

NBP ISLAMIC SAVINGS 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 Shahr-e-Faisal, Karachi.

Bankers to the Fund

Al Baraka Islamic Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited

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, 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 Savings Fund (NBP-ISF)** Formerly; NAFA Islamic income Fund) (NIIF) for the period ended March 31, 2020.

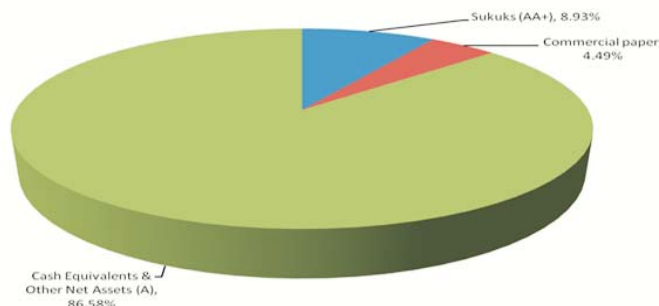
Fund's Performance

The size of NBP Islamic Savings Fund has increased from Rs. 3,642 million to Rs. 4,220 million during the period (i.e. an increase of 16%). During the period, the unit price of the Fund has increased from Rs. 9.5226 on June 30, 2019 to Rs. 10.3765 on March 31, 2020, thus showing return of 11.9% as compared to its benchmark return of 6.3% for the same period. The performance of the Fund is net of management fee and other expenses.

NBP-ISF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'A- (f)' by PACRA. 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.

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 rate unchanged in the subsequent three MPC meetings. In its meeting on March 17th, 2020 and again on March 24th, 2020 the SBP slashed the Policy Rate by a cumulative 225bps to 11%; owing to improved inflation outlook, sharp fall in the global oil prices, and economic fallout from the Coronavirus pandemic.

The Fund has earned a total income of Rs. 304.76 million during the period. After deducting total expenses of Rs. 48.68 million, the net income is Rs. 256.08 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-ISF.



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 اسلامک سیونگ فنڈ (NBP-ISF) (سابقہ: NAFA اسلامک انکم فنڈ) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

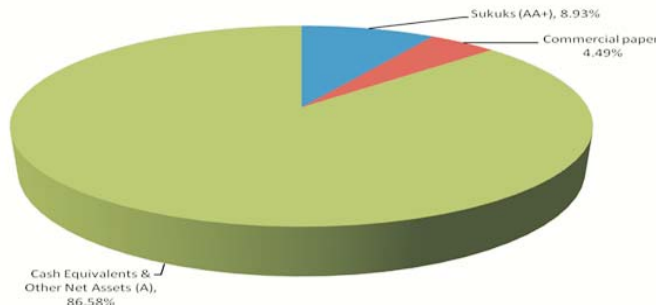
موجودہ مدت کے اختتام پر NBP اسلامک سیونگ فنڈ کا سائز 3,642 ملین روپے سے بڑھ کر 4,220 ملین روپے ہو گیا یعنی 16% کا اضافہ ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.5226 روپے سے بڑھ کر 31 مارچ 2020 کو 10.3765 روپے ہو گئی، لہذا گزشتہ اسی مدت کی 6.3% بیخ مارک منافع کے مقابلے 11.9% کا منافع درج کیا گیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP-ISF کی اسلامک انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور اسے PACRA کی طرف سے A-(f) کی مستحکم ریٹنگ دی گئی ہے۔ زیر جائزہ مدت کے دوران، مارکیٹ میں بالترتیب فلسڈ کپٹل 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 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 9 ملین روپے تھی۔

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

فنڈ کو اس مدت کے دوران 304.76 ملین روپے کی کل آمدنی ہوئی۔ 48.68 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 256.08 ملین روپے ہے۔

NBP-ISF کی ایسٹ ایلو کیشن اور اس کی ہر ذیلی ایسٹ کلاس کی اوسط کریڈٹ ریٹنگ درج ذیل ہے:



