

## NBP ISLAMIC SARMAYA IZAFI 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**

Habib Bank Limited (Islamic)  
United Bank Limited (Ameen)  
Bank Al Habib Limited (Islamic)  
Meezan Bank Limited  
Bank Islami (Pakistan) Limited  
Sindh Bank Limited (Saadat)  
MCB Bank Limited (Islamic)  
Dubai Islamic Bank Limited  
Bank Alfalah Limited (Islamic)  
Soneri Bank Limited (Mustaqeem)  
Habib Metro Bank Limited (Islamic)  
Allied Bank Limited (Islamic)  
Silk Bank Limited (Emaan)  
National Bank of Pakistan

**Auditors**

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

**Legal Advisor**

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

**Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 021 (111-111-632),  
(Toll Free): 0800-20002,  
Fax: (021) 35825329  
Website: [www.nbpfunds.com](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 Islamic Sarmaya Izafa Fund (NISIF)** (Formerly: NAFA Islamic Asset Allocation Fund) (NIAAF) for the period ended March 31, 2020.

### Fund's Performance

The size of NBP Islamic Sarmaya Izafa Fund (Formerly: NAFA Islamic Asset Allocation Fund) has decreased from Rs. 6,855 million to Rs. 4,212 million during the period, i.e. a decrease of 39%. During the period, the unit price (NAV) of NBP Islamic Sarmaya Izafa Fund has decreased from Rs. 13.7410 on June 30, 2019 to Rs. 13.1501 on March 31, 2020, thus showing a decrease of 4.3%. The Benchmark has decreased by 3.5% during the same period. Thus, the Fund has underperformed its Benchmark by 0.8% during the period under review. Since inception the NAV of the Fund has increased from Rs.3.8230 (Ex-Div) on October 26, 2007 to Rs. 13.1501 on March 31, 2020, thus showing an increase of 244.0%. During the said period, the Benchmark increased by 136.8%, translating into outperformance of 107.2%. This performance is net of management fee and all other expenses.

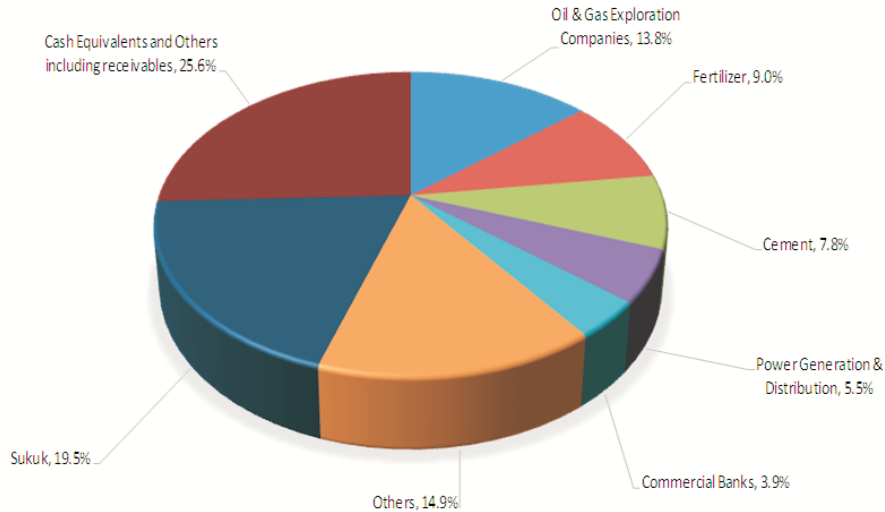
During 9MFY20, amid heightened volatility, the stock market depicted dismal performance as reflected by a large 16.8% decline in the benchmark KMI-30 Index. The market started the year on a faltering note initially on account of concerns on the economic front and later on due to deteriorating Pakistan-India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

