

NBP ISLAMIC ENERGY 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

Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islami Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Summit Bank Limited
United Bank 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

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 Islamic Energy Fund** (Formerly: NAFA Islamic Energy Fund) (NIEF) for the period ended March 31, 2020.

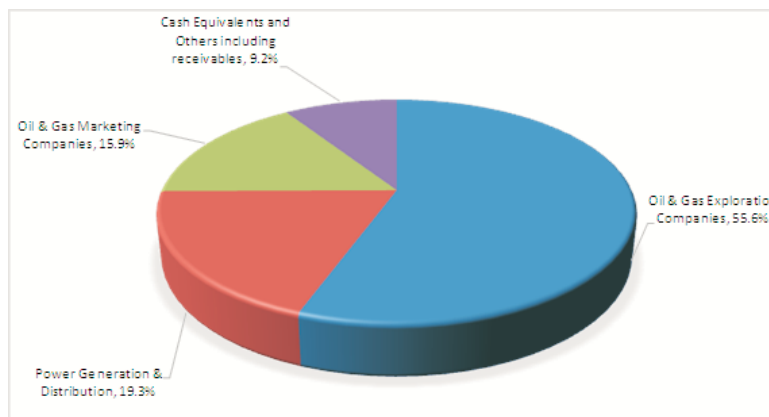
Fund's Performance

The size of NBP Islamic Energy Fund (Formerly: NAFA Islamic Energy Fund) at the end of the period stood at Rs. 358 million, 46% lower than at June 30, 2019. During the period the unit price (NAV) of NIEF has decreased from Rs. 9.1493 on June 30, 2019 to Rs.6.7643 on March 31, 2020, thus showing a decrease of 26.1%. The Benchmark (KMI-30 Index) decreased by 16.8%. Thus, the Fund has underperformed its Benchmark by 9.3% during the period under review. Since inception (April 21, 2016), the unit price of the Fund has shown a decrease of 25.2% as compared to 23.6% decrease in its Benchmark. Thus, the Fund has underperformed its Benchmark by 1.6%. This performance is net of management fee and all other expenses.

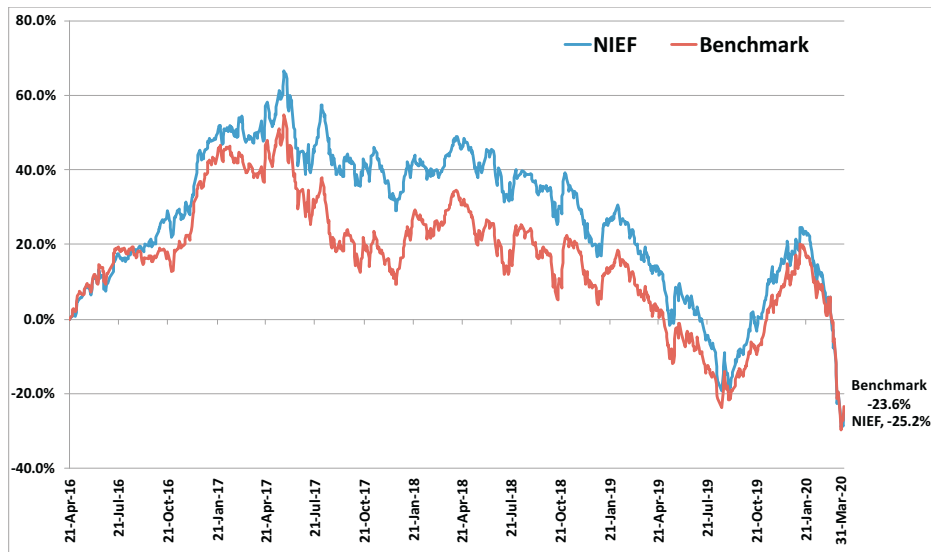
During 9MFY20, amid heightened volatility, the stock market depicted dismal performance as reflected by a large 16.8% decline in the benchmark KMI-30 Index. The market started the year on a faltering note initially on account of concerns on the economic front and later on due to deteriorating Pakistan-India 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.

