



NBP FUNDS

Managing Your Savings

AM1
Rated by PACRA

NBP 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Summit Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Habib Metropolitan Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shaheed Chaudary Aslam Rd,
Civil Lines, Karachi, 75530

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
Phone: 051-2514987
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 Savings Fund** (NBP-SF) Formerly; (NAFA Income Fund) (NIF) for the period ended March 31, 2020.

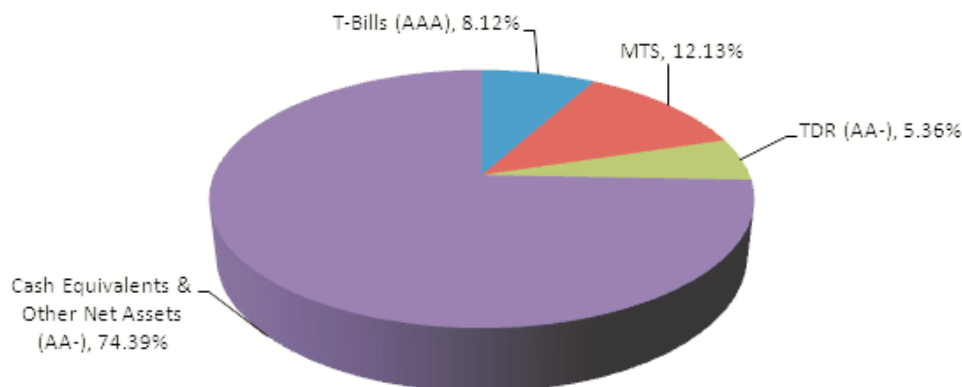
Fund's Performance

The size of NBP Savings Fund has increased from Rs. 1,004 million to Rs. 1,213 million during the period (i.e. a growth of 21%). During the period, the unit price of NBP Income Fund has increased from Rs. 9.7759 on June 30, 2019 to Rs. 10.7113 on March 31, 2020, thus showing a return of 12.7% as compared to the benchmark return of 13.5% for the same period. The performance of the Fund is net of management fee and all other expenses.

NBP-SF is categorized as an Income Scheme and has been awarded stability rating of 'A (f)' by PACRA. The trading activity in corporate debt securities witnessed a surge during the period. The cumulative traded value stood at Rs. 20.4 billion versus Rs. 11.4 billion in 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.

Sovereign yields responded to these policy actions and inflation and interest rate outlook. SBP held twenty (20) T-Bill auctions during the period, realizing a total of Rs. 12,443 billion. The yields on T-Bills for 3-month, 6-month and 12-month tenures decreased by 175 basis points, 193 basis points and 264 basis points, respectively. Similarly, expecting protracted period of monetary easing, PIB yields decline by 456 bps, 470 bps, and 457 bps for 3-year, 5-year, and 10-year tenures, respectively. During this period, nine (9) PIB auctions were also held where an amount of Rs. 1,671 billion was realized.

The Fund has earned a total income of Rs 121.16 million during the period. After deducting total expenses of Rs 20.34 million, the net income is Rs. 100.82 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-SF:



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 سیونگ فنڈ (سابقہ: NAFA) انکم فنڈ (NIF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

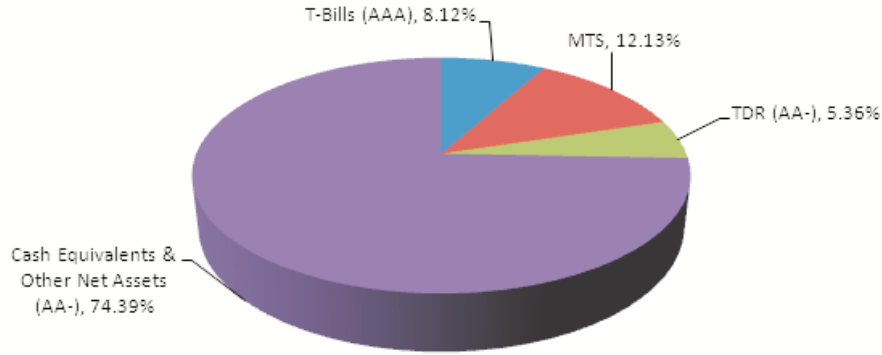
موجودہ مدت کے دوران NBP سیونگ فنڈ کا سائز 1,004 ملین روپے سے بڑھ کر 1,213 ملین روپے ہو گیا یعنی 21% کا اضافہ ہوا۔ زیر جائزہ مدت کے دوران، NBP سیونگ فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.7759 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2020ء کو 10.7113 روپے ہو گئی۔ لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 13.5% کے مقابلے میں 12.7% منافع درج کیا ہے۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP-SF کی انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے 'A(f)' کی مستحکم ریٹنگ دی گئی ہے۔ اس مدت کے دوران کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمی میں اضافہ دیکھا گیا۔ مجموعی تجارتی قدرتی 20.4 ملین روپے رہی جبکہ گزشتہ سال کی اسی مدت میں 11.4 ملین روپے تھی۔ مالی سال 2020 کی نو ماہی میں اسٹیٹ بینک آف پاکستان نے چھ مانیٹری پالیسی کمیٹی (MPC) کے اجلاس طلب کئے۔ افراط زر کو قابو کرنے کے لئے SBP نے جولائی 2019ء میں منعقدہ مانیٹری پالیسی کے اپنے پہلے اجلاس میں پالیسی 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 کم کر کے مجموعی طور پر 11 فیصد کر دیا۔

