



# NBP FUNDS

*Managing Your Savings*

**AM1**  
Rated by PACRA

## NBP FINANCIAL SECTOR FUND



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.



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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource Committee

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

### Strategy & Business Planning Committee

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

### Trustee

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

### Bankers to the Fund

MCB Bank Limited  
Summit Bank Limited  
JS Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
United Bank Limited  
Bank Al Habib Limited  
Allied Bank Limited  
Bankislami Pakistan Limited

**Auditors**

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road,  
P.O.Box 4716  
Karachi.

**Legal Advisor**

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

**Head Office:**

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

**Lahore Office:**

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

**Islamabad Office:**

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

**Peshawar Office:**

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

**Multan Office:**

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

## DIRECTORS' REPORT

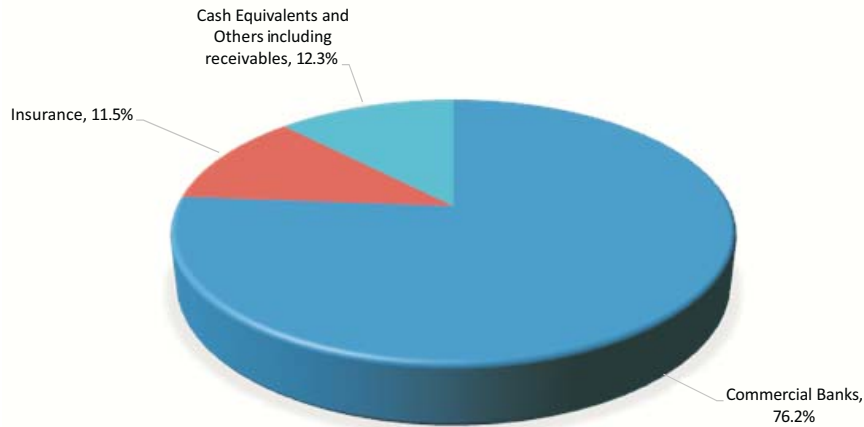
The Board of Directors of **NBP Fund Management Limited** is pleased to present the unaudited financial statements of **NBP Financial Sector Fund** (Formerly: NAFA Financial Sector Fund) (NFSF) for the period ended March 31, 2020. Fund's Performance

The size of NBP Financial Sector Fund (Formerly: NAFA Financial Sector Fund) has decreased from Rs. 1,121 million to Rs. 585 million during the period, i.e. a decrease of 48%. During the period, the unit price (NAV) of NBP Financial Sector Fund (NFSF) has decreased from Rs. 9.0609 on June 30, 2019 to Rs. 7.2796 on March 31, 2020, thus showing a decrease of 19.7%. The Benchmark has decreased by 14.7% during the same period. Thus, the Fund has underperformed its Benchmark by 5.0% during the period under review. Since inception, the unit price of NBP Financial Sector Fund has decreased from Rs. 10.0000 on February 14, 2018 to Rs. 7.2796 on March 31, 2020, thus showing a decrease of 27.2%. The Benchmark for the same period has decreased by 32.1%. Thus, the Fund has outperformed its Benchmark by 4.9% during the period under review. This performance is net of management fee and all other expenses.