NBP Islamic Energy Fund has incurred a loss of Rs. 111.346 million during the period. After incurring total expenses of Rs. 16.304 million, the net loss is Rs. 127.651 million. The asset allocation of the Fund as on March 31, 2020 is as follows:



NIEF 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 کی رپورٹ

NBP فنڈ میجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2020ء کو ختم ہونے والی نو ماہی کے لئے NBP اسلامک انرجی فنڈ (سابقہ: NAFA اسلامک انرجی فنڈ) (NIEF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

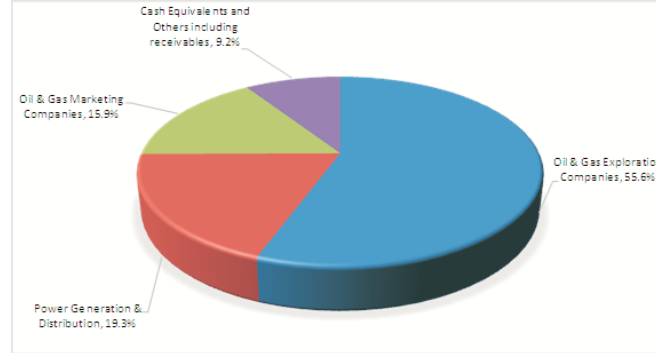
فنڈ کی کارکردگی

موجودہ مدت کے اختتام پر NBP اسلامک انرجی فنڈ (سابقہ: NAFA اسلامک انرجی فنڈ) کا سائز 358 ملین روپے رہا۔ جو 30 جون 2019 کے مقابلے میں 46% کم ہے۔ اس مدت کے دوران، NBP اسلامک انرجی فنڈ کے پونٹ کی قیمت 30 جون 2019 کو 9.1493 روپے سے کم ہو کر 31 مارچ 2020 کو 6.7643 روپے ہو گئی، لہذا 26.1% کی کمی دکھائی۔ بیچ مارک (KMI-30 انڈیکس) 16.8% سے کم ہوا۔ لہذا فنڈ کی کارکردگی زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 9.3% اتر رہی۔ اپنے قیام کے وقت (21 اپریل 2016) سے اب تک فنڈ کے پونٹ کی قیمت نے اپنے بیچ مارک میں 23.6% کمی کے مقابلے میں 25.2% کی کمی دکھائی۔ اس طرح فنڈ کی کارکردگی اپنے بیچ مارک کے مقابلے میں 1.6% اتر رہی۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

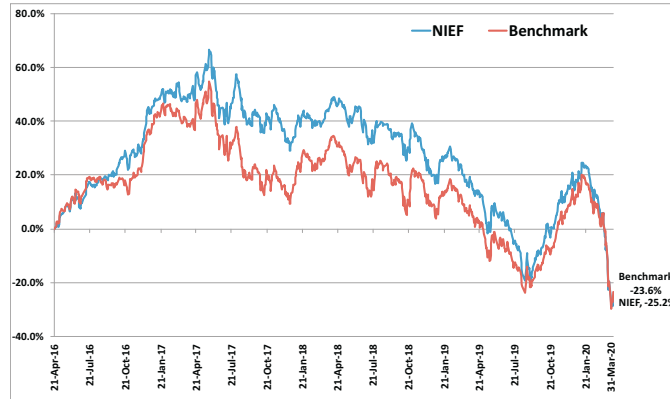
مالی سال 2020 کی نو ماہی میں، تیز اتار چڑھاؤ کے ساتھ اسٹاک مارکیٹ نے مایوس کن کارکردگی کا مظاہرہ کیا جیسا کہ KMI-30 انڈیکس بیچ مارک میں بڑے پیمانہ کی کمی 16.8 فیصد سے ظاہر ہوتا ہے۔ مارکیٹ نے اقتصادی محاذ پر تشویش پائے جانے اور بعد میں ہندوستان کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات 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 تفتیش 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 بلین امریکی ڈالر، جولائی 19 تا فروری 20 کے دوران سالانہ بنیاد 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 2019 سے بڑے پیمانے پر 58 فیصد اضافہ ہوا، 13 جنوری 2020 کو اپنی موجودہ بلند ترین سطح پر آ گیا۔ پھر، معاملات اٹلے ہونا شروع ہو گئے، جس کی بنیاد پر EFF کے تحت کارکردگی کے معیار کی عدم تقبیل کی وجہ سے آئی ایم ایف سے تیسری قسط کی تاخیر کے خدشات، متوقع آمدن کی کمی کو پورا کرنے کے لئے مننی 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 سینٹ، کیمیکلز، انجینئرنگ، فریٹ لائزر، فارماسیوٹیکلز، خوراک اور پرنٹل کیئر اور شیشے اور سرامکس 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 پیروی کی۔ شریک و 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 جو چل فنڈ ز اور بینک/DFI بالترتیب 85 ملین ڈالر اور 48 ملین ڈالر کے آؤٹ فلو کے ساتھ خالص فروخت کنندگان رہے۔