ان پالیسی اقدامات اور افراط زر اور شرح سود کے تناظر میں گورنمنٹ بانڈز منافع میں ردعمل دیکھا گیا۔ اس مدت میں SBP نے بیس (20) T-Bills نیلامیوں سے مجموعی طور پر 12,443 ملین روپے حاصل کئے۔ سہ ماہی، شش ماہی اور سالانہ مدتوں کے دوران T-Bills منافع بالترتیب 175bps، 193bps اور 264bps تک کم ہوئی۔ اسی طرح متوقع مانیٹری آسانی کے آغاز کے باعث 3 سال، 5 سال اور 10 سال کی مدتوں کے دوران PIB منافع بالترتیب 456bps، 470bps اور 457bps کی کمی ہوئی۔ اس مدت کے دوران، نو (9) PIB نیلامیاں بھی کی گئیں جہاں سے 1,671 ملین روپے حاصل کئے۔

فنڈ نے موجودہ مدت کے دوران 121.16 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 20.34 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 100.82 ملین روپے ہے۔

درج ذیل چارٹ NBP-SF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیکائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا 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 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 ڈسٹری بیوٹرز 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 31 MARCH 2020

| | 31 March 2020 Unaudited (Rupees in '000) | 30 June 2019 Audited |
|---|---|----------------------------|
| Assets | | |
| Bank balances | 904,618 | 728,176 |
| Investments | 163,505 | 278,182 |
| Receivable against Margin Trading System | 147,107 | - |
| Profit and other receivables | 13,434 | 10,736 |
| Advances, deposit and prepayments | 1,393 | 1,133 |
| Total assets | 1,230,057 | 1,018,227 |
| Liabilities | | |
| Payable to NBP Fund Management Limited - Management Company | 5,148 | 4,189 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 86 | 159 |
| Payable to Securities and Exchange Commission of Pakistan | 166 | 698 |
| Payable against redemption of units | 92 | - |
| Accrued expenses and other liabilities | 11,385 | 9,255 |
| Total liabilities | 16,877 | 14,301 |
| Net assets | 1,213,180 | 1,003,926 |
| Unit holders' fund (as per statement attached) | 1,213,180 | 1,003,926 |
| Contingency and commitment | 7 | |
| | (Number of units) | |
| Number of units in issue | 113,261,993 | 102,693,776 |
| | (Rupees) | |
| Net assets value per unit | 10.7113 | 9.7759 |

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 AND QUARTER ENDED 31 MARCH 2020