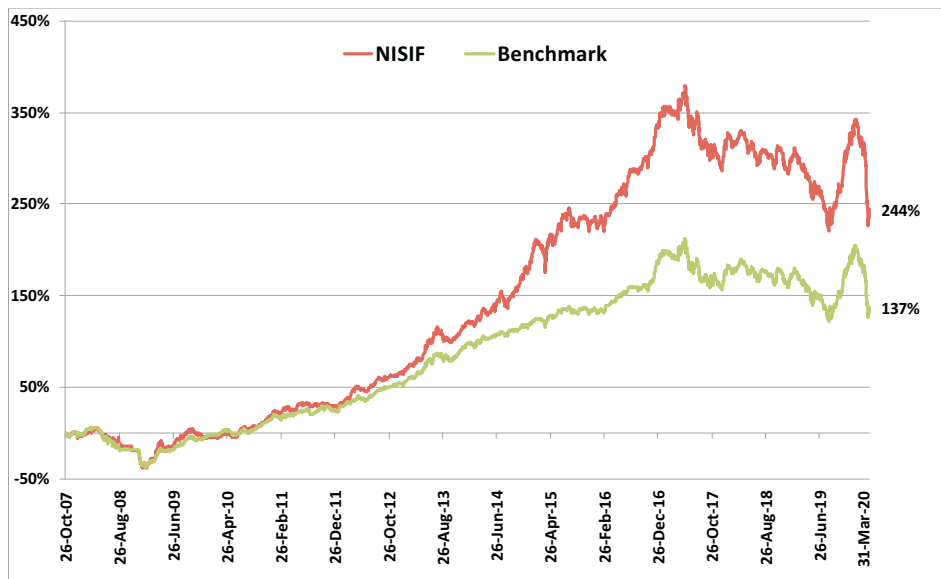
During 9MFY20, the State Bank of Pakistan (SBP) held six Monetary Policy Committee (MPC) meetings. In its first meeting in July 2019, the Policy Rate was increased by 100bps to 13.25% with the objective to curtail inflationary pressure. Thenceforth the central bank maintained tight monetary policy stance 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.

During the period under review, the market witnessed issuance of a decent size of corporate sukuk and Shariah Compliant commercial papers to meet the increasing funding need for fixed capital investments and working capital, respectively. In the secondary market, the trading activity in corporate Sukuk remained around Rs. 19 billion compared to Rs.9 billion, during the same period last year.

The Fund has incurred a loss of Rs. 98.95 million during the period. After accounting for total expenses of Rs. 137.11 million, the total loss is Rs. 236.06 million. The asset allocation of the Fund as on March 31, 2020 is as follows:



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

### فنڈ کی کارکردگی

NBP اسلامک سرمایہ اضافہ فنڈ (سابقہ: NAFA) اسلامک ایسٹ ایلوکیشن فنڈ) کا سائز اس مدت میں 6,855 ملین روپے سے کم ہو کر 4,212 ملین روپے ہو گیا، یعنی 39% کی کمی۔ اس مدت کے دوران، NBP اسلامک سرمایہ اضافہ فنڈ کے پونٹ کی قیمت 30 جون 2019 کو 13.7410 روپے سے کم ہو کر 31 مارچ 2020ء کو 13.1501 روپے ہو گئی، لہذا 4.3% کی کمی ہوئی۔ اسی مدت کے دوران بیچ مارک کم ہو کر 3.5% لہذا فنڈ کی کارکردگی زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 10.8% اتر رہی۔ اپنے قیام کے بعد 26 اکتوبر 2007 سے فنڈ کا NAV 3.8230 روپے (EX-Div) سے بڑھ کر 31 مارچ 2020ء کو 13.1501 روپے ہو گئی، یعنی 244.0% کا اضافہ ہوا۔ اس مدت کے دوران بیچ مارک 136.8% سے بڑھا۔ لہذا فنڈ نے 107.2% کی بہتر کارکردگی دکھائی۔ 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 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۔ کثیر الجہتی 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، KMI-30 انڈیکس میں 16 اگست 2019 سے بڑے پیمانے پر 58 فیصد کا اضافہ ہوا، 13 جنوری 2020 کو اپنی موجودہ بلند ترین سطح پر آ گیا۔ پھر، معاملات اٹنے ہونا شروع ہو گئے، جس کی بنیادی وجہ EFF کے تحت کارکردگی کے معیاری عدم تہیل 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۔

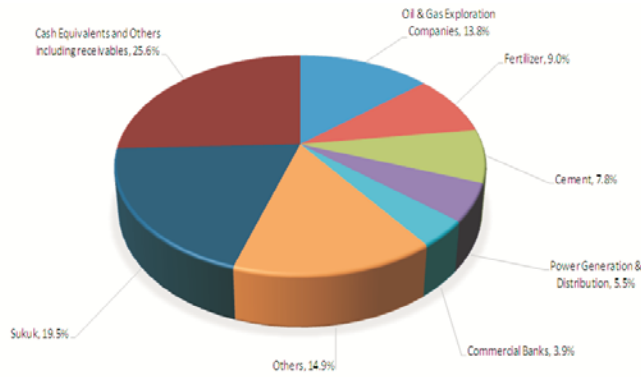
زیر جائزہ مدت کے دوران، شعبہ جاتی کارکردگی کے تناظر میں سیمنٹ، کیمیکلز، انجینئرنگ، فریٹ لائزر، فارماسیوٹیکلز، خوراک اور پرنٹل کیئر اور شیشے اور سرامکس نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا جبکہ آٹوموبائل، کمرشل بیکنگ، انشورنس، تیل اور گیس ایکسپلوریشن، تیل اور گیس مارکیٹنگ، ٹیکسٹائل کمپوزٹ، پاور جنریشن اور ڈسٹری بیوشن نے ان کی بیرونی کمی۔ شریک واران 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 میچل 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 معیاری تبدیلیاں 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 فی صد کر دیا۔