NBP اسلامک انرجی فنڈ کو اس مدت کے دوران 111.346 ملین روپے کا خسارہ ہوا۔ 16.304 ملین روپے کے اخراجات متہا کرنے کے بعد خالص نقصان 127.651 ملین روپے ہے۔ 31 مارچ 2020ء کو فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



NIEF کی کارکردگی بمقابلہ بیچ مارک



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۔

منجانب 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	Note ----- Rupees in '000 -----	
Balances with banks	45,602	33,788
Investments	324,756	623,324
Dividend and profit receivable	3,119	421
Preliminary expenses and floatation costs	487	830
Receivable against sale of investments	-	26,783
Receivable against sale of units	549	-
Deposits and other receivable	5,611	5,604
Total assets	380,124	690,750
LIABILITIES		
Payable to the Management Company	5,570	6,110
Payable to the Trustee	79	132
Payable to the Securities and Exchange Commission of Pakistan	83	1,132
Payable against redemption of Units	202	-
Accrued expenses and other liabilities	16,655	17,340
Total liabilities	22,589	24,714
NET ASSETS	357,535	666,036
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	357,535	666,036
CONTINGENCIES AND COMMITMENTS	6	
	Number of units	
NUMBER OF UNITS IN ISSUE	52,856,104	72,795,981
	Rupees	
NET ASSET VALUE PER UNIT	6.7643	9.1493

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 MONTH AND QUARTER ENDED MARCH 31, 2020

	Note	Nine month ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
----- Rupees in '000 -----					
INCOME					
(Loss) / gain on sale of investments - net		(2,931)	(81,507)	4,107	(27,842)
Dividend income		12,480	28,964	2,591	5,929
Profit on balances with banks		3,666	9,322	1,397	2,263
Unrealised (diminution) / appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net		(124,562)	(160,089)	(204,029)	39,315
Total (loss) / income		(111,347)	(203,310)	(195,934)	19,665
EXPENSES					
Remuneration of the Management Company		6,311	19,992	2,023	5,417
Sindh Sales Tax on remuneration of the Management Company		820	2,599	263	704
Accounting and operational charges		414	1,000	135	271
Selling and marketing expenses	7	4,934	3,998	1,820	1,083
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		828	1,748	270	515
Sindh Sales Tax on remuneration of the Trustee		108	227	35	67.24
Annual fee of the Securities and Exchange Commission of Pakistan		83	950	27	258
Amortisation of preliminary expenses and floatation costs		342	342	112	112
Auditors' remuneration		409	400	95	72
Security transaction cost		1,717	1,314	696	354
Printing expenses		-	18	-	9
Legal fee		28	55	9	1
Listing fee		21	21	7	7
Shariah Advisor Fee		72	203	24	86
Settlement and bank charges		217	520	41	333.6
Total operating expenses		16,304	33,387	5,557	9,290
Net (loss) / income from operating activities		(127,651)	(236,697)	(201,491)	10,375
Provision for Sindh Workers' Welfare Fund	5	-	-	1,477	-
Net (loss) / income for the period before taxation		(127,651)	(236,697)	(200,014)	10,375
Taxation	8	-	-	-	-
Net (loss) / income for the period after taxation		(127,651)	(236,697)	(200,014)	10,375
Allocation of net income for the period					
Net income for the period after taxation		-	-	-	-
Income already paid on units redeemed		-	-	-	-
Accounting income available for distribution:					
-Relating to capital gains		-	-	-	-
-Excluding capital gains		-	-	-	-

