

NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II



QUARTERLY REPORT
MARCH 31, 2020



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.**



Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO AND FORMING PART OF THIS CONDENSED INTERIM FINANCIAL INFORMATION	14



FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Allied Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited



Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02,
Beaumont Road,
Karachi - 75530, 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.nbpffunds.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 unaudited financial statements of **NAFA Islamic Principal Protected Fund - II (NIPPF - II)** for the period ended March 31, 2020.

Fund's Performance

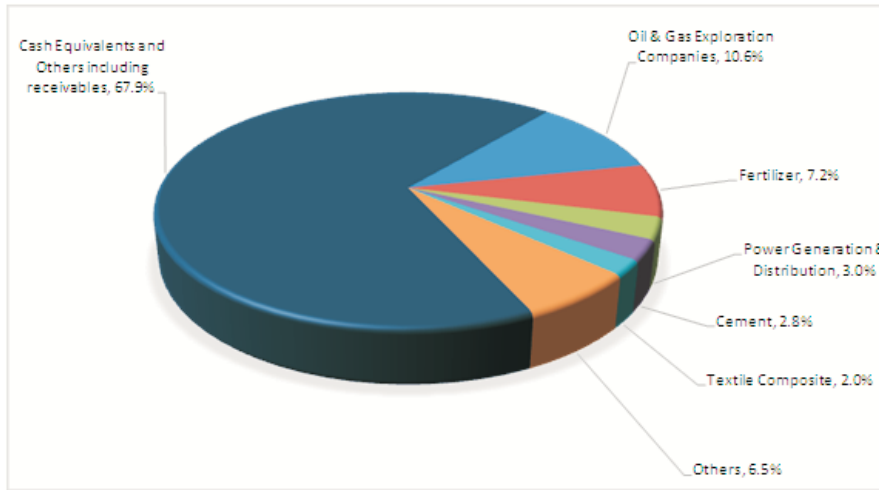
The size of NAFA Islamic Principal Protected Fund-II stood at Rs. 106 million at March 31, 2020. During the period, the unit price (NAV) of NAFA Islamic Principal Protected Fund-II has increased from Rs. 100.2278 (Ex-Div) on June 30, 2019 to Rs. 104.3358 on March 31, 2020, thus showing an increase of 4.1%. The Benchmark has increased by 2.1% during the same period. Thus, the Fund has outperformed its Benchmark by 2.0% during the period under review. Since inception (June 27, 2014), the unit price of the Fund has shown a growth of 63.1% as compared to 42.1% increase in its Benchmark. Thus, the Fund has outperformed its Benchmark by 21.7%. This performance is net of management fee and all other expenses.

During 9MFY20, amid heightened volatility, the stock market depicted dismal performance as reflected by a large 16.8% decline in the benchmark KMI-30 Index. The market started the year on a faltering note initially on account of concerns on the economic front and later on due to deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. Resultantly, panic selling sent the Index to a multi-year low level of 44,929 points on August 16th that opened-up valuation gap in the broader part of the market. However, as the threat of armed conflict between India and Pakistan subsided, attractive valuations and mitigation of risks on the balance of payment position with signing of USD 6 billion Extended Funds facility (EFF) and substantial financial support from the friends of Pakistan triggered value buying in the market. The market sentiment was further uplifted by significant improvement in external account position. The current account balance for the first time in 42 months turned into surplus in Oct-19 and the monthly CAD averaged USD 366 million during July'19 to Feb'20 period, down massively by 70% on a year-on-year basis. Capital flows from the multilateral agencies and portfolio inflows in the government securities also rejuvenated the sentiment. The market also celebrated the steep decline in yields on the government securities on the expectation of commencement of monetary easing cycle. As a result, the KMI-30 Index surged by a massive 58% from August 16th, 2019 to its recent peak on January 10th, 2020. Then, things started to reverse, initially, concerns over delay of 3rd tranche from the IMF due to noncompliance of Performance Criteria under EFF, fear of mini budget to meet expected revenue shortfalls, and reversal of hot money from T-Bills started to weigh on the stock market sentiment. It was however the fear of spread of the Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market. Consequently, the market tumbled by 36.4% from its peak in January till March end.

