-performing term finance certificates and sukus	<u>(191,693)</u>	<u>(191,693)</u>
	1,094	2,328
	<u>9,313</u>	<u>10,736</u>

9.1 This represents total income suspended in relation to non-performing term finance certificates and sukus as disclosed in note 7. Income is recognised on receipt basis.

10 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	31 December 2019	30 June 2019	
	Unaudited Audited (Rupees in '000)		
	Note		
Management Remuneration	10.1	761	707
Sindh Sales Tax on management remuneration	10.2	99	92
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.3	257	494
Sales and transfer load		486	814
Sindh Sales Tax on sales load		62	104
Selling & Marketing expense	10.4	<u>1,798</u>	<u>1,978</u>
		<u>3,463</u>	<u>4,189</u>

- 10.1** 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 1.5 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 7% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of 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 to the rate of 6% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of average annual net assets.
- 10.2** 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 1 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.
- 10.3** 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.
- 10.4** 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 from 0.4 % per annum of average net assets of the Fund to 0.7% per annum of average net assets of the Fund or actual expenses whichever is lower and accordingly selling and marketing expense has been charged from 12 July 2019 at the rate of 0.7% per annum of average net assets of the Fund or actual whichever is lower.

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Notte	31 December 2019 Unaudited (Rupees in '000)	30 June 2019 Audited
Trustee remuneration	11.1	68	141
Sindh Sales Tax on Trustee remuneration	11.2	9	18
		<u>77</u>	<u>159</u>

- 11.1** 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
Up to 1 billion	0.17% per annum of net asset value
1 billion to 5 billion	Rs. 1.7 million plus 0.085% per annum of net assets exceeding Rs. 1 billion
Over 5 billion	Rs. 5.1 million plus 0.07% per annum of net assets value exceeding Rs. 5 billion

However, with effective from 1 July 2019 the trustee has revised its remuneration and charged remuneration at the rate of 0.075% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

- 11.2** 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.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as Income scheme is required to pay an annual fee to SECP, an amount equal to 0.075 percent of the average annual 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.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

		31 December 2019 Unaudited	30 June 2019 Audited
	Note	(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	13.1	5,839	4,491
Federal Excise Duty	13.2	2,808	2,808
Auditors' remuneration		878	447
Brokerage		3	-
Bank charges		91	10
Printing charges		-	26
Withholding tax		26	1,134
Capital gains tax		14	296
Laga and levy charges		80	-
Legal and professional charges		36	18
CDC Charges		90	-
Others		25	25
		9,890	9,255

- 13.1** 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. The reversal of provision for WWF amounting to Rs. 4.095 million and a provision for SWWF of Rs. 1.645 million upto 12 January 2017 was made. 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. 0.0568 per unit (30 June 2019: Rs 0.0437).

- 13.2** 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. 3.019 million out of which Rs. 0.211 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0293 (30 June 2019: Rs. 0.0294) per unit.

14 CONTINGENCY AND COMMITMENT

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

15 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss 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. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income as per 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.

16 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 2.32% per annum. Total expense ratio (excluding government levies) is 1.93% per annum.

17 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 17.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.
- 17.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 17.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 17.4** The details of significant transactions carried out by the Fund with connected persons and balances with them at period end are as follows:

NBP SAVING FUND (FORMERLY ; NAFA INCOME FUND)



17.5 Details of the transactions with connected persons are as follows:

	Unaudited	
	Six months period ended	
	2019	2018
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Management remuneration	4,390	2,952
Sindh Sales Tax on remuneration of Management Company	571	384
Sales and transfer load	255	235
Allocation of expenses related to registrar services, accounting, operation and valuation services	542	436
Selling and marketing expense	3,690	1,118
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee	406	310
Sindh Sales Tax on remuneration of Trustee	53	41
CDS Charges	276	-
MCB Financial Services Limited - Trustee		
Remuneration of the Trustee	-	241
Sindh Sales Tax on Trustee remuneration	-	31
Employees of the Management Company		
28,772 units issued (2018: 315 units)	291	3
34,615 units redeemed (2018: Nil units)	355	-
Fauji Fertilizer Company Limited** - Common Directorship		
25,271,160 units issued (2018: Nil units)	250,000	-
25,271,160 units redeemed (2018: Nil units)	250,167	-
NBP Employees Pension Fund		
Nil units issued (2018: 2,448,712 units)	-	23,903
Muhammad Murtaza Ali - Company Secretary / COO		
49,597 units issued (2018: Nil units)	500	-
49,597 units redeemed (2018: Nil units)	503	-
Shahid Hussain		
656 units issued (2018: Nil units)	7	-
NBP Income Opportunity Fund		
Purchased Commercial Paper	23,182	-
Pakistan Telecommunication Employees Trust		
Purchased Treasury Bills	31,433	-
NBP Money Market Fund		
Purchased Treasury Bills	34,730	-
NBP Financial Sector Income Fund		
Sold Term Finance Certificates	75,485	-
National Clearing Company of Pakistan Limited		
NCCPL Charges	126	-
Laga and Levy charges	128	634
Pakistan Stock Exchange Limited**		
Listing Fee paid	25	-
Bank Islami Pakistan Limited**		
Markup on Bank Deposit	1,727	-
The Hub Power Company Limited**		
Purchased Commercial Paper	83,647	-
Income on commercial paper	4,093	-