اظہار شکر

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 اینڈاؤمنٹ 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 ڈسٹریبیوٹرز 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

	Note	Unaudited March 31, 2020	Audited June 30, 2019
		Rupees in '000	
ASSETS			
Bank Balances		3,654,014	2,118,188
Investments	4	566,289	1,549,483
Profit Receivable		42,447	26,157
Advances, deposits, prepayments and other receivables		1,953	1,529
Total assets		4,264,703	3,695,357
LIABILITIES			
Payable to the Management Company		14,328	11,463
Payable to the Trustee		294	323
Payable to Securities and Exchange Commission of Pakistan		451	2,283
Accrued expenses and other liabilities		29,161	38,918
Total liabilities		44,234	52,987
NET ASSETS		4,220,469	3,642,370
Unit holders' funds (As per statement attached)		4,220,469	3,642,370
CONTINGENCIES AND COMMITMENTS			
	6		
		Number of units	
NUMBER OF UNITS IN ISSUE		406,735,253	382,499,381
		Rupees	Rupees
NET ASSET VALUE PER UNIT		10.3765	9.5226

The annexed notes 1 to 13 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)				
INCOME				
	(2,448)	(3,926)	(2,065)	(745)
Loss on sale of investments	29,554	43,686	14,425	16,260
Income from sukuk bonds	236,534	122,917	93,926	38,919
Profit on bank deposits	39,621	47,676	15,319	19,974
Income from commercial paper				
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	1,500	60	2,174	1,217
Total Income	304,761	210,413	123,779	75,625
EXPENSES				
	19,209	15,615	9,001	4,896
Remuneration of the Management Company	2,497	2,030	1,170	637
Sindh Sales Tax on Management fee	1,690	2,602	685	788
Remuneration of the Trustee	220	338	89	102
Sindh Sales Tax on remuneration of Trustee	2,253	2,311	912	681
Allocation of operational expenses from the Management Company	15,474	6,437	6,387	2,723
Selling and marketing expenses	451	1,733	183	511
Annual fee - Securities and Exchange Commission of Pakistan	451	466	139	78
Settlement and bank charges	7	59	-	59
Securities transaction cost	21	21	7	7
Annual listing fee	463	502	142	105
Auditors' remuneration	289	290	100	110
Rating fee	31	26	28	1
Printing Charges	69	104	12	44
Legal and professional charges	325	389	108	127
Shariah advisor fee	43,450	32,923	18,963	10,869
Total Expenses	43,450	32,923	18,963	10,869
Net income from operating activities	261,311	177,490	104,816	64,756
Provision for sindh workers' welfare fund	(5,226)	(3,550)	(2,096)	(1,295)
Net income for the period before taxation	256,085	173,940	102,720	63,461
Taxation	-	-	-	-
Net income for the period after taxation	256,085	173,940	102,720	63,461
Allocation of net income for the period				
Net income for the period after taxation	256,085	173,940	102,720	63,461
Income already paid on units redeemed	(59,881)	(54,103)	(24,402)	(21,059)
	<u>196,204</u>	<u>119,837</u>	<u>78,318</u>	<u>42,402</u>
Accounting income available for distribution:				
- Relating to capital gain	-	-	-	-
- Excluding capital gain	196,204	119,837	78,318	42,402
	<u>196,204</u>	<u>119,837</u>	<u>78,318</u>	<u>42,402</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	------(Rupees in '000)-----			
Net income for the period after taxation	256,085	173,940	102,720	63,461
Other comprehensive income for the period				
Total comprehensive income for the period	256,085	173,940	102,720	63,461