During the period under review, in terms of sectoral performance, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Food & Personal Care and Glass & Ceramics out-performed the market, while Automobile Assemblers, Commercial Banks, Insurance, Oil & Gas Exploration, Oil & Gas Marketing, Textile Composite, and Power Generation & Distribution lagged behind. Regarding the participant-wise activity, Individuals remained major buyers with net inflows of USD 144 million, along with Insurance Companies that accumulated positions worth USD 94 million. On the other hand, Foreign investors were the major sellers in the market, offloading positions worth USD 130 million. Likewise, Mutual Funds, and Banks/DFIs were net sellers with net outflows of USD 85 million, and USD 48 million, respectively.

During 9MFY20, the State Bank of Pakistan (SBP) held six Monetary Policy Committee (MPC) meetings. In its first meeting in July 2019, the Policy Rate was increased by 100bps to 13.25% with the objective to curtail inflationary pressure. Thenceforth the central bank maintained tight monetary policy stance and left the key benchmark unchanged in the subsequent three MPC meetings. In its meeting on March 17th, 2020 and again on March 24th, 2020 the SBP slashed the Policy Rate by a cumulative 225bps to 11%; owing to improved inflation outlook, sharp fall in the global oil prices, and economic fallout from the Coronavirus pandemic.

The Fund has earned a total income of Rs. 6.845 million during the period. After deducting accounting for total expenses of Rs 2.502 million, the net income is Rs. 4.343 million. The asset allocation of the Fund as on March 31, 2020 is as follows:



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: April 27, 2020

Place: Karachi.



ڈائریکٹرز رپورٹ

NBP فنڈ میجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2020ء کو ختم ہونے والی نو ماہی کے لئے NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ II- (NIPPF-II) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

31 مارچ 2020ء کو NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ II- (NIPPF-II) کا سائز 106 ملین روپے رہا۔ اس مدت کے دوران، اسلامک پرنسپل پروٹیکٹڈ فنڈ II- کے یونٹ کی قیمت 30 جون 2019ء کو 100.2278 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2020ء کو 104.3358 روپے ہو گئی، لہذا 4.1% کا اضافہ ظاہر کر رہی ہے۔ اسی مدت کے دوران بیچ مارک میں اضافہ 2.1% ہوا۔ چنانچہ زیر جائزہ مدت کے دوران فنڈ نے اپنے بیچ مارک سے 2.0% کی بہتر کارکردگی کا مظاہرہ کیا۔ اپنے قیام (27 جون 2014) کے وقت سے فنڈ کی یونٹ قیمت نے اپنے بیچ مارک میں 42.1% اضافہ کے مقابلے 63.1% کی نمو دکھائی۔ لہذا فنڈ نے اپنے بیچ مارک سے 21.7% کی بہتر کارکردگی دکھائی۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2020 کی نو ماہی میں، تیز اتار چڑھاؤ کے ساتھ اسٹاک مارکیٹ نے مایوس کن کارکردگی کا مظاہرہ کیا جیسا کہ KMI-30 انڈیکس بیچ مارک میں بڑے پیمانے کی کمی 16.8 فیصد سے ظاہر ہوتا ہے۔ مارکیٹ نے اقتصادی محاذ پر تشویش پائے جانے اور بعد میں ہندوستان کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات خراب ہونے کی وجہ سے منفی رجحان سے سال کا آغاز کیا۔ نتیجتاً، خوف و ہراس میں فروخت کی وجہ سے 16 اگست 2019ء کو انڈیکس کثیر سالہ کی کم ترین سطح 44,929 پوائنٹس تک پہنچ گیا جس نے مارکیٹ کے بڑے حصہ میں قیمت کے خلاء کو واضح کر دیا۔ تاہم، جیسے ہی بھارت اور پاکستان کے مابین مسلح تصادم کا خطرہ کم ہوا، 6 بلین ڈالر کے توسیعی فنڈز کی سہولت (EFF) پر دستخط اور ادائیگی کی پوزیشن میں توازن سے پرکشش تشکیص اور خطرات کی تخفیف ہوئی اور پاکستان کے دوست ممالک کی طرف سے خاطر خواہ مالی مدد نے مارکیٹ میں قیمت خرید کو متحرک کر دیا۔ بیرونی اکاؤنٹ کی پوزیشن میں نمایاں بہتری کی وجہ سے مارکیٹ کے جذبات کو مزید تقویت ملی۔ کرنٹ اکاؤنٹ بیلنس پہلی بار 42 مہینوں میں اکتوبر 19 میں سرپلس میں بدل گیا اور ماہانہ کرنٹ اکاؤنٹ خسارہ (CAD) اوسط 366 ملین امریکی ڈالر، جولائی 19 تا فروری 20 کے دوران سالانہ بنیادوں پر بڑے پیمانے پر 70 فیصد کم ہوا۔ کثیر الجہتی ایکسیویوں کی طرف سے سرمائے اور گورنمنٹ سیکورٹیز میں پورٹ فولیو کی آمد نے بھی جذبات کو ابھارا۔ متوقع مانیٹری نرمی کے آغاز پر مارکیٹ نے گورنمنٹ سیکورٹیز کے منافع میں بھی شدید کمی کو سراہا۔ نتیجے کے طور پر، KMI-30 انڈیکس میں 16 اگست 2019ء سے بڑے پیمانے پر 58 فیصد کا اضافہ ہوا، 10 جنوری 2020ء کو اپنی موجودہ بلند ترین سطح پر آ گیا۔ پھر، معاملات اٹلے ہونا شروع ہو گئے، جس کی بنیاد وجہ EFF کے تحت کارکردگی کے معیاری عدم تقیبل کی وجہ سے آئی ایم ایف سے تیسری قسط کی تاخیر کے خدشات، متوقع آمدن کی کمی کو پورا کرنے کے لئے منی بجٹ کا خوف، اور (T-Bills) سے ہاٹ منی کے واپس جانے سے اسٹاک مارکیٹ کے جذبات پر دباؤ آنے لگا۔ تاہم، کورونا وائرس کے پھیلاؤ اور اس کے بعد ہونے والے لاک ڈاؤن/کاروباری سرگرمی کے بند ہونے کا خوف جس کی وجہ سے اسٹاک مارکیٹ میں اندھا دھند فروخت ہوئی۔ اس کے نتیجے میں، جنوری تا مارچ کے آخر تک مارکیٹ اپنے عروج سے 36.4 فیصد تک گر گئی۔

