

**NAFA ISLAMIC ACTIVE ALLOCATION  
FUND - III**



**ANNUAL REPORT**  
**JUNE 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Allied Bank Limited  
Bank Al Habib Limited  
Dubai Islami Bank Limited  
Habib Bank Limited  
JS Bank Limited  
Meezan Bank Limited  
Soneri Bank Limited



## **Auditors**

A.F. Fergusons & Co Chartered Accountants  
State Life Building No. 1 - C  
I.I. Chundrigar Road,  
P.O. Box 4716  
Karachi.

## **Legal Advisor**

Akhund Forbes  
D-21, Block, 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  
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**

Khan Center, 1st Floor, Abdali Road, Multan.  
Phone No. : 061-4540301-6, 061-4588661-2 & 4

## Board of Directors



**Dr. Amjad Waheed, CFA**  
Chief Executive Office



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



**Syed Hasan Irtiza Kazmi**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Saad Amanullah Khan**  
Director



**Mr. Saad ur Rehman**  
Director



**Mr. Imran Zaffar**  
Director



# Senior Management



**Mr. Sajjad Anwar, CFA**  
Chief Investment Officer



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Mr. Muhammad Murtaza Ali**  
Chief Operating Officer &  
Company Secretary



**Mr. Khalid Mehmood**  
Chief Financial Officer



**Mr. Samiuddin Ahmed**  
Country Head Corporate Marketing



**Mr. Ozair Khan**  
Chief Technology Officer



**Mr. Salim S Mehdi**  
Chief Innovation & Strategy Officer



**Mr. Asim Wahab Khan, CFA**  
Deputy Chief Investment Officer



**Mr. Muhammad Ali, CFA, FRM**  
Head Of Fixed Income



**Mr. Hassan Raza, CFA**  
Head Of Research



**Mr. Waheed Abidi**  
Head Of Internal Audit



**Mr. Zaheer Iqbal, ACA FPFA**  
Head Of Operations



**Mr. Salman Ahmed, CFA**  
Head Of Product Development



**Mr. Saadat Saeed, ACA, CFA**  
Head Of Investment Risk.



**Mr. Shahid Javed**  
Head Of Operational Risk



**Mr. Shahbaz Umer**  
Head Of Human Resource



## DIRECTORS' REPORT

This is the Third Annual Report for the period ended June 30, 2020, since launch of **NAFA Islamic Active Allocation Fund-III (NIAAF-III)** on June 22, 2018.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-III has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through three (3) Allocation Plans including NAFA Islamic Capital Preservation Plan-III (NICPP-III), NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) & NBP Islamic Capital Preservation Plan-V (NICPP-V).

Islamic Money Market:

NBP Islamic Money Market Fund

Islamic Equity Fund:

NBP Islamic Active Allocation Equity Fund

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KMI-30 Index rose by a meagre 1.6% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 44,929 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KMI-30 Index surged by a massive 58% from August 16th, 2019 to its recent peak on January 10th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 42% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.6% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY2020 compared to Rs. 12 billion in FY2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility





prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

### NAFA Islamic Capital Preservation Plan-III (NICPP-III)

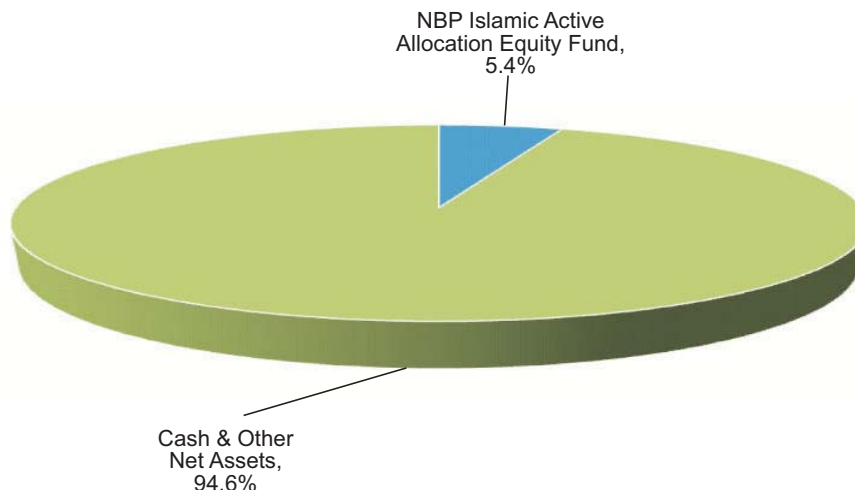
This is the third annual report for the period ended June 30, 2020, since launch NAFA Islamic Capital Preservation Plan-III (NICPP-III) on June 22, 2018. The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

### Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-III (NICPP III) increased by 4.5% as against the benchmark which increased by 2.7%, thus, the Plan outperformed the benchmark by 1.8% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-III (NICPP-III) has increased from Rs. 94.6916 (Ex-Div) on June 22, 2018 to Rs. 99.0600 on June 30, 2020, thus showing an increase of 4.6%. The Benchmark return during the same period was increased by 0.2%. Thus, the Plan has outperformed its Benchmark by 4.4% since its inception on June 22, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 151 million.

The Plan has earned a total income of Rs. 20.76 million during the year. After deducting total expenses of Rs. 4.75 million, the net income is Rs. 16.01 million.

The asset allocation of the Plan as on June 30, 2020 is as follows:



### Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 4.35% of the opening ex-NAV (4.31% of the par value) in NAFA Islamic Capital Preservation Plan - III (NICPP III) for the period ended June 30, 2020.

### Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.



## NAFA Islamic Capital Preservation Plan-IV (NICPP-IV)

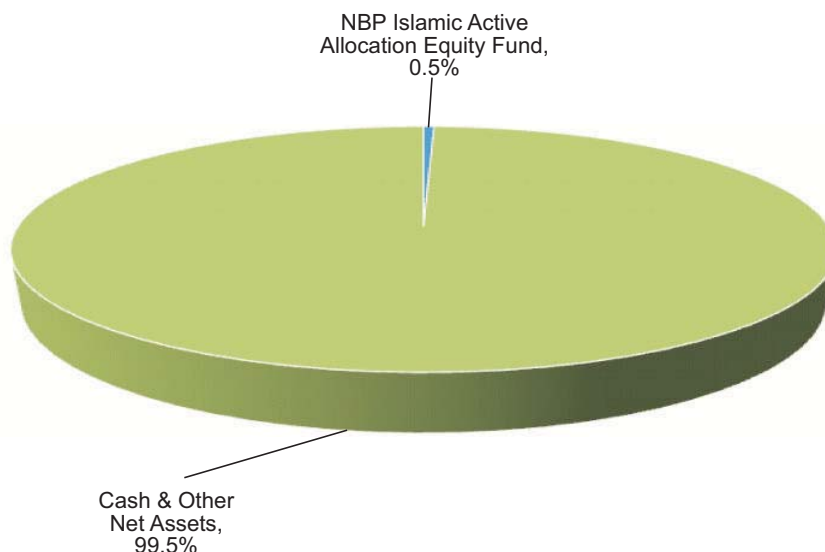
This is the second annual report for the period ended June 30, 2020, since launch NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) on September 14, 2018. The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

### Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-IV (NICPP IV) increased by 3.7% as against the benchmark which increased by 2.6%, thus, the Plan outperformed the benchmark by 1.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) has increased from Rs. 96.5816 on September 14, 2018 to Rs. 98.9102 on June 30, 2020, thus showing a increase of 2.4%. The Benchmark during the same period was decreased by 0.3%. Thus, the Plan has outperformed its Benchmark by 2.7% since its inception on September 14, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 146 million.

The Plan has earned a total income of Rs. 9.32 million during the year. After deducting total expenses of Rs. 3.03 million, the net income is Rs. 6.29 million.

The asset allocation of the Plan as on June 30, 2020 is as follows:



### Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 3.54% of the opening ex-NAV (3.50% of the par value) in NAFA Islamic Capital Preservation Plan - IV (NICPP IV) for the period ended June 30, 2020.

### Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## NBP Islamic Capital Preservation Plan-V (NICPP-V)

This is the second annual report for the period ended June 30, 2020, since launch NBP Islamic Capital Preservation Plan-V (NICPP-V) on December 17, 2018. The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

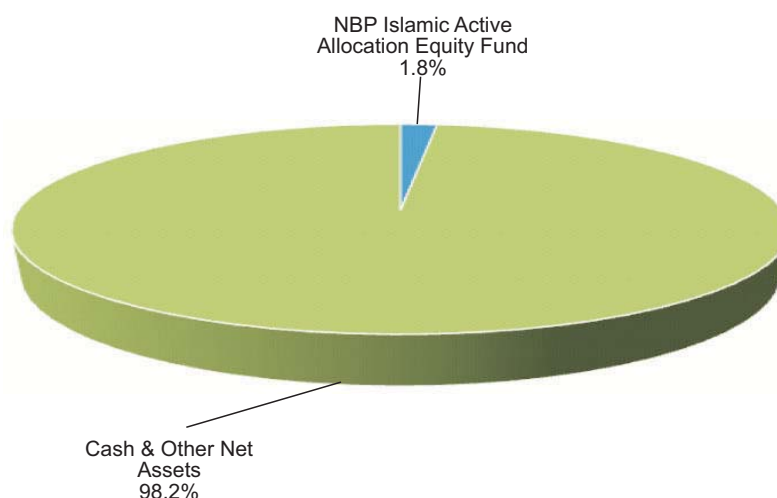


## Plan's Performance

During the fiscal year, NBP Islamic Capital Preservation Plan-V (NICPP V) increased by 3.1% as against the benchmark which increased by 2.7%, thus, the Plan outperformed the benchmark by 0.4% during the year. Since launch of the plan, the unit price of NBP Islamic Capital Preservation Plan-V (NICPP-V) has increased from Rs. 97.0758 (Ex-Div) on December 17, 2018 to Rs. 98.2859 on June 30, 2020, thus showing an increase of 1.2%. The Benchmark during the same period was decreased by 0.3%. Thus, the Plan has outperformed its Benchmark by 1.5% since its inception on December 17, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 90 million.

The Plan has earned a total income of Rs. 6.69 million during the year. After deducting total expenses of Rs. 2.03 million, the net income is Rs. 4.66 million.

The asset allocation of the Plan as on June 30, 2020 is as follows:



## Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 3.01% of the opening ex-NAV (2.96% of the par value) in NBP Islamic Capital Preservation Plan - V (NICPP V) for the period ended June 30, 2020.

## Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## Auditors

The present auditors, A.F Fergusons & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2021.

## Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.



4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

<b>Category</b>	<b>Names</b>
Independent Directors	<ol style="list-style-type: none"> <li>1. Mr. Khalid Mansoor</li> <li>2. Mr. Saad Amanullah Khan</li> <li>3. Mr. Humayun Bashir</li> </ol>
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> <li>1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Mr. Saad ur Rahman Khan</li> <li>3. Syed Hasan Irtiza Kazmi</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol>

**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: September 17, 2020  
Place: Karachi.



## ڈائریکٹرز رپورٹ

22 جون 2018 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن فنڈ-III (NIAAF-III) کی 30 جون 2020 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ فنڈ کا مقصد شریعہ کمپلیٹ ایکیویٹی فنڈ اور انکم منی ماریٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن فنڈ-III (NIAAF-III) ایک ٹرسٹ اسکیم کی شکل میں تیار کیا گیا ہے جو کہ تین (3) ایلوکیشن پلانز کے ذریعے درج ذیل مجموعی سرمایہ کاری اسکیموں میں سرمایہ کاری کریں گے، یہ پلانز NAFA اسلامک کپٹیل پریزیوشن پلان-III (NICCP-III)، NAFA اسلامک کپٹیل پریزیوشن پلان-IV (NICCP-IV) اور NBP اسلامک کپٹیل پریزیوشن پلان-V (NICCP-V) ہیں۔