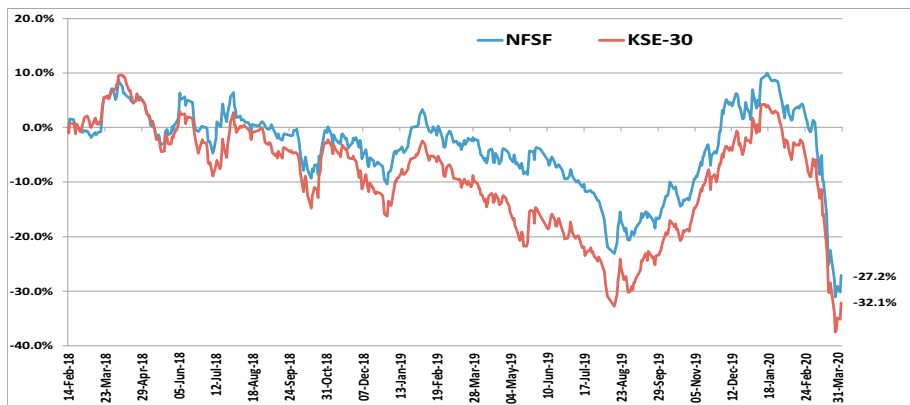
During 9MFY20, amid heightened volatility, the stock market depicted dismal performance as reflected by a large 13.8% decline in the benchmark KSE-100 Index. The market started the year on a faltering note initially on account of concerns on the economic front and later on due to deteriorating Pakistan-India 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 28,765 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 KSE-100 Index surged by a massive 50% from August 16th, 2019 to its recent peak on January 13th, 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 32.4% 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.

NBP Financial Sector Fund has incurred a loss of Rs.117.641 million during the period. After accounting for total expenses of Rs. 23.801 million, the total loss is Rs. 141.442 million. The asset allocation of the Fund as on March 31, 2020 is as follows:



NFSF Performance versus Benchmark (Since Inception)



### Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of  
**NBP Fund Management Limited**

**Chief Executive**

**Director**

Date: April 27, 2020  
Place: Karachi.



## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2020ء کو ختم ہونے والی نو ماہی کے لئے NBP فنانسشل سیکٹرز فنڈ (سابقہ: NAFA فنانسشل سیکٹرز فنڈ) (NFSF) کے منجمنڈ غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

NBP فنانسشل سیکٹرز فنڈ (سابقہ: NAFA فنانسشل سیکٹرز فنڈ) کا فنڈ سائز اس مدت کے دوران 1,121 ملین روپے سے کم ہو کر 585 ملین روپے ہو گیا، یعنی 48% کی کمی ہوئی۔ اس مدت کے دوران، NBP فنانسشل سیکٹرز فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2019 کو 9.0609 روپے سے کم ہو کر 31 مارچ 2020ء کو 7.2796 روپے ہو چکی ہے، لہذا 19.7% کی کمی ہوئی۔ اسی مدت کے دوران بیچ مارک میں 14.7% کی کمی ہوئی۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 15.0% ہٹ کر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے یونٹ کی قیمت 10,000 روپے سے کم ہو کر 31 مارچ 2020ء کو 7.2796 روپے ہو گئی، لہذا 27.2% کی کمی ہوئی ہے۔ اسی مدت کے دوران بیچ مارک میں 32.1% کی کمی ہوئی۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے بیچ مارک سے 4.9% بہتر رہی۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

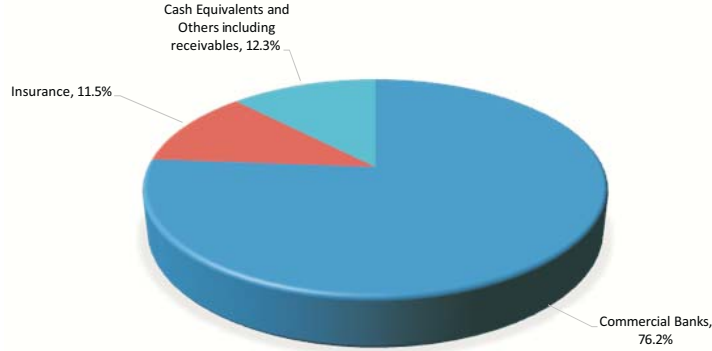
مالی سال 2020 کی نو ماہی میں، تیز اتار چڑھاؤ کے ساتھ اسٹاک مارکیٹ نے مایوس کن کارکردگی کا مظاہرہ کیا جیسا کہ KSE-100 انڈیکس بیچ مارک میں بڑے پیمانے کی کمی 13.8 فیصد سے ظاہر ہوتا ہے۔ مارکیٹ نے اقتصادی محاذ پر تشویش پائے جانے اور بعد میں ہندوستان کے مقبوضہ کشمیر میں آڑھیل 370 کی منسوخی پر پاک بھارت تعلقات 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 28,765 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 تشخیص 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) اوسطاً 366 ملین امریکی ڈالر، جولائی 19 تا فروری 20 کے دوران سالانہ بنیادوں پر بڑے پیمانے پر 70 فیصد کم ہوا۔ کثیرالجہتی ایجنسیوں 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، KSE-100 انڈیکس میں 16 اگست 2019 سے بڑے پیمانے پر 50 فیصد کا اضافہ ہوا، 13 جنوری 2020 کو اپنی موجودہ بلند ترین سطح پر آ گیا۔ پھر، معاملات اٹلے ہونا شروع ہو گئے، جس کی بنیادی وجہ EFF کے تحت کارکردگی کے معیار کی عدم تعمیل 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 32.4 فیصد تک گر گئی۔