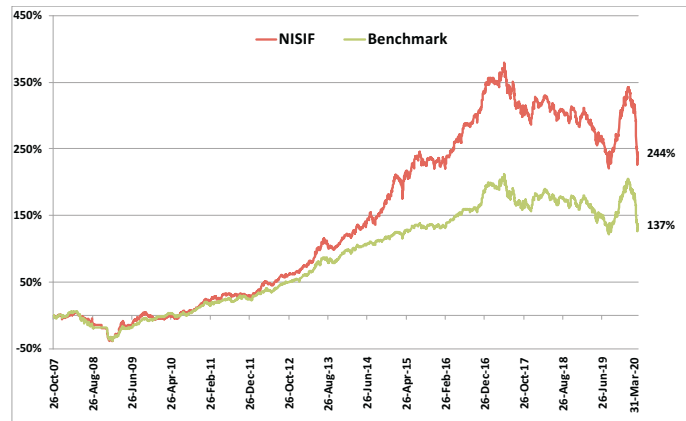
زیر جائزہ مدت کے دوران، مارکیٹ میں بالترتیب فیکسڈ کیپیٹل سرمایہ کاری اور ورکنگ سرمایہ کے لئے بڑھتی ہوئی فنڈنگ کی ضروریات کو پورا کرنے کے لئے کارپوریٹ سکوک اور شریعہ کمپلیٹ کمرشل پیپرز کے ایک معقول سائز کے اجراء کا مشاہدہ کیا گیا۔ ثانوی مارکیٹ میں، کارپوریٹ سکوک میں تجارت 19 بلین روپے رہی جو کہ گذشتہ سال کی اسی مدت کے دوران 9 بلین روپے تھی۔

NBP اسلامک سرمایہ اضافہ فنڈ کو اس مدت کے دوران 98.95 بلین روپے کا خسارہ ہوا۔ 137.11 بلین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 236.06 بلین روپے ہے۔

31 مارچ 2020ء کو فنڈ کی ایسٹ ایبلویشن درج ذیل ہے:



NISIF 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 شکر یہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اینڈاؤٹ کی 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** نیشنل 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
Note	----- Rupees in '000 -----	
<b>ASSETS</b>		
Balances with banks	1,149,819	2,798,299
Investments	3,131,246	4,042,624
Profit accrued and dividend receivable	55,728	49,921
Receivable against sale of investment	-	123,522
Receivable against transfer of units	20,740	-
Advances, deposits, prepayments and other receivables	6,010	5,424
<b>Total assets</b>	<b>4,363,543</b>	<b>7,019,790</b>
<b>LIABILITIES</b>		
Payable to NBP Fund Management Limited - Management Company	47,705	61,288
Payable to Central Depository Company of Pakistan Limited - Trustee	554	784
Payable to the Securities and Exchange Commission of Pakistan	823	9,494
Payable against redemption of units	3,903	-
Accrued expenses and other liabilities	99,048	92,851
<b>Total liabilities</b>	<b>152,033</b>	<b>164,417</b>
<b>NET ASSETS</b>	<b>4,211,510</b>	<b>6,855,373</b>
<b>Unit holders' funds (As per statement attached)</b>	<b>4,211,510</b>	<b>6,855,373</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>320,263,375</b>	<b>498,898,266</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>NET ASSET VALUE PER UNIT</b>	<b>13.1501</b>	<b>13.7410</b>