The annexed notes 1 to 13 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

	<u>Nine months period ended</u>	
	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	256,085	173,940
Adjustments		
Loss on sale of investments	2,448	3,926
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(1,500)	(60)
	<u>257,033</u>	<u>177,806</u>
(Increase) / decrease in assets		
Investments	982,246	(697,950)
Profit receivable	(16,290)	7,064
Advances, deposits, prepayments and other receivables	(424)	(55)
	965,532	(690,941)
Increase / (decrease) in liabilities		
Payable to the Management Company	2,865	1,408
Payable to the Trustee	(29)	(103)
Annual fee payable to Securities and Exchange Commission of Pakistan	(1,832)	(1,481)
Accrued expenses and other liabilities	(9,757)	1,872
	(8,753)	1,696
Net cash (used in) from operating activities	1,213,812	(511,439)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	4,054,846	2,599,798
Net payments on redemption of units	(3,732,832)	(3,548,401)
Distributions paid during the period	-	(108,078)
Net cash (used in) financing activities	322,014	(1,056,681)
Net increase / (decrease) in cash and cash equivalents during the period	1,535,826	(1,568,120)
Cash and cash equivalents at the beginning of the period	2,118,188	3,109,290
Cash and cash equivalents at the end of the period	<u><u>3,654,014</u></u>	<u><u>1,541,170</u></u>

The annexed notes 1 to 13 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 Savings Fund (Formerly:NAFA Islamic Income Fund) (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as shariah-compliant income scheme as per the criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters. CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC on November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on July 17, 2014 CDC was re-appointed as the new Trustee of the Fund, after MCBFSL retired on prior day.

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 Management Company is also the member of MUFAP.

The Fund is an open-ended mutual fund and classified as sharia compliant "income" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units 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.

With the approval of SECP, the Management Company has changed the name of the fund from 'NAFA Islamic Income Fund' to 'NBP Islamic Savings Funds' with effect from April 25, 2019. The trust deed has been amended through supplemental trust deed executed for the change of name.

The core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM1 to the Management Company and a stability rating of A-(f) to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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 VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008(the NBFC Regulations) and requirements of the Trust Deed.

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

the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part 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.

3 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, 2018 except for the change in accounting policy as explained in note 3.2.

3.2 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

- Non- performing Sukuk at fair value through profit or loss

Sukuk

Commercial Paper

Term deposit receipt

(Un-audited) (Audited)
31 March 30 June
2020 2019

---Rupees in "000"---

4.1	-	-
4.2	377,000	220,609
4.3	189,289	788,874
	-	540,000
	566,289	1,549,483

4.1 Non-performing Sukuks classified at fair value through profit or loss

Name of the investee company	Number of certificates				Market value as at 31 March 2020	Investment as % of	
	As at 1 July 2019	Purchases during the period	Sales during the period	As at 31 March 2020		Market value of net assets	Market value of total investments
					(Rupees in '000)	-----	(%) -----
New Allied Limited-1st issue (note 4.1.1)	352,000	-	-	352,000	-	-	-
New Allied Limited-2nd issue (note 4.1.2)	1,000	-	-	1,000	-	-	-
	353,000	-	-	353,000	-	-	-

Carrying value of investments as at 31 March 2019

114,905

Provision held

114,905

4.1.1 All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue which have a face value of Rs 312.5.

4.1.2 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.

4.2 Sukuk and Ijara bonds - At fair value through profit or loss

Name of the investee company	Number of bonds				Market value as at 31 March 2020	Investment as % of	
	As at 1 July 2019	Purchases during the period	Sales / Matured during the period	As at 31 March 2020		Market value of net assets	Market value of total investments
					(Rupees in '000)	----- (%) -----	
Hub Power Company Private Limited	-	3,770	-	3,770	377,000	8.93	66.57
	-	3,770	-	3,770	377,000	8.93	66.57

Carrying value of investments as at 31 March 2020

377,000

4.3 This represents the purchase of commercial paper from K-Electric Limited on February 14, 2020 (having face value of Rs. 100 million). This carry profit at the rate of 10.90% and will mature on August 14, 2020 and K-Electric Limited on March 10, 2020 (having face value of Rs. 100 million). This carry profit at the rate of 10.87% and will mature on September 10, 2020.

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 14 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.17.148 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. 0.0422 per unit (June 30, 2019: Rs. 0.031 per unit).