زیر جائزہ مدت کے دوران، شعبہ جاتی کارکردگی کے تناظر میں سینٹ، کیمیکلز، انجینئرنگ، فریٹ لائزر، فارماسیوٹیکلز، خوراک اور پرسنل کیئر اور شیشے اور سرسراکس نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کمرشل بینک، انشورنس، تیل اور گیس ایکسپلوریشن، تیل اور گیس مارکیٹنگ، ٹیکسٹائل کمپوزٹ، پاور جنریشن اور ڈسٹری بیوشن نے ان کی بیرونی کمی۔ شریک دار کارکردگی کے تناظر میں انفرادی سرمایہ کار 144 ملین ڈالر کے مجموعی انفلو 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 چیل فنڈز اور بینک/DFI بالترتیب 85 ملین ڈالر اور 48 ملین ڈالر کے آؤٹ فلو کے ساتھ خالص فروخت کنندگان رہے۔

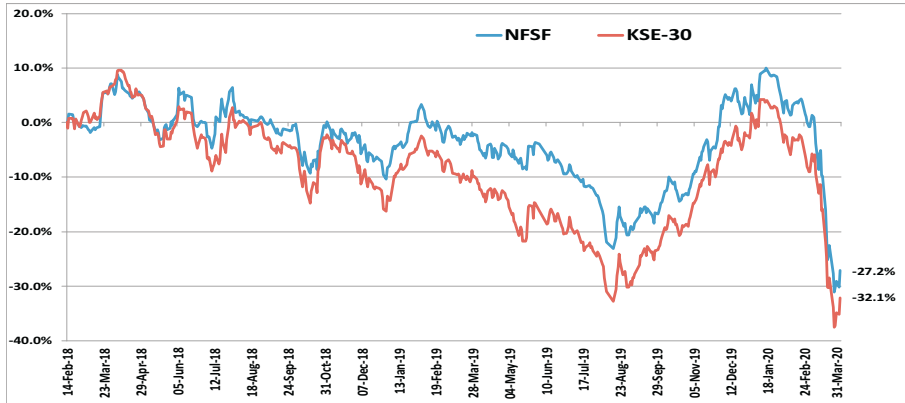


NBP ٹائمنیشنل سیکیٹرز فنڈ کو اس مدت کے دوران 117.641 ملین روپے کا مجموعی خسارہ ہوا۔ 23.801 ملین روپے کے مجموعی اخراجات مٹھا کرنے کے بعد خالص خسارہ 141.442 ملین روپے ہے۔

31 مارچ 2020ء کے مطابق فنڈ کی ایسٹ ایلوکییشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بیچ مارک



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینیجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اینڈریج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ مینیجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 اپریل 2020ء