اسلامک منی ماریٹ فنڈ: NBP اسلامک منی ماریٹ فنڈ

اسلامک ایکویٹی فنڈ: NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ

مالی سال 2019-20، اسٹاک ماریٹ میں انتہائی اتار چڑھاؤ کے باعث مایوس کن سال رہا جیسا کہ KMI-30 انڈیکس میں سالانہ بنیادوں پر 1.6% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 ملین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 ملین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 ملین امریکی ڈالر کی آمدنی مثبت خبروں کے باوجود ماریٹ کا آغاز منفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے ماریٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم تر سطح پر 44,929 پر لے آیا جس نے ماریٹ کے وسیع حصے میں حصص کی مالیت کو واضح کر دیا۔ پرنکس مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مانیٹری میں آسانی کی توقع کی بنا پر اسٹاک ماریٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیرالجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KMI-30 انڈیکس میں 16 اگست، 2019 سے خطیر 58 فیصد اضافے کے ساتھ سے 13 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر متوقع محصولات کی کمی کو پورا کرنے کے لئے منی بجٹ کے اندیشہ اور T-Bills سے ہاٹ منی کے اخراج کے خدشہ کے باعث ماریٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن/شٹ ڈاؤن کے باعث اسٹاک ماریٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک ماریٹ اپنے عروج سے 42 فیصد گر گئی۔ معیشت کو کورونا وائرس وبائی مرض کے اثرات سے نجات دلانے کے لئے، پالیسی سازوں نے غیر معمولی مالی اور مالیاتی پالیسی اقدامات اٹھائے۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کیا اور کاروباری اداروں کی مدد اور قرضہ جاری رکھنے کے لئے قرضوں کی ادائیگی سے متعلق کارپوریٹس/تجارتی بینکوں کے انضباطی ضوابط میں ترمیم کی گئی۔ حکومت نے 1.2 ٹریلین روپے کا مدداری پیکیج دینے کا اعلان کیا، جو بی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپڈ فنانسنگ انسٹرومنٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ملک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے ناقص اور نا کافی انفراسٹرکچر کے باوجود نسبتاً کم اموات کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جبکہ پہلے خدشہ تھا۔ نتیجتاً ماریٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.6 فیصد کی معمولی اضافے کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

زیر جائزہ مالی سال کے دوران شعبہ وار کارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، سینٹ، کمپلیکس، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، بیکنگ اور گلاس اینڈ سرامکس کے شعبوں نے ماریٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکسپلوریشن، آئل اینڈ گیس ماریٹنگ، پاور جنریشن اینڈ ڈسٹری بیوشن، اور نیٹ ورکس کمپوزٹ کے شعبے ماریٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 ملین امریکی ڈالر کے خالص ان فلو کے ساتھ بڑے خریدار رہے، جبکہ انشورنس کمپنیوں نے 128 ملین امریکی ڈالر کے ساتھ پوزیشن مستحکم کی دوسری جانب غیر ملکی سرمایہ کار 285 ملین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک/DFIs اور میچل فنڈز بھی بالترتیب 55 ملین امریکی ڈالر اور 50 ملین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2019 میں 12 بلین روپے کے مقابلے مالی سال 2020 میں تقریباً 27 بلین روپے کے مجموعی تجارتی قیمت کے ساتھ قابل ذکر 127% زیادہ رہی۔ نئے اجارہ سکوک کے ساتھ بجلی کے شعبے کو حکومت کے گارنٹی شدہ سکوک اور شریعہ کمپلیٹ کمرشل سپرڈ کے اجراء نے طویل مدتی اور قلیل مدتی شریعہ کمپلیٹ ڈیٹ آلات کے زیر اثر ماریٹ کی مدد کی۔ اقتصادا استحکام کی جاری پالیسیوں کی تعمیر اور (i) زرمبادلہ کی شرح گراؤ، (ii) یوٹی لٹی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 میں کئے گئے دیگر اقدامات سے افراط زر کے بڑے اثرات کا مقابلہ کرتے