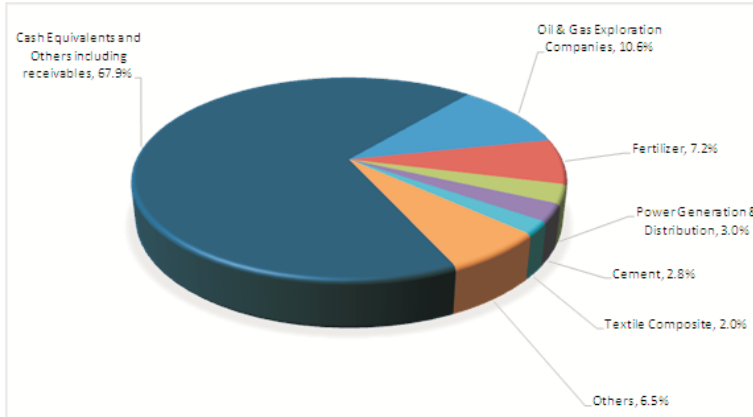
زیر جائزہ مدت کے دوران، شعبہ جاتی کارکردگی کے تناظر میں سیمنٹ، کیمیکلز، انجینئرنگ، فریٹ لائزر، فارماسیوٹیکلز، خوراک اور پرسنل کیئر اور شیشے اور سرامکس نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کمرشل بینک، انشورنس، تیل اور گیس ایکسپوریشن، تیل اور گیس مارکیٹنگ، ٹیکسٹائل کمپوزٹ، پاور جنریشن اور ڈسٹری بیوٹن نے ان کی پیروی کی۔ شریک دار کارکردگی کے تناظر میں انفرادی سرمایہ کار 144 ملین ڈالر کے مجموعی ان فلو کے ساتھ بڑے خریدار رہے جب کہ انشورنس کمپنیوں نے 94 ملین ڈالر کے ساتھ پوزیشن مستحکم کی۔ دوسری جانب، غیر ملکی سرمایہ کار 130 ملین امریکی ڈالر کے ساتھ بڑے فروخت کنندہ رہے اسی طرح میوپیل فنڈز اور بینک/DFI بالترتیب 85 ملین ڈالر اور 48 ملین ڈالر کے آؤٹ فلو کے ساتھ خالص فروخت کنندگان رہے۔