مقام: کراچی

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

	Note	Un-Audited March 31, 2020	Audited □ June 30 2019
-----Rupees in '000-----			
<b>ASSETS</b>			
Balances with banks		60,061	63,745
Investments	4	512,542	1,063,204
Profit and Dividend receivable		13,685	889
Advances, deposits and other receivables		2,956	2,948
Receivable against sale of units		40	-
Preliminary expenses and flotation costs		1,922	2,426
<b>Total Assets</b>		<b>591,206</b>	<b>1,133,212</b>
<b>LIABILITIES</b>			
Payable to the Management Company		4,978	6,430
Payable to Central Depository Company of Pakistan Limited - Trustee		120	204
Payable to Securities and Exchange Commission of Pakistan		123	1,103
Payable against redemption of units		2	-
Accrued expenses and other liabilities		1,144	4,847
<b>Total Liabilities</b>		<b>6,367</b>	<b>12,584</b>
<b>NET ASSETS</b>		<b>584,839</b>	<b>1,120,628</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>584,839</b>	<b>1,120,628</b>
<b>Number of units in issue</b>		<b>80,339,815</b>	<b>123,677,243</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>NET ASSET VALUE PER UNIT</b>		<b>7.2796</b>	<b>9.0609</b>

The annexed notes 1 to 11 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)-----			
<b>INCOME</b>				
Net gain / (loss) on sale of investments	22,413	(26,077)	30,592	(2,801)
Dividend Income	37,351	43,370	15,937	27,187
Profit on bank deposits	4,387	9,057	1,535	3,054
Net unrealised (diminution) / appreciation on re-measurement as 'financial assets at fair value through profit or loss'	(181,792)	(34,646)	(249,519)	64,876
<b>Total (loss) / income</b>	<b>(117,641)</b>	<b>(8,296)</b>	<b>(201,455)</b>	<b>92,316</b>
<b>EXPENSES</b>				
Remuneration of Management Company	9,383	17,092	2,787	5,843
Sindh sales tax on remuneration of the Management Company	1,220	2,222	363	760
Accounting and operational expenses	614	855	186	293
Selling and marketing expense	7,248	3,418	2,509	1,168
Remuneration of Trustee	1,221	1,604	371	539
Sindh Sales Tax on remuneration of the Trustee	159	208	48	70
Annual fee - Securities and Exchange Commission of Pakistan	123	812	37	278
Amortisation of preliminary expenses and floatation costs	504	502	167	164
Securities transaction cost	2,484	1,954	1,195	604
Printing charges	42	24	-	1
Annual listing fee	20	17	7	3
Auditors' remuneration	477	250	77	55
Settlement and bank charges	260	169	64	14
Legal & Professional charges	46	18	27	2
<b>Total Expenses</b>	<b>23,801</b>	<b>29,145</b>	<b>7,838</b>	<b>9,794</b>
<b>Net (loss) / income from operating activities</b>	<b>(141,442)</b>	<b>(37,441)</b>	<b>(209,293)</b>	<b>82,522</b>
Provision for Sindh Workers' Welfare Fund	-	-	1,357	-
<b>Net (loss) / income for the period before taxation</b>	<b>(141,442)</b>	<b>(37,441)</b>	<b>(207,936)</b>	<b>82,522</b>
Taxation	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>	<b>(141,442)</b>	<b>(37,441)</b>	<b>(207,936)</b>	<b>82,522</b>
<b>Allocation of net income for the period:</b>				
Net income for the period after taxation	-	-	-	-
Income already paid on units redeemed	-	-	-	-
	-	-	-	-
<b>Accounting income available for distribution:</b>				
-Relating to capital gains	-	-	-	-
-Excluding capital gains	-	-	-	-
	-	-	-	-

The annexed notes 1 to 11 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 (loss) / income for the period after taxation	(141,442)	(37,441)	(207,936)	82,522
Other Comprehensive Income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(141,442)</u>	<u>(37,441)</u>	<u>(207,936)</u>	<u>82,522</u>

