

# NBP FINANCIAL SECTOR INCOME FUND (NFSIF)

(FORMERLY: NAFA FINANCIAL SECTOR INCOME FUND)



MONTHLY REPORT (MUFAP's Recommended Format)

April 2020

Unit Price (30/04/2020): Rs.11.7349

Performance %											
Performance Period	Apr-2020	FYTD - 2020	Rolling 12 Months	FY - 2019	FY - 2018	FY - 2017	FY - 2016	FY - 2015	Last 3 Years*	Last 5 Years*	Since Launch October 28, 2011*
NBP FINANCIAL SECTOR INCOME FUND (FORMERLY: NAFA FINANCIAL SECTOR INCOME FUND)	15.8%	13.9%	13.7%	9.3%	6.0%	8.4%	6.4%	10.9%	9.3%	8.6%	9.2%
BENCHMARK	9.4%	13.1%	13.0%	10.2%	6.3%	6.0%	5.9%	8.3%	9.5%	8.1%	8.6%

\* Annualized Return Based on Morning Star Methodology. All other returns are Annualized Simple Return.  
The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

Launch Date:	October 28, 2011
Fund Size:	Rs. 11,106 million
Type:	Open-end - Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front End Load (Individual without life insurance): 1% (Nil on investment above Rs. 26 million) Front End Load (Individual with life insurance): Amount upto Rs.5 million: 3%, Amount over and above Rs.5 million: 1% Front End Load (Other): 1% (Nil on investment above Rs. 16 million) Back End Load: NIL
Management Fee:	6% of Net Income (min: 0.5% p.a., max: 1.5% p.a.) w.e.f 12-July-19. 0.89% p.a. of average net assets during the month
Total Expense Ratio:	2.18% p.a (including 0.41% government levies)
Selling & Marketing Expenses:	0.7% per annum
Risk Profile:	Low
Fund Stability Rating:	'A+(f)' by PACRA
Listing:	Pakistan Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co, Chartered Accountants
Benchmark:	6-Month KIBOR
Fund Manager:	Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM1 by PACRA (Very High Quality)

## Investment Objective

To provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

## Fund Manager Commentary

The Fund generated an annualized return of 15.8% p.a. in the month of April 2020 versus the Benchmark return of 9.4% p.a. Since its launch in October 2011, the Fund has generated an annualized return of 9.2% p.a. against the Benchmark return of 8.6% p.a., hence an out-performance of 0.6% p.a. This out-performance is net of management fee and all other expenses.

The Fund is unique as it invests a minimum 70% of its assets in Financial Sector (mainly banks) debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities is "AA-". This minimizes credit risk and at the same time enhances liquidity of the Fund. Duration of the overall portfolio cannot be more than one year. This minimizes interest rate or pricing risk.

Exposure in TFCs/Sukuks was around 25% of net assets at the end of the month with average time to maturity of around 3.4 years. The TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. The weighted average time-to-maturity of the Fund is 1 year.

We will rebalance the allocation of the Fund proactively based on the capital market outlook.

## Credit Quality of the Portfolio as of April 30, 2020 (% of Total Assets)

Credit Quality	% of Total Assets
Government Securities (AAA rated)	13.0%
AAA	2.2%
AA+	19.6%
AA	3.6%
AA-	1.9%
A+	29.6%
A	11.5%
A-	15.1%
Un-rated	0.1%
Others including Receivables	3.4%
<b>Total</b>	<b>100.0%</b>

## Asset Allocation (% of Total Assets)

	30-Apr-20	31-Mar-20
TFCs / Sukuk	24.3%	25.3%
PIBs	2.1%	2.1%
T-Bills	10.9%	9.6%
Bank Deposits	59.3%	60.8%
Others including Receivables	3.4%	2.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Hassan Raza, CFA

## Top TFC (as at April 30, 2020) (% of Total Assets)

TFC Name	% of Total Assets
HUBCO Suk-2 Rev 22-AUG-19 22-AUG-23	7.4%
KE Sukuk (Pre-IPO) 27-DEC-19 27-DEC-26	4.4%
Hub Power Company Limited 19-MAR-20 19-MAR-24	2.2%
Askari Commercial Bank Limited 17-MAR-20 17-MAR-30	2.1%
HBL TFC 19-FEB-16 19-FEB-26	1.8%
Jahangir Siddiqui and Company Ltd. 06-MAR-18 06-MAR-23	1.4%
BANK ALFALAH LTD - V - REVISED 20-FEB-13 20-FEB-21	1.4%
JS Bank Limited 14-DEC-16 14-DEC-23	1.0%
JS Bank Limited 29-DEC-17 29-DEC-24	0.9%
Jahangir Siddiqui and Company Ltd. 18-JUL-17 18-JUL-22	0.8%

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 29,229,475/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0309/0.3%. For details investors are advised to read note 12.1 of the latest financial statements of the Scheme.

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of the Income Tax Ordinance, 2001.

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the offering Document to understand investment policies and the risks involved.