مالی سال 2020 کی نو ماہی میں اسٹیٹ بینک آف پاکستان نے چھ ماہی پالیسی کمیٹی (MPC) کے اجلاس طلب کئے۔ افراط زر کو قابو کرنے کے لئے SBP نے جولائی 2019ء میں منعقدہ ماہی پالیسی کے اپنے پہلے اجلاس میں پالیسی کی شرح کو بحساب 100bps سے بڑھا کر 13.25 فی صد کر دیا۔ اس کے بعد مرکزی بینک نے سخت معاشی پالیسی کا موقف برقرار رکھا اور اس کے بعد ہونے والی تین MPC اجلاسوں میں کلیدی معیار تبدیل نہیں کیا۔ 17 مارچ، 2020 کو اور پھر 24 مارچ، 2020 کو اپنے اجلاس میں اسٹیٹ بینک نے افراط زر کی صورتحال میں بہتری، تیل کی عالمی قیمتوں میں تیزی سے کمی اور کورونا وائرس وبائی مرض سے معاشی خرابی کی وجہ سے پالیسی کی شرح میں بحساب 225bps سے کمی کر کے مجموعی طور پر 11 فیصد کر دیا۔

NAFA اسلاک پرنسپل پروٹیکٹڈ فنڈ II کو موجودہ مدت کے دوران 6.845 ملین روپے کی مجموعی آمدنی ہوئی ہے۔ 2.502 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 4.343 ملین روپے ہے۔

31 مارچ 2020 کے مطابق فنڈ کی ایٹ ایلوکیشن حسب ذیل 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 ٹرسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

مخائب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 اپریل 2020ء

مقام: کراچی


CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
 AS AT MARCH 31, 2020

	(Un-audited) March 31, 2020	(Audited) June 30, 2019
ASSETS	-----Rupees in '000-----	
Balances with banks	89,226	95,050
Investments	29,316	23,688
Dividend and profit receivable	1,551	1,264
Security deposits and prepayments	2,606	2,600
Total assets	122,699	122,602
LIABILITIES		
Payable to the Management Company	486	597
Payable to the Trustee	14	13
Payable to Securities and Exchange Commission of Pakistan	17	88
Accrued expenses and other liabilities	15,747	15,579
Total liabilities	16,264	16,277
NET ASSETS	<u><u>106,435</u></u>	<u><u>106,325</u></u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u><u>106,435</u></u>	<u><u>106,325</u></u>
CONTINGENCIES AND COMMITMENTS	6	
	-----Number of units-----	
NUMBER OF UNITS IN ISSUE	<u><u>1,020,120</u></u>	<u><u>1,060,828</u></u>
	-----Rupees-----	
NET ASSET VALUE PER UNIT	<u><u>104.3358</u></u>	<u><u>100.2278</u></u>

The annexed notes 1 to 12 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Note ----- Rupees in '000 -----				
INCOME				
Gain/ (loss) on sale of investments - net	619	(2,465)	786	(863)
Profit on balances with banks	8,069	6,555	2,694	2,269
Dividend income	1,771	1,099	285	326
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(3,614)	(2,272)	(14,903)	889
Total income/ (loss)	6,845	2,917	(11,138)	2,621
EXPENSES				
Remuneration of the Management Company	1,132	1,032	406	382
Sindh Sales Tax on remuneration of the Management Company	147	134	53	49
Allocation of expenses related to registrar services, accounting, operation and valuation services	84	90	29	29
Remuneration of the Trustee	109	117	38	37
Sindh sales tax on remuneration of the Trustee	14	15	5	5
Annual fee to Securities and Exchange Commission of Pakistan	17	68	6	22
Auditors' remuneration	179	187	36	44
Annual listing fee	16	16	5	5
Selling and marketing expenses	336	268	117	114
Securities transaction cost	50	60	17	29
Settlement and bank charges	314	350	103	113
Shariah advisor fee	15	15	5	5
Total operating expense	2,413	2,352	820	834
Net income/ (loss) from operating activities	4,432	565	(11,958)	1,787
Provision for Sindh Workers' Welfare Fund	(89)	(11)	239	(11)
Net income/ (loss) for the period before taxation	4,343	554	(11,719)	1,776
Taxation	-	-	-	-
Net income/ (loss) for the period after taxation	4,343	554	(11,719)	1,776
Allocation of net income for the period				
Net income for the period after taxation	4,343	554	(11,719)	1,776
Income already paid on units redeemed	(173)	-	-	-
	4,170	554	(11,719)	1,776
Accounting income available for distribution:				
-Relating to capital gains	-	-	-	-
-Excluding capital gains	4,170	554	(11,719)	1,776
	4,170	554	(11,719)	1,776