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

Note	Nine months Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
------(Rupees in '000)-----				
<b>INCOME</b>				
Gain / (Loss) on sale of investments - net	37,239	(280,130)	102,873	(72,562)
Income from sukuk bonds	77,709	-	29,988	-
Profit on bank deposits	125,295	366,093	38,968	104,539
Dividend income	154,405	196,834	18,810	44,611
Unrealised (diminution) / appreciation on revaluation of investments carried at fair value through profit or loss - net	(493,598)	(428,216)	(1,200,604)	218,097
<b>Total (loss) / Income</b>	<b>(98,950)</b>	<b>(145,419)</b>	<b>(1,009,965)</b>	<b>294,685</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	62,718	160,351	20,529	48,417
Sindh sales tax on Management Fee	8,153	20,846	2,668	6,295
Remuneration of the Trustee	4,864	8,768	1,617	2,667
Sindh sales tax on remuneration of Trustee	632	1,140	210	347
Annual fee - Securities and Exchange Commission of Pakistan	823	7,617	274	2,300
Allocation of Operational Expenses of Management Company	4,113	8,018	1,369	2,421
Securities transaction cost	3,790	10,261	1,788	3,896
Shariah advisor fee	719	1,326	264	441
Settlement and bank charges	1,553	742	368	390
Annual listing fee	18	21	4	7
Auditors' remuneration	501	495	113	107
Fund rating fee	121	120	11	19
Legal and professional charges	64	55	27	18
Selling & Marketing Expenses	48,980	32,070	18,476	9,683
Printing charges	57	11	4	3
<b>Total Expenses</b>	<b>137,106</b>	<b>251,841</b>	<b>47,722</b>	<b>77,011</b>
<b>Net (loss) / income from operating activities</b>	<b>(236,056)</b>	<b>(397,260)</b>	<b>(1,057,687)</b>	<b>217,674</b>
Provision for Sindh Workers' Welfare Fund	4	-	16,433	-
<b>Net (loss) / income for the period before taxation</b>	<b>(236,056)</b>	<b>(397,260)</b>	<b>(1,041,254)</b>	<b>217,674</b>
Taxation	7	-	-	-
<b>Net (loss) / income for the period after taxation</b>	<b>(236,056)</b>	<b>(397,260)</b>	<b>(1,041,254)</b>	<b>217,674</b>
<b>Allocation of net income / (loss) for the period</b>				
Net (loss) / income for the period after taxation	-	-	-	-
Income already paid on units redeemed	-	-	-	-
<b>Accounting income available for distribution:</b>				
Relating to capital gain	-	-	-	-
Excluding capital gain	-	-	-	-

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

	<u>Nine months Ended</u>		<u>Quarter Ended</u>	
	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
Net (loss) / income for the period after taxation	<b>(236,056)</b>	(397,260)	<b>(1,041,254)</b>	217,674
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to the income statement	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b><u>(236,056)</u></b>	<b><u>(397,260)</u></b>	<b><u>(1,041,254)</u></b>	<b><u>217,674</u></b>

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 period ended					
	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	7,451,921	(596,548)	6,855,373	11,002,026	500,323	11,502,349
Issue of 140,384,256 units (2019: 139,872,469 units)						
- Capital value	1,929,021	-	1,929,021	2,169,813	-	2,169,813
- Element of income	240,798	-	240,798	(18,999)	-	(18,999)
Total proceeds on issuance of units	2,169,819	-	2,169,819	2,150,814	-	2,150,814
Redemption of 319,019,147 units (2019: 270,029,085 units)						
- Capital value	(4,383,641)	-	(4,383,641)	(4,188,908)	-	(4,188,908)
- Element of income	(193,985)	-	(193,985)	77,435	-	77,435
Total payments on redemption of units	(4,577,626)	-	(4,577,626)	(4,111,473)	-	(4,111,473)
Total comprehensive (loss) for the period	-	(236,056)	(236,056)	-	(397,260)	(397,260)
Distribution during the period	-	-	-	-	-	-
<b>Net assets at end of the period</b>	<b>5,044,114</b>	<b>(832,604)</b>	<b>4,211,510</b>	<b>9,041,367</b>	<b>103,063</b>	<b>9,144,430</b>
<b>Undistributed income brought forward</b>						
- Realised		373,476			1,333,962	
- Unrealised		(970,024)			(833,639)	
		(596,548)			500,323	
Accounting (loss) / income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
		-			-	
Net (loss) / income for the period		(236,056)			(397,260)	
Distribution during the period		-			-	
<b>Undistributed income carried forward</b>		<b>(832,604)</b>			<b>103,063</b>	
Undistributed income carried forward						
- Realised		(339,006)			531,279	
- Unrealised		(493,598)			(428,216)	
		(832,604)			103,063	
----- (Rupees) -----						
Net assets value per unit at beginning of the period			13.7410			15.5128
Net assets value per unit at end of the period			13.1501			14.9586

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

	<b>Nine months Ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss for the period before taxation	(236,056)	(397,260)
<b>Adjustments</b>		
Unrealised diminution on investments at fair value through profit or loss - net	493,598	428,216
Capital (gain) / loss on sale of investments - net	(37,239)	280,130
	<b>220,303</b>	<b>311,086</b>
<b>decrease / (Increase) in assets</b>		
Investments	455,019	(884,588)
Dividend and profit receivable	(5,807)	(39,821)
Advances, deposits, prepayments and other receivable	(586)	(69,779)
	<b>572,148</b>	<b>(994,188)</b>
<b>(decrease) / Increase in liabilities</b>		
Payable to the Management Company	(13,583)	(25,805)
Payable to the Trustee	(230)	(188)
Payable to Securities and Exchange Commission of Pakistan	(8,671)	(4,758)
Accrued expenses and other liabilities	6,197	(3,945)
	<b>(16,287)</b>	<b>(34,696)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>776,164</b>	<b>(717,798)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	2,149,079	2,150,814
Payments on redemption of units	(4,573,723)	(4,111,473)
Dividend paid	-	-
<b>Net cash used in financing activities</b>	<b>(2,424,644)</b>	<b>(1,960,659)</b>
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(1,648,480)</b>	<b>(2,678,457)</b>
Cash and cash equivalents at the beginning of the period	2,798,299	6,412,181
<b>Cash and cash equivalents at the end of the period</b>	<b>1,149,819</b>	<b>3,733,724</b>