| | Note | Nine months period ended | | Quarter ended | |
|---|------|--------------------------|---------------|---------------|---------------|
| | | 2020 | 2019 | 2020 | 2019 |
| (Rupees in '000) | | | | | |
| Income | | | | | |
| Income from government securities | | 4,349 | 2,053 | 3,319 | 764 |
| Income from term finance certificate | | 3,160 | 6,997 | - | 2,645 |
| Income from term deposit receipts and bank balances | | 85,380 | 48,575 | 23,758 | 21,053 |
| Income from Margin Trading System | | 11,628 | 7,907 | 9,720 | 1,660 |
| Income on commercial paper | | 16,197 | 1,727 | 5,321 | 554 |
| Gain / (Loss) on sale of investments - net | | 162 | (37) | 114 | (2) |
| Reversal of provision | | - | 4,194 | - | 548 |
| Net unrealised gain / (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | 281 | (1,677) | 287 | (421) |
| Total income | | 121,157 | 69,739 | 42,519 | 26,801 |
| Expenses | | | | | |
| Remuneration to NBP Fund Management Limited - Management Company | | 7,426 | 4,649 | 3,036 | 1,697 |
| Sindh Sales Tax on remuneration of Management Company | | 965 | 604 | 394 | 220 |
| Remuneration to Trustee | | 623 | 947 | 217 | 396 |
| Sindh Sales Tax on remuneration of Trustee | | 81 | 123 | 28 | 51 |
| Annual fee - Securities and Exchange Commission of Pakistan | | 166 | 502 | 58 | 175 |
| Reimbursement of operational expenses to the Management Company | | 831 | 669 | 289 | 233 |
| Selling and marketing expense | 5 | 5,711 | 2,050 | 2,021 | 932 |
| Settlement and bank charges | | 1,533 | 1,547 | 770 | 209 |
| Annual listing fee | | 21 | 21 | 7 | 7 |
| Auditors' remuneration | | 539 | 501 | 108 | 72 |
| Professional charges | | 46 | - | 28 | - |
| Fund rating fee | | 314 | 288 | 110 | 90 |
| Printing charges | | 15 | 17 | 15 | 1 |
| Brokerage Expense | | 9 | - | 6 | - |
| Total expenses | | 18,280 | 11,918 | 7,087 | 4,084 |
| Net income from operating activities | | 102,877 | 57,821 | 35,432 | 22,717 |
| Provision for Sindh Workers' Welfare Fund | 6 | (2,058) | (1,156) | (709) | (454) |
| Net income for the period before taxation | | 100,819 | 56,665 | 34,723 | 22,263 |
| Taxation | 8 | - | - | - | - |
| Net income for the period | | 100,819 | 56,665 | 34,723 | 22,263 |
| Allocation of net income for the period | | | | | |
| Net income for the period | | 100,819 | 56,665 | 34,723 | 22,263 |
| Income already paid on units redeemed | | (9,025) | (5,204) | (1,309) | (1,147) |
| | | 91,794 | 51,461 | 33,414 | 21,116 |
| Accounting income available for distribution: | | | | | |
| - Relating to capital gains | | 426 | - | 392 | - |
| - Excluding capital gains | | 91,368 | 51,461 | 33,022 | 21,116 |
| | | 91,794 | 51,461 | 33,414 | 21,116 |

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 AND QUARTER ENDED 31 MARCH 2020

| | <u>Nine months period ended</u> | | <u>Quarter Ended</u> | |
|--|---------------------------------|---------------|----------------------|---------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| | ----- (Rupees in '000) ----- | | | |
| Net income for the period | 100,819 | 56,665 | 34,723 | 22,263 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>100,819</u> | <u>56,665</u> | <u>34,723</u> | <u>22,263</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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020

| | Nine months period ended | |
|---|--------------------------|-----------|
| | 2020 | 2019 |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period before taxation | 100,819 | 56,665 |
| Adjustments for: | | |
| Net unrealised (gain) / loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | (281) | 1,677.00 |
| Reversal of provision | - | 4,194.00 |
| (Gain) / loss on sale of investments - net | (162) | 37.00 |
| | 100,376 | 62,573 |
| (Increase) / Decrease in assets | | |
| Investments - net | 115,120 | (3,640) |
| Receivable against Margin Trading System | (147,107) | 139,917 |
| Profit and other receivables | (2,698) | (5,291) |
| Deposits, prepayment and other receivables | (260) | (69) |
| | (34,945) | 130,917 |
| Increase in liabilities | | |
| Payable to NBP Fund Management Limited - Management Company | 959 | 1,343 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (73) | 170 |
| Payable to Securities and Exchange Commission of Pakistan | (532) | (152) |
| Accrued expenses and other liabilities | 2,130 | 846 |
| | 2,484 | 2,207 |
| Net cash generated from operating activities | 67,915 | 195,697 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Amounts received on issue of units | 1,337,647 | 726,525 |
| Cash distribution | - | (37,694) |
| Payments against redemption of units | (1,229,120) | (554,162) |
| Net cash generated from financing activities | 108,527 | 134,669 |
| Net increase in cash and cash equivalents during the period | 176,442 | 330,366 |
| Cash and cash equivalents at beginning of the period | 728,176 | 452,098 |
| Cash and cash equivalents at end of the period | 904,618 | 782,464 |