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 MONTH AND QUARTER ENDED MARCH 31, 2020

	Nine month ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- Rupees in '000 -----			
Net (loss) / income for the period after taxation	(127,651)	(236,697)	(200,014)	10,375
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(127,651)</u>	<u>(236,697)</u>	<u>(200,014)</u>	<u>10,375</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 MONTH PERIOD ENDED MARCH 31, 2020

	Nine month ended March 31, 2020			Nine month ended March 31, 2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period (audited)	608,471	57,565	666,036	1,229,320	417,863	1,647,183
Issuance of 40,138,744 units (2019: 37,915,852 units)						
- Capital value (at net asset value per unit at the beginning of the period)	367,241	-	367,241	480,435	-	480,435
- Element of loss	15,425	-	15,425	(23,117)	-	(23,117)
Total proceeds on issuance of units	382,666	-	382,666	457,318	-	457,318
Redemption of 60,078,621 units (2019: 80,296,531 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(549,677)	-	(549,677)	(1,017,445)	-	(1,017,445)
- Element of income	(13,839)	-	(13,839)	85,413	-	85,413
Total payments on redemption of units	(563,516)	-	(563,516)	(932,032)	-	(932,032)
Total comprehensive loss for the period	-	(127,651)	(127,651)	-	(236,697)	(236,697)
Distribution during the period	-	-	-	-	-	-
Net loss for the period less distribution	-	(127,651)	(127,651)	-	(236,697)	(236,697)
Net assets at end of the period (un-audited)	608,471	(70,086)	357,535	754,606	181,166	935,772
Undistributed income brought forward						
- Realised income		209,700			459,033	
- Unrealised (loss) / income		(152,135)			(41,170)	
		57,565			417,863	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the period after taxation		(127,651)			(236,697)	
Distribution during the period		-			-	
Undistributed income carried forward		(70,086)			181,166	
Undistributed income carried forward						
- Realised income		54,476			341,255	
- Unrealised loss		(124,562)			(160,089)	
		(70,086)			181,166	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			9.1493			12.6711
Net assets value per unit at end of the period			6.7643			10.6805

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 MONTH PERIOD ENDED MARCH 31, 2020

	Nine month ended	
	March 31, 2020	March 31, 2019
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(127,651)	(236,697)
Adjustments for:		
Unrealised diminution on remeasurement of investments classified as financial assets at fair value through profit or loss - net	124,562	160,089
Profit on balances with banks	(3,666)	(9,322)
Dividend income	(12,480)	(28,964)
Amortisation of preliminary expenses and floatation costs	342	342
	(18,893)	(114,552)
(Increase) / decrease in assets		
Investments - net	174,006	396,201
Receivable against sale of investments	26,783	-
Deposits and other receivable	(7)	(7)
	200,782	396,194
Increase / (Decrease) in liabilities		
Payable to the Management Company	(540)	(12,445)
Payable to the Trustee	(53)	140
Payable to the Securities and Exchange Commission of Pakistan	(1,049)	(1,013)
Accrued expenses and other liabilities	(685)	(377)
	(2,327)	(13,695)
Profit and Dividend received	13,449	36,792
Net cash generated from operating activities	193,011	304,739
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	382,117	457,318
Payments on redemption of units	(563,314)	(932,032)
Net cash (used in) form financing activities	(181,197)	(474,714)
Net (decrease) / increase in cash and cash equivalents during the period	11,814	(169,975)
Cash and cash equivalents at the beginning of the period	33,788	235,501
Cash and cash equivalents at the end of the period	45,602	65,526

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 THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2020**

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Energy Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 28, 2016 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 has been categorised as an open ended "Shariah Compliant Equity Scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from April 19, 2016 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of Shari'ah compliant energy sector equity instruments. 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 AM1 to the Management Company. The Fund has not been rated.