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 INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

NBP Islamic Sarmaya Izafa Fund (formerly NAFA Islamic Asset Allocation Fund)(the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 03, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on October 07, 2013 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.

Last year on May 30, 2019, the name of the Fund was changed from NAFA Islamic Assets Allocation Fund to NBP Islamic Sarmaya Izafa Fund. The change of name was made effective vide Fund's twelfth Supplemental Offering Document which was approved by SECP vide its letter no. SCD/AMCW/NAFA/364/2019 dated April 04, 2019.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

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

The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on December 24, 2019, and has assigned performance ranking of 3-star to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee 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 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 VIII A 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 VIII A 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 VIII A 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.

## 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

3 INVESTMENTS	Note	(Un-audited)	(Audited)
		March 31, 2020	June 30, 2019
<b>Financial assets at fair value through profit or loss</b>			
Listed equity securities	3.1	<b>2,311,120</b>	3,911,211
Sukuks	3.2	<b>820,126</b>	131,413
		<b>3,131,246</b>	<b>4,042,624</b>

### 3.1 Listed equity securities

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	Sold 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	Investment as a percentage of paid up capital of
	----- Number of shares -----					Rupees in '000	----- % -----		

All shares have a nominal face value of Rs. 10 each except for shares of K-Electric Limited which have a face value of Rs. 5.

#### OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	153,680	-	-	42,400	111,280	26,263	0.62	0.84	0.13
Pakistan State Oil Company Limited	802,938	-	102,888	547,600	358,226	43,524	1.03	1.39	0.13
Hascol Petroleum Limited	61,141	-	-	57,717	3,424	40	0.00	0.00	0.00
Sui Northern Gas Pipelines Limited	1,102,500	767,000	-	892,000	977,500	36,070	0.86	1.15	0.91
Shell Pakistan Limited	67,200	-	-	67,200	-	-	-	-	-
						<b>2.51</b>	<b>3.38</b>		

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	Sold 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	Investment as a percentage of paid up capital of
	----- Number of shares -----					Rupees in '000	----- % -----		

**OIL AND GAS EXPLORATION COMPANIES**

Oil and Gas Development Company	3,424,400	415,000	-	2,074,500	1,764,900	135,880	3.23	4.34	0.04
Pakistan Oilfields Limited (3.1.1)	591,132	27,000	-	344,200	273,932	71,828	1.71	2.29	0.12
Pakistan Petroleum Limited (3.1.1)	2,829,761	1,082,000	429,252	1,810,200	2,530,813	181,738	4.32	5.80	0.13
Mari Petroleum Company Limited	210,786	-	21,079	18,800	213,065	189,862	4.51	6.06	0.19
							<b>13.76</b>	<b>18.50</b>	

**REFINERY**

National Refinery Limited	84,900	-	-	-	84,900	7,114	0.17	0.23	1.06
							<b>0.17</b>	<b>0.23</b>	

**CHEMICALS**

AKZO Noble Pakistan Limited	29,900	-	-	25,000	4,900	1,323	0.03	0.04	0.01
Dynea Pakistan Limited	21,500	-	-	-	21,500	1,797	0.04	0.06	0.02
Ittihad Chemicals Limited	360,525	-	-	360,525	-	-	-	-	-
Engro Polymer & Chemicals Limited	2,588,500	1,387,500	-	1,270,000	2,706,000	66,351	1.58	2.12	3.51
Lotte Chemical Pakistan Ltd	1,667,000	-	-	1,667,000	-	-	-	-	-
							<b>1.65</b>	<b>2.22</b>	

**PAPERS AND BOARD**

Cherat Packaging Limited	137,500	-	13,750	-	151,250	12,756	0.30	0.41	0.10
							<b>0.30</b>	<b>0.41</b>	

**FOOD AND PERSONAL CARE PRODUCTS**

Al Shaheer Corporation Limited	1,116,654	-	449,680	-	1,566,334	14,865	0.35	0.47	1.10
							<b>0.35</b>	<b>0.47</b>	