The annexed notes 1 to 12 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----			
Net income/ (loss) for the period after taxation	4,343	554	(11,719)	1,776
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/ (loss) for the period	<u>4,343</u>	<u>554</u>	<u>(11,719)</u>	<u>1,776</u>

The annexed notes 1 to 12 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 NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Nine months ended March 31, 2020			Nine months ended March 31, 2019		
	------(Rupees in '000)-----			------(Rupees in '000)-----		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period (audited)	(16,864)	123,189	106,325	1,034	125,671	126,705
Issue of Nil units (2019: 4,332 units)						
- Capital value	-	-	-	440	-	440
- Element of loss	-	-	-	(1)	-	(1)
Total proceeds on issuance of units	-	-	-	439	-	439
Redemption of 40,709 units (2019: 112,073 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(4,080)	-	(4,080)	(11,383)	-	(11,383)
- Element of income	21	(173)	(152)	(51)	-	(51)
Total payments on redemption of units	(4,059)	(173)	(4,232)	(11,434)	-	(11,434)
Total comprehensive income for the period	-	4,343	4,343	-	554	554
Distribution during the period	-	-	-	-	(1,001)	(1,001)
Net assets at end of the period (un-audited)	(20,923)	127,359	106,435	(9,961)	125,224	115,262
Undistributed income brought forward						
- Realised		128,256			127,620	
- Unrealised		(5,067)			(1,949)	
		123,189			125,671	
Total comprehensive income for the period		4,343			554	
Distribution during the period		-			(1,001)	
Undistributed income carried forward		127,532			125,224	
Undistributed income carried forward						
- Realised income		131,146			127,496	
- Unrealised (loss)		(3,614)			(2,272)	
		127,532			125,224	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		100.2278			102.3781	
Net assets value per unit at end of the period		104.3358			102.0125	

The annexed notes 1 to 12 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 NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Nine months ended	
	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	4,343	554
Adjustments		
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	3,614	2,272
	<u>7,957</u>	<u>2,826</u>
(Increase) in assets		
Investments	(9,242)	(8,352)
Receivable against sale of investments	-	(376)
Dividend and profit receivable	(287)	(483)
Security deposits and prepayments	(6)	(6)
	<u>(9,535)</u>	<u>(9,217)</u>
Increase/ (Decrease) in liabilities		
Payable to the Management Company	(111)	322
Payable to the Trustee	1	12
Payable to Securities and Exchange Commission of Pakistan	(71)	(32)
Accrued expenses and other liabilities	168	(528)
	<u>(13)</u>	<u>(226)</u>
Net cash (used in) from operating activities	<u>(1,591)</u>	<u>(6,617)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	-	439
Payments on redemption of units	(4,232)	(11,434)
Cash dividend	-	(1,001)
Net cash (used in) from financing activities	<u>(4,232)</u>	<u>(11,996)</u>
Net decrease in cash and cash equivalents	<u>(5,824)</u>	<u>(18,614)</u>
Cash and cash equivalents at the beginning of the period	95,050	108,910
Cash and cash equivalents at the end of the period	<u><u>89,226</u></u>	<u><u>90,296</u></u>

The annexed notes 1 to 12 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 THIS CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020****1 LEGAL STATUS AND NATURE OF BUSINESS**

NAFA Islamic Principal Protected Fund-II (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited (Formerly: NBP Fullerton Asset Management Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 07, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 15, 2014 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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 principal 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 the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open-end "Shariah Compliant Capital Protected Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited.