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 MONTHS PERIOD ENDED 31 MARCH 2020**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NBP Savings Fund (formerly NAFA 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 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). Subsequently, CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of the CDC on 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL. CDC was appointed in place of MCBFSL as the Trustee with effect from 19 October 2018. Accordingly the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company and CDC. The effective date of change of name of the Fund is 4 April 2019.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The 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 Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of 'A(f)' to the Fund and has assigned and maintained asset manager rating of 'AM1' of Management Company.
- 1.6** Title of 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 Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

| | 31 March 2020 Unaudited | 30 June 2019 Audited |
|---|-------------------------------|----------------------------|
| Investments by category | | |
| (Rupees in '000) | | |
| At fair value through profit or loss | | |
| Term finance certificates - listed | 4.1 - | 56,427 |
| Term finance certificates - unlisted | 4.2 - | 20,000 |
| Sukuks | 4.4 - | - |
| Government securities - Market Treasury Bills | 4.5 98,505 | 4,947 |
| Commercial Paper | 4.6 - | 98,330 |
| Term deposit receipt | 4.7 65,000 | 98,478 |
| | 163,505 | 278,182 |

4.1 Term finance certificates - listed

All certificates have a face value of Rs. 5,000 each unless stated otherwise.

| Name of the investee company | Tenor | As at 01 July 2019 | Purchases during the period | Sales / matured during the period | As at 31 March 2020 | Market value/ Carrying value as at 31 March 2020 | Market value / Carrying value as a percentage of net assets | Market value/ carrying value as a percentage of total investments |
|--|----------|--------------------------|-----------------------------------|--|---------------------------|--|--|--|
| ----- (Number of certificates) ----- | | | | | (Rupees in '000) | ----- (%) ----- | | |
| Askari Commercial Bank Limited | 5 years | 7,400 | - | 7,400 | - | - | - | - |
| JS Bank Limited | 5 years | 4,660 | - | 4,660 | - | - | - | - |
| Saudi Pak Leasing Company Limited (Note 4.1.1) | 10 years | 8,000 | - | - | 8,000 | - | - | - |
| Worldcall Telecom Limited (Note 4.1.2) | 13 years | 14,000 | - | - | 14,000 | - | - | - |
| | | 34,060 | - | 12,060 | 22,000 | - | - | - |

4.1.1 This represents investment in listed term finance certificates with original term of five years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its terms on 26 December 2011 with new maturity in March 2017. The investee company again defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 30 April 2014. 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 said circulars.

4.1.2 This represents investment in listed term finance certificates of Worldcall Telecom Limited. On 07 April 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

4.2 Term finance certificates - Unlisted

All certificates have a face value of Rs. 5,000 each unless stated otherwise.

| Name of the investee company | Tenor | As at 01 July 2019 | Purchases during the period | Sales / matured during the period | As at 31 March 2020 | Market value/ Carrying value as at 31 March 2020 | Market value / Carrying value as a percentage of net assets | Market value/ carrying value as a percentage of total investments |
|---------------------------------------|----------|--------------------|-----------------------------|-----------------------------------|---------------------|--|---|---|
| -----Number of certificates----- | | | | | | (Rupees in '000) | -----(%)----- | |
| Agritech Limited II (Note 7.2.1) | 10 years | 30,000 | - | - | 30,000 | - | - | - |
| Agritech Limited V (Note 7.2.2) | 6 years | 4,436 | - | - | 4,436 | - | - | - |
| Jahangir Siddiqui and Company Limited | 5 years | 8,000 | - | 8,000 | - | - | - | - |
| | | <u>42,436</u> | <u>-</u> | <u>8,000</u> | <u>34,436</u> | <u>-</u> | <u>-</u> | <u>-</u> |

4.2.1 This represents investment in Privately Placed unlisted Term Finance Certificates (PPTFCs) with a term of seven years. On 14 July 2010 the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing by MUFAP since 02 August 2010. 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.

4.2.2 This represents investment in Privately Placed Term Finance Certificates (PPTFC) of Agritech V received against due markup of Agritech I. The investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 17 January 2012. 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.