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

2 STATEMENT OF COMPLIANCE

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

The disclosures made in this condensed interim financial information have been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does 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 financial statements of the Fund for the year ended June 30, 2018

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, 2019.

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.

	(Un-Audited)	(Audited)		
	March 31,	June 30,		
	2020	2019		
	----- Rupees in '000 -----			
4 INVESTMENTS	Note			
Investments at fair value through profit or loss				
- Listed equity securities	4.1	<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right; padding-right: 10px;"><u>324,756</u></td> <td style="text-align: right; padding-right: 10px;"><u>623,324</u></td> </tr> </table>	<u>324,756</u>	<u>623,324</u>
<u>324,756</u>	<u>623,324</u>			

4.1 Listed equity securities

Name of the investee company	Number of shares					Market value as at March 31, 2020	Market value as a percentage of		Holding as a percentage of Paid-up capital of investee company
	As at July 1, 2019	Purchased during the period	Bonus / right shares issued during the period	Sold during the period	As at March 31, 2020		Net assets of the fund	Total market value of investments	

Rupees in '000' ----- % -----

REFINERY

Attock Refinery Limited (Note 5.2)	-	94,500	-	94,500	-	-	-	-	-
National Refinery Limited (Note 5.2)	32,700	-	-	32,700	-	-	-	-	-
	32,700	94,500	-	127,200	-	-	-	-	-

OIL AND GAS EXPLORATION COMPANIES

Mari Petroleum Limited (Note 5.2)	96,415	9,000	9,120	51,560	72,975	65,028	18.19	20.02	0.07
Oil and Gas Development Company Limited	962,400	511,700	-	835,400	638,700	49,174	13.75	15.14	0.01
Pakistan Oilfields Limited (Note 5.2)	167,040	178,400	-	206,200	139,240	36,510	10.21	11.24	0.06
Pakistan Petroleum Limited (Note 5.2)	725,030	559,500	97,766	710,900	671,396	48,213	13.48	14.85	0.03
	1,950,885	1,268,600	106,886	1,804,060	1,522,311	198,924	55.63	61.25	0.17

OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	87,800	-	-	47,200	40,600	9,582	2.68	2.95	0.05
Hascol Petroleum Limited	59,258	505,000	-	59,257	505,001	5,883	1.65	1.81	34.87
Hi-Tech Lubricants Limited	323,700	470,500	-	319,500	474,700	11,084	3.10	3.41	40.92
Pakistan State Oil Company Limited (Note 5.2 & 5.4)	221,024	168,000	32,465	243,600	177,889	21,613	6.05	6.66	0.07
Shell Pakistan Limited	36,600	9,500	-	36,600	9,500	1,107	0.31	0.34	0.01
Sui Northern Gas Pipelines Limited	537,200	517,000	-	846,500	207,700	7,664	2.14	2.36	0.03
Sui Southern Company	-	-	-	-	-	-	-	-	-
	1,265,582	1,670,000	32,465	1,552,657	1,415,390	56,934	15.93	17.53	75.95

POWER GENERATION & DISTRIBUTION

Kot Addu Power Company Limited (Note 5.2)	-	-	-	-	-	-	-	-	-
K-Electric Limited	2,552,500	4,675,000	-	5,312,000	1,915,500	5,421	1.52	1.67	0.08
Lalpir Power Limited	732,500	-	-	-	732,500	7,428	2.08	2.29	0.76
Nishat Power Limited	122,000	-	-	51,000	71,000	1,573	0.44	0.48	0.02
The Hub Power Company Limited (Note 5.2)	1,006,943	453,000	14	662,000	797,957	54,476	15.24	16.77	0.07
	4,413,943	5,128,000	14	6,025,000	3,516,957	68,897	19.28	21.21	0.93

Total March 31, 2020

	7,663,110	8,161,100	139,365	9,508,917	6,454,658	324,756	90.84	100.00	77.05
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Carrying value as at March 31, 2020