The annexed notes 1 to 11 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

	For the nine months period ended March 31, 2020			For the nine months period ended March 31, 2019		
	Rupees in '000			Rupees in '000		
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
<b>Net assets at beginning of the period</b>	1,283,122	(162,494)	1,120,628	1,065,800	(29,910)	1,035,890
Issue of 70,256,453 units (2019: 124,814,333 units)						
- Capital value (at net asset value per unit at the beginning of the period)	636,587	-	636,587	1,248,218	-	1,248,218
- Element of income / (loss)	62,412	-	62,412	(2,406)	-	(2,406)
Total proceeds on issuance of units	698,999	-	698,999	1,245,812	-	1,245,812
Redemption of 113,593,881 units (2019: 94,037,558 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(1,029,263)	-	(1,029,263)	(940,432)	-	(940,432)
- Element of (loss) / income	(64,083)	-	(64,083)	10,692	-	10,692
Total payments on redemption of units	(1,093,346)	-	(1,093,346)	(929,740)	-	(929,740)
Total comprehensive (loss) for the period	-	(141,442)	(141,442)	-	(37,441)	(37,441)
<b>Net assets at end of the period</b>	<b>888,775</b>	<b>(303,936)</b>	<b>584,839</b>	<b>1,381,872</b>	<b>(67,351)</b>	<b>1,314,521</b>
Undistributed income brought forward						
- Realised (loss) / income		(33,288)			2,815	
- Unrealised (loss)		(129,206)			(32,725)	
		(162,494)			(29,910)	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net (loss) for the period after taxation		(141,442)			(37,441)	
Undistributed (loss) carried forward		(303,936)			(67,351)	
Undistributed (loss) carried forward						
- Realised (loss)		(122,144)			(32,705)	
- Unrealised (loss)		(181,792)			(34,646)	
		(303,936)			(67,351)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			9.0609			10.0006
Net assets value per unit at end of the period			7.2796			9.7836

The annexed notes 1 to 11 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)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss) for the period before taxation	(141,442)	(37,441)
<b>Adjustments</b>		
Amortization of preliminary expenses and floatation costs	504	502
Net unrealised diminution on re-measurement as 'financial assets at fair value through profit or loss'	181,792	34,646
	<u>40,854</u>	<u>(2,293)</u>
<b>(Increase) / decrease in assets</b>		
Investments	368,870	(303,329)
Profit and Dividend receivable	(12,796)	(27,935)
Receivable against sale of investments	-	(2,105)
Advances, deposits and other receivables	(8)	(9)
	356,066	(333,378)
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(1,452)	(300)
Payable to the Trustee	(84)	25
Payable to the Securities and Exchange Commission of Pakistan	(980)	479
Accrued expenses and other liabilities	(3,703)	(216)
	(6,219)	(12)
<b>Net cash generated from / (used in) operating activities</b>	<u>390,701</u>	<u>(335,683)</u>
Net receipts from issue of units	698,959	1,245,812
Net payments on redemption of units	(1,093,344)	(929,740)
<b>Net cash (used in) / generated from financing activities</b>	(394,385)	316,072
<b>Net (decrease) in cash and cash equivalents during the period</b>	(3,684)	(19,611)
Cash and cash equivalents at the beginning of the period	63,745	142,327
<b>Cash and cash equivalents at the end of the period</b>	<u>60,061</u>	<u>122,716</u>

The annexed notes 1 to 11 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 INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

NBP Financial Sector Fund (Formerly NAFA Financial Sector Fund) (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange.

The Fund is categorized as an Open-End "Financial Sector Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The objective of NBP Financial Sector Fund (Formerly NAFA Financial Sector Fund) is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM 1 to the Management Company. The Fund has not yet been rated..