4.3 Sukuks - Unlisted

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

| Name of the investee company | Tenor | As at 01 July 2019 | Purchases during the period | Sales / matured during the period | As at 31 March 2020 | Market value/ Carrying value as at 31 March 2020 | Market value / Carrying value as a percentage of net assets | Market value/ carrying value as a percentage of total investments |
|---|----------|--------------------|-----------------------------|-----------------------------------|---------------------|--|---|---|
| -----Number of certificates----- | | | | | | (Rupees in '000) | -----(%)----- | |
| New Allied Electronics (Private) Limited (Note 4.4.1) | 11 years | 10,000 | - | - | 10,000 | - | - | - |
| Eden Housing Limited (Note 4.4.2) | 12 years | 20,000 | - | - | 20,000 | - | - | - |
| | | <u>30,000</u> | <u>-</u> | <u>-</u> | <u>30,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |

4.3.1 This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 09 January 2009. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

4.3.2 This represents investment in privately placed sukuks with a term of five years. On 06 May 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.

4.3.3 The Sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

4.4 Investments in government securities

| Issue date | Tenor | Face value | | | As at 31 March 2020 | Market value / Carrying value as at 31 March 2020 | Market value / Carrying value as a percentage of net assets | Market value / Carrying value as a percentage of total investments |
|---|-----------|--------------------|-----------------------------|-----------------------------------|---------------------|---|---|--|
| | | As at 01 July 2019 | Purchases during the period | Sales / matured during the period | | | | |
| (Rupees in '000) | | | | | (%) | | | |
| Market Treasury Bills | | | | | | | | |
| 9 May 2019 | 03 Months | 5,000 | - | 5,000 | - | - | - | - |
| 2 December 2019 | 12 Months | - | 35,000 | 35,000 | - | - | - | - |
| 26 November 2019 | 6 Months | - | 50,000 | 50,000 | - | - | - | - |
| 11 December 2019 | 3 Months | - | 35,000 | 35,000 | - | - | - | - |
| February 27, 2020 | 3 Months | - | 350,000 | 250,000 | 100,000 | 98,505 | 8.12 | 60.25 |
| Total | | 5,000 | 470,000 | 375,000 | 100,000 | 98,505 | 8.12 | 60.25 |
| Carrying value before fair value adjustments as at 31 March 2020. | | | | | | 98,232 | | |

4.4.1 Investments include market treasury bills with market value of Rs. 98.505 million (30 June 2019: Rs 4.947 million) which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

4.5 Commercial Paper

| Name of Issuer | Maturity Date | Face value | | | As at 31 March 2020 | Carrying value as at 31 March 2020 | Carrying value as a percentage of net assets | Carrying value as a percentage of total investments |
|---------------------------|---------------|--------------------|-----------------------------|-----------------------------------|---------------------|------------------------------------|--|---|
| | | As at 01 July 2019 | Purchases during the period | Sales / matured during the period | | | | |
| (Rupees in '000) | | | | | (%) | | | |
| Hub Power Company Limited | 22-Jul-2019 | 99,000 | - | 99,000 | - | - | - | - |
| Hub Power Company Limited | 24-Mar-2020 | - | 90,000 | 90,000 | - | - | - | - |
| K Electric Limited | 27-Feb-2020 | - | 100,000 | 100,000 | - | - | - | - |
| TPL Corporation Limited | 11-Jan-2020 | - | 25,000 | 25,000 | - | - | - | - |
| | | 99,000 | 215,000 | 314,000 | - | - | - | - |

5 SELLING AND MARKETING EXPENSE

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 0.7% per annum of the net assets of the Fund.

6 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 15 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.6.548 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. 0.0578 per unit (June 30, 2019: Rs. 0.0437 per unit)."

7 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 31 March 2020 (30 June 2019: Nil).

8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

9 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2020 is 2.45% (2019: 1.98%) which includes 0.40% (2019: 0.36%) 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 an 'income scheme'.

10 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

10.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.

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

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

10.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at period end are as follows:

NBP SAVINGS FUND (FORMERLY ; NAFA INCOME FUND)