The objective of NAFA Islamic Principal Protection Fund - II is to earn a potentially high return through dynamic asset allocation between shariah compliant equities and money market investment avenues, while providing principal protection to its unit holders. Principal protection means that the net realisable value of the Fund shall not fall below the initial investment value (adjusted for distributions / redemptions during the life of the Fund), provided that the units are held till the completion of the initial maturity of the Fund.

The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an asset manager rating of AM1 to the Management Company. The Fund has not yet been rated.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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; the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and



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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2020.

These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2019 that have a material effect on the financial statements of the Fund.

4 INVESTMENTS

		31 March 2020	30 June 2019
		Unaudited	Audited
		(Rupees in '000)	
Listed equity securities	4.1	<u><u>29,316</u></u>	<u><u>23,688</u></u>



4.1 Investment in listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of K-Electric Limited which has a face value of Rs. 3.5.

Name of the Investee Company	As at 01 July 2019	Purchases during the period	Bonus Shares issued during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 31 March 2020	Market value /carrying value as at 31 March 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	*Market value as a percentage of the paid up capital of the investee company held
	(Number of shares)						(Rupees in '000)	(%)		
Pharma and Bio Tech										
Abbott Laboratories (Pakistan) Limited	200	-	-	-	-	200	64	0.06	0.22	-
The Searle Company Limited	343	-	-	-	-	343	54	0.05	0.18	-
AGP Limited NC	-	3,000	-	-	-	3,000	248	0.23	0.84	-
	543	3,000	-	-	-	3,543	365	0.34	1.24	
Commercial Banks										
Meezan Bank Limited	16,187	34,500	1	-	22,000	28,688	1,867	1.75	6.37	-
	16,187	34,500	1	-	22,000	28,688	1,867	1.75	6.37	
Cement										
Lucky Cement Limited	2,000	5,300	-	-	1,000	6,300	2,335	2.19	7.97	-
Kohat Cement Co. Ltd.	3,330	12,500	-	-	-	15,830	1,381	1.30	4.71	-
	5,330	17,800	-	-	1,000	22,130	3,717	3.49	12.68	
Fertilizer										
Engro Corporation Limited	10,890	11,500	-	-	5,000	17,390	4,641	4.36	15.83	-
Engro Fertilizers Limited	43,500	14,500	-	-	27,000	31,000	1,787	1.68	6.10	-
	54,390	26,000	-	-	32,000	48,390	6,429	6.04	21.93	
Power Generation & Distribution										
The Hub Power Company Limited	43,157	3,500	-	-	13,000	33,657	2,298	2.16	7.84	-
K-Electric Limited	29,000	-	-	-	29,000	-	-	-	-	-
	72,157	3,500	-	-	42,000	33,657	2,298	2.16	7.84	
Textile Composite										
Nishat Mills Limited	14,000	8,900	-	-	2,400	20,500	1,204	1.13	4.11	-
Kohinoor Textile Mills Limited	4,737	-	-	-	-	4,737	123	0.12	0.42	-
	18,737	8,900	-	-	2,400	25,237	1,327	1.25	4.52	
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited	3,600	7,400	1,920	-	2,600	10,320	1,254	1.18	4.28	-
Sui Northern Gas Pipelines	7,500	25,000	-	-	25,000	7,500	277	0.26	0.94	-
Hascol Petroleum Limited	1,147	-	-	-	26	1,121	13	0.01	0.04	-
	12,247	32,400	1,920	-	27,626	18,941	1,544	1.45	5.27	
Engineering										
Mughal Iron and Steel Industries Limited	2,226	36,000	-	-	11,000	27,226	853	0.80	2.91	-
International Steels Ltd	100	-	-	-	-	100	4	0.00	0.01	-
	2,326	36,000	-	-	11,000	27,326	857	0.80	2.92	
Glass & Ceramics										
Tariq Glass industries Limited	4,500	5,000	4,750	-	-	14,250	720	0.68	2.46	-
	4,500	5,000	4,750	-	-	14,250	720	0.68	2.46	
Technology & Communication										
Systems Limited	5,900	-	-	-	-	5,900	656	0.62	2.24	-
	5,900	-	-	-	-	5,900	656	0.62	2.24	
Refinery										
National Refinery Limited	200	-	-	-	-	200	17	0.02	0.06	-
	200	-	-	-	-	200	17	0.02	0.06	
Chemical										
Engro Polymer & Chemicals	18,029	66,500	-	-	29,000	55,529	1,362	1.28	4.64	-
	18,029	66,500	-	-	29,000	55,529	1,362	1.28	4.64	
Oil & Gas Exploration Companies										
Oil & Gas Development Company Limited	18,400	16,200	-	-	14,700	19,900	1,532	1.44	5.23	-
Pakistan Oilfields Limited	3,500	5,400	-	-	4,100	4,800	1,259	1.18	4.29	-
Pakistan Petroleum Limited	17,340	15,800	6,088	-	15,898	23,330	1,675	1.57	5.71	-
Mari Petroleum Limited	1,520	1,600	312	-	300	3,132	2,791	2.62	9.52	-
	40,760	39,000	6,400	-	34,998	51,162	7,257	6.82	24.75	
Transport										
P. N. S. C. NC	-	17,000	-	-	-	17,000	903	0.85	3.08	-
	-	17,000	-	-	-	17,000	903	0.85	3.08	
Total - 31 March 2020	251,305	289,600	13,071	-	202,024	351,952	29,316	27.54	100.00	
Carrying value before fair value adjustment as at 31 Mar 2019							32,930			