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

**2 BASIS OF PREPARATION**

**2.1 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 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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 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

#### Financial assets at fair value through profit or loss

- Listed equity securities

Note  
(Un-Audited) March 31, 2020  
(Audited) June 30, 2019  
----- Rupees in '000 -----

4.1 512,542 1,063,204

#### 4.1 Investments in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2020	Market Value as at March 31, 2020	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid up capital of investee company held
----- Number of shares -----					(Rupees in '000) ----- % -----				
<b>COMMERCIAL BANKS</b>									
Allied Bank Limited	1,026,000	-	-	557,500	468,500	33,320	5.70	6.50	0.04
Askari Bank Limited	1,552,000	-	-	1,552,000	-	-	-	-	-
Bank Al-Falah Limited	2,523,850	2,064,000	-	2,117,000	2,470,850	78,598	13.44	15.33	0.14
Bank Al-Habib Limited	1,903,000	689,000	-	1,238,000	1,354,000	72,940	12.47	14.23	0.12
Bank Of Punjab Limited	3,262,500	2,855,000	-	3,097,500	3,020,000	23,133	3.96	4.51	0.11
Faysal Bank Limited	1,667,875	-	-	671,000	996,875	13,826	2.36	2.70	0.07
Habib Bank Limited	1,395,700	973,800	-	1,587,500	782,000	80,726	13.80	15.75	0.05
Habib Metropolitan Bank Limited	156,500	-	-	156,500	-	-	-	-	-
MCB Bank Limited	868,300	408,000	-	987,100	289,200	43,172	7.38	8.42	0.02
National Bank Of Pakistan	392,000	588,500	-	340,500	640,000	18,086	3.09	3.53	0.03
United Bank Limited	1,040,900	664,000	-	1,062,600	642,300	64,750	11.07	12.63	0.05
Meezan Bank Limited	539,550	86,000	-	366,500	259,050	16,862	2.88	3.29	0.02
<b>INSURANCE</b>									
Adamjee Insurance Company Limited	2,064,500	656,500	-	978,000	1,743,000	46,416	7.94	9.06	0.50
IGI Holdings Limited	-	146,300	-	-	146,300	20,713	3.54	4.04	0.10
					<b>12,812,075</b>	<b>512,542</b>	<b>88</b>	<b>100</b>	

Carrying value as at March 31, 2020

694,334

**4.2** Investments include shares with market value of Rs 99.582 (June 30, 2019: Rs 132.778) 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 SECP.

## **5 CONTINGENCIES AND COMMITMENTS**

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

## **6 SELLING AND MARKETING EXPENSES**

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 1.35% per annum of the net assets of the Fund.

## **7 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.

## **8 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at March 31, 2020 is 3.88% (2019: 3.41%) which includes 0.24% (2019: 0.38%) 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 equity scheme'.

## **9 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

**9.1** 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.

**9.2** The transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

**9.3** Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**9.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

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

**9.5 Details of the transactions with connected persons are as follows:**

**NBP Fund Management Limited - Management Company**

Remuneration of the Management Company	9,383	17,092
Sindh sales tax on remuneration of the Management Company	1,220	2,222
Accounting and operational expenses	614	855
Selling and marketing expense	7,248	3,418
Sale load charged during the period	157	1,706
Units issued / transferred In Nil (2019: 4,814,847)	-	50,000
Units redeemed / transferred out Nil (2019: 9,194,271)	-	91,484

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration	1,221	1,604
Sindh Sales Tax on remuneration of Trustee	159	208

**Employees of the Management Company**

Units issued / transferred In 761,860 (2019: 918,897)	7,325	9,237
Units redeemed / transferred out 823,514 (2019: 1,004,445)	7,852	9,902

**Humayun Bashir (Director)**

Units issued / transferred In Nil (2019: 503,591)	-	5,000
Units redeemed / transferred out Nil (2019: 1,015,513)	-	9,949

**Portfolios Managed by Management Company**

Units issued / transferred In Nil (2019: 7,303,902)	-	68,618
Units redeemed / transferred out 2,491,783 (2019: 1,015,513)	23,529	30,030

**Taurus Securities Limited (Subsidiary of Parent)**

Brokerage	107	97
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**Bank Islami Pakistan Limited (Common Directorship)**

Profit on bank deposits	2,338	4,196
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**National Bank of Pakistan (Parent Company)**

Shares purchased: 588,500 (2019: 911,000)	19,313	44,609
Shares sold: 340,500 (2019: 1,423,000)	10,565	68,382