NBP SAVING FUND (FORMERLY ; NAFA INCOME FUND)



17.6 Amounts outstanding as at period / year end:

31 December 2019
Unaudited
(Rupees in '000)

30 June 2019
Audited

NBP Fund Management Limited - Management Company

Management remuneration payable	761	707
Sind Sales Tax payable	99	92
Allocation of expenses related to registrar services, accounting, operation a& valuation services	257	494
Sales and transfer load	486	814
Sind Sales Tax payable on sales load	62	104
Selling & Marketing expense	1,798	1,978

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	68	141
Sindh Sales Tax payable	9	18
Security deposit	100	100
CDC charges payable	276	17

Shahid Hussain

Units held: 656 units (2019: Nil units)	7	-
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NBP Employees pension fund

Units held: 67,200,942 units (2019: 67,200,942 units)	698,567	656,950
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Employees of the Management Company

Units held: 1,711 units (2019: 7,554 units)	18	74
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Summit Bank Limited*

Bank Balances	-	633
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Bank Islami Pakistan Limited

Bank Balance	846	-
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National Clearing Company of Pakistan Limited

Security Deposit	250	-
Laga and levy charges payable	80	-

The Hub Power Company Limited**

Investment in Commerical Paper	87,071	-
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* Current balances with this party has not been disclosed as it did not remain connected person and related party 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.

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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			
		At fair value through profit and loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
		----- Unaudited -----						
		----- (Rupees in '000) -----						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investment								
- Market Treasury Bills		84,357	-	84,357	-	84,357	-	84,357
- Term deposit receipt		65,000	-	65,000	-	65,000	-	65,000
- Commercial Paper		209,702	-	209,702	-	209,702	-	209,702
		359,059	-	359,059	-	359,059	-	359,059
Financial assets not measured at fair value								
	18.1							
Bank balances		-	606,929	606,929	-	-	-	-
Receivable against Marginal Trading System		-	106,630	106,630	-	-	-	-
Profit and other receivables		-	9,313	9,313	-	-	-	-
Security deposits		-	412	412	-	-	-	-
		-	723,284	723,284	-	-	-	-
Financial liabilities not measured at fair value								
	18.1							
Payable to NBP Fullerton Asset Management Limited - Management Company		-	3,463	3,463	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	77	77	-	-	-	-
Payable against redemption of units		-	79	79	-	-	-	-
Accrued expenses and other liabilities		-	1,203	1,203	-	-	-	-
		-	4,822	4,822	-	-	-	-

NBP SAVING FUND (FORMERLY ; NAFA INCOME FUND)



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							
- Market Treasury Bills	4,947	-	4,947	-	4,947	-	4,947
- Term finance certificates	76,427	-	76,427	-	76,427	-	76,427
- Term Deposit Receipts	98,478	-	98,478	-	98,478	-	98,478
- Commercial Paper	98,330	-	98,330	-	98,330	-	98,330
	<u>278,182</u>	<u>-</u>	<u>278,182</u>	<u>-</u>	<u>278,182</u>	<u>-</u>	<u>278,182</u>
Financial assets not measured at fair value							
Bank balances	-	728,176	728,176	-	-	-	-
Profit receivables	-	10,736	10,736	-	-	-	-
Security deposits	-	450	450	-	-	-	-
	<u>-</u>	<u>739,362</u>	<u>739,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Payable to NBP Fullerton Asset Management Limited - Management Company	-	4,189	4,189	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	159	159	-	-	-	-
Accrued expenses and other liabilities	-	526	526	-	-	-	-
	<u>-</u>	<u>4,874</u>	<u>4,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

18.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically.

Therefore, their carrying amounts are reasonable approximation of fair value.

18.2 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.

19 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

Director

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