* Nil value due to rounding off difference.



4.1.1 Investments include shares with market value of Rs. 4.633 million (30 June 2019: Rs. 4.436 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 14.1 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. 3.701 million for the period ended March 31, 2019 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs. 3.628 per unit (June 2019: Rs 3.405 per unit)."

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2020 and June 30, 2019.

7 SELLING AND MARKETING EXPENSE

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 0.4% per annum of the net assets of the Fund.

8 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 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

9 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2020 is 2.98% (2019: 2.63%) which includes 0.32% (2019: 0.26%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% (as amended by S.R.O 639 dated June 20, 2019) prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Shari'ah compliant equity scheme'.



10 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

10.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Pension Fund, 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.

10.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

10.3 Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

10.4 Details of the transactions with related parties / connected persons during the period and balances with them as at period are as follows:

------(Un-audited)-----	
Nine months ended	
March 31, 2020	March 31, 2019
------(Rupees in '000)-----	

NBP Fund Management Limited ' - Management Company

Remuneration for the period	1,132	1,032
Sindh sales tax on remuneration of the Management Company	147	134
Allocation of expenses related to registrar services, accounting, operation and valuation services	84	90
Selling and marketing expenses	336	268

Employees of the Management Company

Dividend reinvested: Nil units (2019: 16 units)	-	2
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Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	109	117
Sindh sales tax on remuneration of the Trustee	14	15

Taurus Securities Limited

Brokerage expense	4	4
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National Clearing Company of Pakistan Limited (Common Directorship)

NCCPL charges	275	274
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Pakistan Stock Exchange Limited (Common Directorship)

Listing fee paid	20	-
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	(Un-audited) March 31, 2020	(Audited) June 30, 2019
	----(Rupees in '000)-----	
Amounts/ Balances outstanding as at period / year end		
NBP Fund Management Limited- Management Company		
Remuneration of the Management Company	127	107
Sindh Sales Tax on remuneration of the Management Company	17	14
Allocation of expenses related to registrar services, accounting, operation and valuation services	29	56
Selling and marketing expense	117	224
Sales tax payable on sales and transfer load	196	196
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	12	12
Sindh sales tax payable on remuneration of the trustee	2	1
Security deposit	100	100
Employees of the Management Company		
Units held: 2,303 (2019: 2,303 units)	240	231
City School Provident Fund Trust		
Units held: 458,218 (2019: 458,218 units)	47,809	45,926
Mehreen Dawood		
Units held: 209,748 (2019: 209,748 units)	21,884	21,023
Taimur Dawood		
Units held: 107,967 (2019: 107,967 units)	11,265	10,821
Novartis Pharma (Pakistan) Limited - Provident Fund Trust		
Units held: 107,206 (2019: 107,206 units)	11,185	10,745
National Clearing Company of Pakistan Limited (Common Directorship)		
NCCPL charges payable	56	35
Security Deposit	2,500	2,500

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 27, 2020 by the Board of Directors of the Management Company.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise is specified.

12.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. There have been no significant reclassification during the period except for the impact of change in accounting policy.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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