449,318

Market value June 30, 2019

623,324

Carrying value as at June 30, 2019

775,459

4.2 The above investments include shares having a market value (in aggregate) amounting to Rs. 57.1640 million (June 30, 2019: Rs 64.563 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities & 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 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

The Fund, has not recognised provision for SWWF for the period ended March 31, 2020 in this condensed interim financial information, Had the provision not been made in the financial statements of the fund for the period from April 19, 2016 to March 31, 2020, net assets value per unit as at March 31, 2020 would have been higher by Rs. 0.266 per unit (June 30, 2019: Rs. 0.193 per unit).

6 CONTINGENCIES AND COMMITMENTS

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

7 SELLING AND MARKETING

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 based on its own discretion has charged selling and marketing expenses at the rate of 0.4% from July 1, 2019 to July 11, 2019. Thereafter the selling and marketing expenses have been charged at the rate of 1.15% per annum of the average annual net assets from July 12, 2019 to December 16, 2019 and at the rate of 1.35% per annum of the average annual net assets from December 17, 2019 to March 31, 2020 (June 30, 2019: 0.4% per annum of the average annual net assets). This has been duly approved by the Board of Directors of the Management Company.

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 3.94% (2019: 3.34%) which includes 0.24% (2019: 0.37%) 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 and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 10.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3** 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.
- 10.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

	------(Un-Audited)-----	
	Nine moth ended March 31, 2020	Nine moth ended March 31, 2019
	-----Rs. In '000-----	
10.5 Details of transactions with connected persons are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	6,311	19,992
Sindh sales tax on remuneration of the Management Company	820	2,599
Accounting and operational charges to the Management Company	414	1,000
Sales Load charged	1,099	1,128
Selling and marketing expense	4,934	3,998
Units Redeemed / Transferred Out Nil units (2019: 5,511,839 units)	-	66,902
Units Issued / transferred in Nil units (2019: 1,118,409 units)	-	13,526
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	828	1,748
Sindh sales tax on remuneration of Trustee	108	227
Employees of the Management Company		
Units Issued / transferred in Nil units (2019: 516,348 units)	-	6,069
Units redeemed / transferred out Nil units (2019: 925,830 units)	-	10,931
BankIslami Pakistan Limited (Common Directorship)		
Profit income	2,414	6,598
Taurus Securities Limited (Common Directorship)		
Brokerage expense	84	90
Portfolios Managed by Management Company		
Units Issued / transferred in Nil units (2019: 1,293,496 units)	-	15,827
Units redeemed / transferred out Nil units (2019: 1,274,219 units)	-	15,613
	(Un-Audited)	(Audited)
	March 31,	June 30,
	2020	2019
	-----Rs. In '000-----	
10.6 Amounts / balances outstanding as at period end:		
NBP Fund Management Limited - Management Company		
Management remuneration payable	527	1,165
Sindh sales tax on remuneration	68	151
Federal excise duty on remuneration	583	583
Front-end load payable	752	278
Sindh sales tax on front end load	111	49
Federal excise duty on front end load	1,557	1,557
Selling and marketing expense	1,820	1,849
Other payable	16	16
Accounting and operational charges charged by the Management Company	135	462
Employees of the Management Company		
Units held 2,214,104 units (June 2019: 58,888)	14,977	539

(Un-Audited) (Audited)
March 31, June 30,
2020 2019
-----Rs. In '000-----

Central Depository Company of Pakistan Limited - Trustee

Trustee fee	70	117
Sindh Sales Tax on the remuneration of trustee	9	15
Security deposit	100	100
Settlement charges	10	68

Summit Bank Limited (Common Directorship)

Bank Balances	786	1,901
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BankIslami Pakistan Limited (Common Directorship)

Bank Balances	7,061	23,088
Profit receivable	129	410

Portfolios Managed by Management Company

Units held 344,688 (June 2019: 1,404,508 units)	2,332	12,851
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11 DATE OF AUTHORISATION FOR ISSUE

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

12 GENERAL

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

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.

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