**ENGINEERING**

International Steels Limited	445,300	560,000	-	308,888	696,412	25,203	0.60	0.80	0.16
International Industries Limited	186,700	9,670	-	90,000	106,370	8,038	0.19	0.26	0.09
K.S.B. Pumps Company Limited	8,200	-	-	-	8,200	1,038	0.02	0.03	0.06
Mughal Iron And Steel Industries Lim	693,043	580,000	-	-	1,273,043	39,884	0.95	1.27	0.51
							<b>1.76</b>	<b>2.37</b>	

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	Sold 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	Investment as a percentage of paid up capital of
----- Number of shares -----						Rupees in '000	----- % -----		

**CEMENT**

D.G. Khan Cement Company Limited	124,000	845,500	-	555,500	414,000	24,530	0.58	0.78	0.36
Lucky Cement Limited	348,750	283,000	-	99,400	532,350	197,342	4.69	6.30	0.16
Maple Leaf Cement Factory Limited	1,078,000	321,000	-	1,399,000	-	-	-	-	-
Cherat Cement Company Limited	262,700	-	-	262,700	-	-	-	-	-
Attock Cement Pakistan Limited	44,761	-	-	-	44,761	3,866	0.09	0.12	0.33
Kohat Cement Company Limited	464,810	168,000	-	-	632,810	55,213	1.31	1.76	3.15
Fauji Cement Company Limited	-	2,920,000	-	-	2,920,000	43,245	1.03	1.38	2.12
FECTO Cement Limited	239,200	-	-	-	239,200	4,339	0.10	0.14	0.48
							<b>7.80</b>	<b>10.49</b>	

**TRANSPORT**

Pakistan National Shipping Corporation	152,200	-	-	-	152,200	8,083	0.19	0.26	0.12
							<b>0.19</b>	<b>0.26</b>	

**TEXTILE COMPOSITE**

Nishat Mills Limited	2,219,900	114,000	-	858,100	1,475,800	86,674	2.06	2.77	0.42
Kohinoor Textile Mills Limited	1,046,780	-	-	220,000	826,780	21,397	0.51	0.68	6.20
Interloop Limited	761,377	-	-	-	761,377	27,303	0.65	0.87	2.52
Synthetic Products Limited	456,000	21	-	455,475	546	16	0.00	0.00	0.00
							<b>3.21</b>	<b>4.32</b>	

**FERTILIZER**

Engro Corporation Limited (3.1.1)	1,606,020	91,000	-	540,500	1,156,520	308,675	7.33	9.86	0.22
Engro Fertilizers Limited	4,499,000	350,000	-	3,618,000	1,231,000	70,979	1.69	2.27	0.09
							<b>9.02</b>	<b>12.11</b>	

**POWER GENERATION AND DISTRIBUTION**

The Hub Power Company Limited (3)	5,042,011	-	-	1,695,000	3,347,011	228,500	5.43	7.30	0.29
Lalpir Power Limited	407,000	-	-	-	407,000	4,127	0.10	0.13	0.11
K-Electric Limited	5,159,000	-	-	5,159,000	-	-	-	-	-
							<b>5.52</b>	<b>7.43</b>	

**COMMERCIAL BANKS**

Meezan Bank Limited (3.1.2)	3,171,093	199,000	-	875,000	2,495,093	162,406	3.86	5.19	0.25
							<b>3.86</b>	<b>5.19</b>	

**AUTOMOBILE ASSEMBLER**

Millat Tractors Limited	-	70,000	-	8,000	62,000	33,682	0.80	1.08	0.14
Honda Atlas Cars (Pakistan) Limited	6,600	100	-	-	6,700	888	0.02	0.03	0.00
Agriautos Industries Co. Ltd.	1,400	-	-	-	1,400	224	0.01	0.01	0.05
							<b>0.83</b>	<b>1.11</b>	

Name of the investee company	As at July 01, 2019	Purchased during the period	Bonus / right issue	Sold 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	Investment as a percentage of paid up capital of
----- Number of shares -----						Rupees in '000	----- % -----		

**AUTOMOBILE PARTS AND ACCESSORIES**

Baluchistan Wheels Limited	234,500	-	-	-	234,500	13,029	0.31	0.42	1.76
Thal Limited	-	-	-	-	-	-	-	-	-
							<b>0.31</b>	<b>0.42</b>	

**PHARMACEUTICALS**

Ferozsons Laboratories Limited	4,500	-	-	-	4,500	782	0.02	0.03	0.01
The Searle Company Limited	3,817	65,000	-	-	68,817	10,794	0.26	0.34	0.05
AGP Limited	109,000	-	-	-	109,000	8,993	0.21	0.29	0.39
GlaxoSmithKline Pakistan Limited	172,900	-	-	144,500	28,400	4,801	0.11	0.15	0.01
							<b>0.60</b>	<b>0.81</b>	