6 CONTINGENCIES AND COMMITMENTS

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

7 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended March 31, 2020 is 2.16% (2019: 1.58%) which includes 0.37% (2019: 0.33%) 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 2.5% (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 income scheme'.

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 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 0.7% per annum of the net assets of the Fund.

10 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 categorisation criteria laid down in the circular. The Board has approved the category of the fund as Shariah Compliant 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed specific 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
New Allied Electronics -	Rating is below investment grade as	Sukuk	110,000	(110,000)	-	-	-
New Allied Electronics - Sukuk II	prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuk	4,905	(4,905)	-	-	-

10.1 At the time of purchase, these term finance certificates and sukuks were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

11 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

11.1 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.

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

- 11.3 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.
- 11.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 11.5 **Details of the transactions with connected persons during the period are as follows:**

	Unaudited	
	Nine months period ended	
	March 31, 2020	March 31, 2019
	------(Rupees in '000)-----	
NBP Fund Management Limited		
Management Company		
Management fee expense for the period	19,209	15,615
Front end load for the period	16,775	3,064
Sindh Sales tax on management fee	2,497	2,030
Allocation of operational expenses from the Management Company	2,253	2,311
Selling and marketing expenses	15,474	6,437
Central Depository Company of Pakistan- Trustee		
Trustee fee for the period	1,690	2,602
Sindh Sales tax on remuneration of Trustee	220	338
Employees of Management Company		
Units issued 203,592 units (2019: 15,166,092 units)	2,034	146,601
Units redeemed 711,070 units (2019: 12,712,752 units)	6,950	124,310
Dividend Re-investment 40,360 units	-	384
Chief Financial Officer of Management Company		
Units issued / transferred in 436 units (2019: 19 units)	4	-
Units redeemed / transferred out 296,264 units (2019: 1,747 units)	2,946	17
Dividend Re-investment 58 units	-	1
Bank Islami Pakistan Limited (Common Directorship with Management Co.)		
Profit on Savings account	69,619	1,086
Profit on Term deposit receipt	-	-
Placement of Term deposit receipt	2,993,000	-
The Hub Power Company (Common Directorship with Management Co.)		
Purchase of Sukuk Certificate	377,000	-
Income From Sukuk	20,437	-
NBP Financial Sector Income Fund (Fund under same management company)		
Purchase of Commercial Paper - (K-Electric)	82,441	-
NBP Islamic Sarmaya Izafa Fund (Fund under same management company)		
Selling of Sukuk (Engro Polymer Chemical)	88,457	-
NBP BALANCED FUND (Fund under same management company)		
Selling of Sukuk	26,012	-

	(Un-Audited) As at 31 March 2020	(Audited) As at 30 June 2019
11.6 Amounts outstanding as at period end		
NBP Fund Management Limited Management Company		
Management fee payable	3,402	2,001
Sindh sales tax payable on Management Fee	442	260
Allocation of operational expenses from the Management Company	912	1,415
Front end load	2,222	1,303
Sindh sales tax on sales load	963	825
Selling and marketing expenses	6,387	5,659
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	260	286
Sindh Sales Tax on remuneration of Trustee	34	37
Security deposits	100	100
National Bank of Pakistan - Sponsor		
Balance in account	6,842	3,065
Employees of Management Company		
Investment held in the Fund 1,203,290 units (30 June, 2019 : 1,710,757 units)	12,486	16,291
Chief Financial Officer of Management Company		
Investment held in the Fund 436 units (30 June, 2019 : 296,264 units)	5	2,821
The Hub Power Company (Common Directorship with Management Co.)		
Purchase of Sukuk Certificate	377,000	-
Accrued markup From Sukuk	6,193	-
Bank Islami Pakistan Limited (Common Directorship with the Management Company)		
Balance in savings accounts	2,386,793	101,678
Term deposit receipt	-	540,000
Summit Bank (Common Directorship with the Management Company)		
Balance in accounts	4,820	5,661

12 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.

13 GENERAL

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

13.2 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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