10.5 Details of the transactions with connected persons are as follows:

| | Unaudited | |
|--|--------------------------|-------------------|
| | Nine months period ended | |
| | March 31, 2020 | March 31, 2019 |
| | (Rupees in '000) | |
| NBP Fund Management Limited - Management Company | | |
| Management remuneration | 7,426 | 4,649 |
| Sindh Sales Tax on remuneration of Management Company | 965 | 604 |
| Sales and transfer load charged | 1,714 | 534 |
| Reimbursement of operational expenses to the Management Company | 831 | 669 |
| Selling and marketing expense | 5,711 | 2,050 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration to the Trustee | 623 | 706 |
| Sindh Sales Tax on remuneration of Trustee | 81 | 92 |
| CDS Charges | 308 | - |
| MCB Financial Services Limited - Trustee | | |
| Remuneration of the Trustee | - | 241 |
| Sindh Sales Tax on Trustee remuneration | - | 31 |
| Employees of the Management Company | | |
| 29,521 units issued (2019: 315 units) | 299 | 3 |
| 34,902 units redeemed (2019: Nil units) | 358 | - |
| NBP Employees Pension Fund (Pension fund of the parent of Management Company) | | |
| Nil units issued (2019: 2,448,712 units) | - | 23,903 |
| Muhammad Murtaza Ali - Company Secretary / COO | | |
| 49,597 units issued (2019: Nil units) | 500 | - |
| 49,597 units redeemed (2019: Nil units) | 503 | - |
| Fauji Fertilizer Company Limited** - Common Directorship | | |
| 25,271,313 units issued (2019: Nil units) | 250,002 | - |
| 25,271,160 units redeemed (2019: Nil units) | 250,167 | - |
| NBP Income Opportunity Fund (CIS Managed by Management Company) | | |
| Purchased Commercial Paper | 23,182 | - |
| NBP Money Market Fund (CIS Managed by Management Company) | | |
| Purchased Tbill | 34,370 | - |
| Sold T-Bill | - | 29,979 |
| NBP Financial Sector Income Fund (CIS Managed by Management Company) | | |
| Sold Term Finance Certificates | 75,485 | - |
| NBP Government Securities Liquid Fund (CIS Managed by Management Company) | | |
| Sold T-Bill | - | 29,911 |
| Portfolios Managed by Management Company | | |
| Purchased Tbill | 110,166 | - |
| 656 units issued (2019: Nil units) | 7 | - |
| National Clearing Company of Pakistan Limited (Common Directorship) | | |
| NCCPL Charges | 172 | - |
| Pakistan Stock Exchange Limited** (Common Directorship) | | |
| Listing Fee paid | 25 | - |
| Bank Islami Pakistan Limited** (Common Directorship) | | |
| Markup on Bank Deposit | 1,772 | - |
| The Hub Power Company Limited** (Common Directorship) | | |
| Purchased Commercial Paper | 83,647 | - |
| Income on commercial paper | 6,353 | - |

10.6 Amounts outstanding as at period / year end:

| | 31 March 2020 Unaudited (Rupees in '000) | 30 June 2019 Audited |
|--|---|-------------------------------------|
| NBP Fund Management Limited - Management Company | | |
| Management remuneration payable | 1,084 | 707 |
| Sind Sales Tax payable | 141 | 92 |
| Allocation of expenses related to registrar services, accounting, operation and valuation services | 289 | 494 |
| Sales and transfer load | 1,429 | 814 |
| Sind Sales Tax payable on sales load | 184 | 104 |
| Selling & Marketing expense | 2,021 | 1,978 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration payable | 76 | 141 |
| Sindh Sales Tax payable | 10 | 18 |
| Security deposit | 100 | 100 |
| CDC charges payable | 24 | 17 |
| Portfolios Managed by Management Company | | |
| Units held: 656 units (2019: Nil units) | 7 | - |
| NBP Employees pension fund (Pension fund of the parent of Management Company) | | |
| Units held: 67,200,942 units (2019: 67,200,942 units) | 719,809 | 656,950 |
| Employees of the Management Company | | |
| Units held: 2,173 units (2019: 7,554 units) | 23 | 74 |
| Summit Bank Limited* (Common Directorship) | | |
| Bank Balances | - | 633 |
| Bank Islami Pakistan Limited ** (Common Directorship) | | |
| Bank Balance | 829 | - |
| Profit receivable | 31 | - |
| Fauji Fertilizer Company Limited ** (Common Directorship) | | |
| Units held: 154 units (2019: Nil units) | 2 | - |
| National Clearing Company of Pakistan Limited** (Common Directorship) | | |
| Security Deposit | 250 | - |
| NCCPL Charges payable | 76 | - |

* Current balances with this party has not been disclosed as it did not remain connected person and related party as at the period end.

** Comparative balances with these parties have not been disclosed as these parties were not related parties in the last term.

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 the nearest thousand rupees, unless otherwise is specified.

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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

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