**TECHNOLOGY AND COMMUNICATION**

Avanceon Limited	437,500	-	-	426,650	10,850	248	0.01	0.01	0.01
Netsol Technologies Limited	676,200	-	-	-	676,200	19,718	0.47	0.63	0.64
Systems Limited	509,300	-	-	-	509,300	56,604	1.34	1.81	0.48
							<b>1.82</b>	<b>2.45</b>	

**GLASS AND CERAMICS**

Tariq Glass Industries Limited	714,800	-	285,900	143,000	857,700	43,348	1.03	1.38	1.17
Shabbir Tiles and Ceramics Limited	1,094,000	-	-	243,000	851,000	5,370	0.13	0.17	0.08
Ghani Value Glass Limited	34,500	10,500	23,100	-	68,100	2,370	0.06	0.08	1.17
							<b>1.21</b>	<b>1.63</b>	

**2,311,120 54.89 73.80**

Carrying value before mark to market as at March 31, 2020

**2,807,580**

**3.1.1** Investments include shares with market value of Rs. 140.08 million (June 30, 2019: Rs. 205.87 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.

**3.1.2** This represents gross bonus shares as per Fund's entitlement declared by the investee company. The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of five percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Sindh High Court to declare the

amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to five % of bonus announcement and not yet deposited in CDC account of department of Income Tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis.

### 3.2 Sukuks

Name of the investee company	Note	Number of certificates				Market value as at March 31, 2020	Market value as at June 30, 2019	Investment as a percentage of	
		As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at March 31, 2020			Net assets	Market value of total investments
						Rupees in '000	----- % -----		

All sukuk have a face value of Rs. 5,000, 100,000 and 1000,000 each respectively.

Dubai Islamic Bank Pakistan Limited	129	-	-	129	131,026	131,413	3.11	4.18
Engro Powergen Thar (Pvt) Limited	-	60,000	-	60,000	300,000	-	7.12	9.58
The HUB Power Company Limited	-	3,000	-	3,000	306,750	-	7.28	9.80
Engro Polymer Chemical Limited	-	850	-	850	86,115	-	2.04	2.75
<b>Market value as at March 31, 2020</b>					<b>823,891</b>			
<b>Carrying value before mark to market as at March 31, 2020</b>					<b>821,028</b>			

#### 3.2.1 Other particulars of sukuk outstanding as at March 31, 2020 are as follows

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR offer rate + 0.50% Spread	AA-	14-Jul-17	14-Jul-27
Engro Powergen Thar (Pvt) Limited	5,000	3 months KIBOR offer rate + 1.10% Spread	A	2-Aug-19	2-Aug-24
The HUB Power Company Limited	100,000	3 months KIBOR offer rate + 1.90% Spread	AA+	22-Aug-19	22-Aug-23
Engro Polymer Chemical Limited	100,000	3 months KIBOR offer rate + 1.90% Spread	AA	11-Jan-19	11-Jul-26

3.3 Non-performing Sukuks

Name of the investee company	Note	Number of certificates				Market value as at March 31, 2020	Investment as a percentage of		
		As at July 1, 2019	Purchased during the year	Sold / matured during the year	As at March 31, 2020		Net assets	Market value of total investments	Issue size

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

Eden Housing Limited	3.3.1	5,000	-	-	5,000	-	-	-	-
<b>Carrying value as at March 31, 2020</b>						<b>4,922</b>			
<b>Accumulated impairment</b>						<b>4,922</b>			

**3.3.1** This represents investment in privately placed sukuks with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

**3.3.2** The sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

**4 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 16 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. 60.862 million for the period ended March 31, 2020 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2020 would have been higher by Rs. 0.19 per unit (June 30, 2019: Rs. 0.1220 per unit).

**5 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as on 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 3.34% (2019: 3.14%) which includes 0.23% (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 asset allocation scheme'.

## 9 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed special disclosures for the schemes holding investments that are non compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of Investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks (8.1)	4,922	(4,922)	-	-	-



9.1 At the time of purchase, these sukuk were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

**10 TRANSACTIONS WITH CONNECTED PERSONS**

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.