**\* Askari Bank Limited (Common Directorship)**

Shares purchased: Nil (2019: 721,500)	-	16,939
Shares sold: Nil (2019: 917,500)	-	21,078

**\*\* Pakistan Stock Exchange Limited**

Listing fee paid	25	-
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**National Clearing Company of Pakistan Limited**

NCCPL charges	228	95
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	-----Unaudited-----	
	Nine months ended	
	March 31,	March 31,
	2020	2019
	------(Rupees in '000)-----	
<b>United Bank Limited (More than 10% unit holding in the Fund)</b>		
Units issued / transferred In Nil (2019: 24,926,934)	-	250,000
Shares purchased: 664,000 (2019: 1,090,100)	90,246	160,896
Shares sold: 1,062,600 (2019: 669,000)	164,184	100,262
Profit on bank deposits	21	3
<b>** Pak Brunei Investment Company Limited (More than 10% unit holding in the Fund)</b>		
Units issued / transferred In 40,056,505 (2019: Nil)	400,020	-
Units redeemed / transferred out 24,747,547 (2019: 1,015,513)	264,333	-
	<b>Un-audited</b>	<b>Audited</b>
	<b>March 31,</b>	<b>June 30,</b>
	<b>2020</b>	<b>2019</b>
	------(Rupees in '000)-----	

#### 9.6 Amounts outstanding as at period end

##### **NBP Fund Management Limited - Management Company**

Remuneration payable to the Management Company	685	1,973
Sindh Sales Tax on remuneration of Management Company	218	256
Accounting and operational charges	186	599
Selling and marketing expenses	2,508	2,396
Sales load and transfer load payable	1,222	1,067
Sindh Sales Tax payable on sales load and transfer load	159	139

##### **Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable	107	181
Sindh Sales Tax on remuneration	13	24
Security deposit	100	100

##### **Employees of the Management Company**

Units held - 179,967 units (June 30, 2019: 241,621)	1,310	2,189
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##### **National Bank of Pakistan - Parent Company**

Shares held - 640,000 (June 30, 2019: 392,000)	18,086	13,195
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##### **Portfolios Managed by Management Company**

Units held - 5,773,289 (June 30, 2019: 8,199,644)	42,027	74,296
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##### **BankIslami Pakistan Limited - (Common Directorship)**

Bank balances	22,782	41,331
Profit receivable	193	449

##### **\* Summit Bank Limited**

Bank balances	-	1,178
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##### **\* Askari Bank Limited (Common Directorship)**

Shares held - Nil (June 30, 2019: 1,552,000)	-	29,348
--	---	--------

	Un-audited March 31, 2020	Audited June 30, 2019
	----- (Rupees in '000) -----	
<b>United Bank Limited (More than 10% unit holding in the Fund)</b>		
Units held - 24,926,934 units (June 30, 2019: 24,926,964)	181,458	225,861
Shares held - 642,300 (June 30, 2019: 1,040,900)	64,750	153,408
Profit receivable	10	5
<b>** Pak Brunei Investment Company Limited (More than 10% unit holding in the Fund)</b>		
Units held - 22,502,305 units (June 30, 2019: Nil)	163,808	-
<b>National Clearing Company of Pakistan Limited</b>		
NCCPL charges payable	35	2
Security deposit	2,500	2,500

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

\*\* Comparative transactions with these parties have not been disclosed as these parties were not related in last year.

## 10 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 27, 2020.

## 11 GENERAL

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

For NBP Fund Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## Head Office

7th Floor, Clifton Diamond Building, Block No.4,  
Scheme No.5, Clifton, Karachi.

**UAN:** 021-111-111-632

**Toll Free:** 0800-20002

**Sms:** INVEST to 9995

**Fax:** 021-35825335

**Email:** [info@nbpfunds.com](mailto:info@nbpfunds.com)

**Website:** [www.nbpfunds.com](http://www.nbpfunds.com)

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