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

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

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

	(Un Audited)	
	Nine months Ended	
	March 31, 2020	March 31, 2019
	(Rupees in '000)	
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	62,718	160,351
Sindh Sales Tax on remuneration of the Management Company	8,153	20,846
Sales and Transfer load charged	18,118	19,322
Reimbursement of operational expenses to the Management Company	4,113	8,018
Selling and Marketing Expense	48,980	32,070
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	4,864	8,768
Sindh Sales Tax on remuneration of the Trustee	632	1,140
<b>Employees of the Management Company</b>		
Units Issued 54,301 (2019: 302,331 )	798	4,653
Units Redeemed 89,659 (2019: 375,019 )	1,349	5,719
<b>NBP Fund Management Limited Employees Provident Fund (Provident Fund of Management Company)</b>		
Units Redeemed NIL (2019: 433,896)	-	6,538
<b>Portfolios managed by Management Company</b>		
Units Issued NIL (2019: 1,210,978 )	-	19,016
Units Redeemed 152,578 (2019: 571,788)	2,016	9,000
<b>Taurus Securities Limited (Subsidiary of Parent of the Management Company)</b>		
Brokerage charges	216	531
<b>NBP Islamic Savings Fund (Fund Managed by Management Company)</b>		
Purchase of Sukuk	88,457	-

	(Un Audited) Nine months Ended	
	March 31, 2020	March 31, 2019
	(Rupees in '000)	
<b>*International Industries Limited</b> <b>(Common directorship)</b>		
Shares Purchased	-	32,279
Shares Sold	-	21,121
Dividend Income	-	1,363
<b>International Steels Limited</b> <b>(Common directorship)</b>		
Shares Purchased	28,297	199,905
Shares Sold	9,641	186,286
Dividend Income	446	4,546
<b>*I.C.I. Pakistan Limited</b> <b>(Common directorship)</b>		
Shares Sold	-	5
Dividend Income	-	42
<b>*Cherat Cement Company Limited</b> <b>(Common directorship)</b>		
Shares Purchased	-	29,036
Dividend Income	-	2,387
<b>**The Hub Power Company Limited</b> <b>(Common directorship)</b>		
Ordinary shares sold	150,872	-
Purchase of Sukuk	300,000	-
Sukuk Income	31,509	-
<b>**BankIslami Limited (Common directorship)</b>		
Markup Income	21,979	-
<b>**National Clearing Company of Pakistan Limited (Common</b> <b>NCCPL Charges</b>	696	-
<b>**Pakistan Stock Exchange Limited</b> <b>(Common directorship)</b>		
Listing fee paid	25	-
	<b>Un-Audited</b>	<b>Audited</b>
	<b>As at March 31,</b>	<b>As at June</b>
	<b>2020</b>	<b>30, 2019</b>
	<b>(Rupees in '000)</b>	
<b>10.2 Amounts outstanding as at period / year end</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	6,079	12,236
Sindh Sales Tax on remuneration of the Management Company	790	1,591
Operational expenses	1,369	4,397
Sales and transfer load	1,466	5,433
Sindh Sales Tax and Federal Excise Duty on sales load	19,525	20,041
Selling and Marketing Expense payable	18,476	17,590

	Un-Audited As at March 31, 2020	Audited As at June 30, 2019
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	490	694
Sindh Sales tax Trustee remuneration	64	90
CDC Charges	163	23
Security deposit	100	100
<b>National Bank of Pakistan - (Parent of the Management Company)</b>		
Bank balance	11,510	4,836
Profit accrued	5	5
<b>International Industries Limited*</b> <b>(Common directorship)</b>		
Ordinary shares held (June 30, 2019: 186,700)	-	36,700
Dividend receivable	-	-
<b>International Steel Limited</b> <b>(Common directorship)</b>		
Ordinary shares held 696,412 shares (June 30, 2019: 445,300)	25,203	35,737
<b>Bank Islami Pakistan Limited</b> <b>(Common directorship)</b>		
Bank balances in saving accounts	20,872	29,470
Profit accrued	2,551	20,441
<b>Cherat Cement Company Limited *</b> <b>(Common directorship)</b>		
Ordinary shares held Nil shares (June 30,2019: 262,700)	-	45,542
<b>Askari Bank Limited* (Common directorship)</b>		
Bank balance in savings account	-	509
Profit accrued	-	-
<b>The HUB Power Company** (Common directorship)</b> <b>(Common directorship)</b>		
Ordinary shares held 3,347,011 shares (June 30, 2019: Nil)	228,500	-
Investment in SUKUK	306,750	-
<b>Summit Bank Limited* (Common directorship)</b>		
Bank balance in current account	-	11,016
<b>Employees of the Management Company</b>		
Units held in the Fund 38,570 units (June 30, 2019 : 73,928 units)	507	1,016
<b>Portfolios managed by the Management Company</b> <b>(Portfolio managed by Management Company)</b>		
Investment held in the Fund Nil units (June 2019: 152,578 units)	-	2,079

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

\*\* Prior period balances with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

**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.

**12.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

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

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

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

\_\_\_\_\_  
**Director**

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