ہونے، اسٹیٹ بینک پاکستان نے جولائی 2019 میں پالیسی شرح 100bps بڑھا کر 13.25 فیصد کردی۔ طویل وقفے کے بعد، اسٹیٹ بینک نے 17 مارچ، 2020 کو منعقدہ اپنے ایم پی سی اجلاس میں پالیسی شرح 25bps کم کردی۔ معیشت کو کورونا وائرس کے اثرات سے نجات دلانے کے لئے، اسٹیٹ بینک نے جارحانہ مانیٹری میں آسانی پیدا کی اور مختصر مدت میں پالیسی شرح 7 فیصد تک کمی کر کے مجموعی طور پر 625bps کردی۔ پالیسی شرح میں اس کمی کے اثرات سورجگن ییلڈ پر پڑے کیونکہ 3 ماہ 6 اور 12 ماہ کی ٹی بلز پیداوار بالترتیب 566 پیسز پوائنٹس، 580 پیسز پوائنٹس اور 608 پیسز پوائنٹس تک کم ہوئی۔ SBP نے زیر جائزہ مدت کے دوران ستائیس (27) ٹی بلز نیلامیاں منعقد کیں اور کل 14,317 بلین روپے جمع کئے۔

### NAFA اسلامک کیپٹل پریزرویشن پلان-III (NICCP-III)

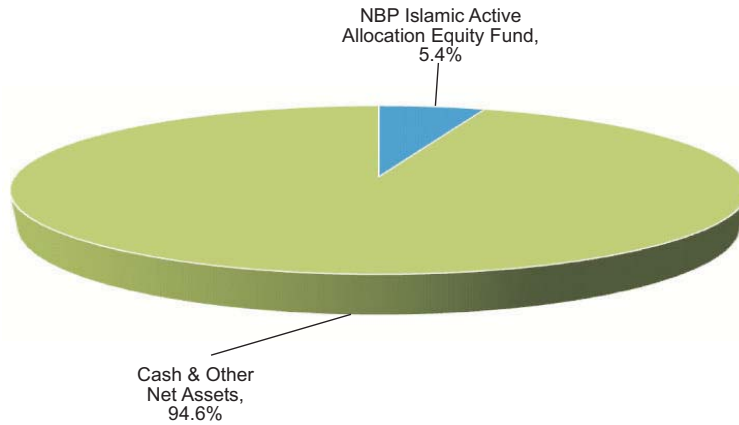
22 جون 2018 کو قائم ہونے والے NAFA اسلامک کیپٹل پریزرویشن پلان-III (NICCP-III) کی 30 جون 2020 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کمپلیٹ ایکویٹی فنڈ اور انکم / منی مارکیٹ فنڈ کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

### پلان کی کارکردگی

مالی سال کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان-III (NICCP-III) کے بیچ مارک جو 2.7% زیادہ ہوا کے مقابلے 4.5% زیادہ ہوا، لہذا، پلان نے سال کے دوران 1.8% بیچ مارک کی بہتر کارکردگی دکھائی۔ 22 جون 2018 کو اپنے قیام سے NAFA اسلامک کیپٹل پریزرویشن پلان-III (NICCP-III) کے یونٹ کی قیمت 94.6916 روپے (Ex-Div) سے بڑھ کر 30 جون 2020 کو 99.0600 روپے ہو گئی، لہذا 0.2% کا اضافہ ظاہر کیا۔ لہذا پلان کی کارکردگی اپنے بیچ مارک سے 4.4% بہتر رہی۔ پلان کی یہ کارکردگی میٹجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 151 ملین روپے ہے۔

اسلامک کیپٹل پریزرویشن پلان-III (NICCP-III) کو اس مدت کے دوران 20.76 بلین روپے کی آمدنی ہوئی۔ 4.75 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 16.01 بلین روپے ہے۔

30 جون 2020 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



### آمدنی کی تقسیم

میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد NAFA اسلامک کیپٹل پریزرویشن پلان-III (NICCP-III) میں اوپننگ ex-NAV کا 4.35% (بنیادی قدر کا 4.31%) نقد منافع منقسمہ کی منظوری دی ہے۔

### ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔



### NAFA اسلامک کیپٹل پریزرویشن پلان-IV (NICCP-IV)

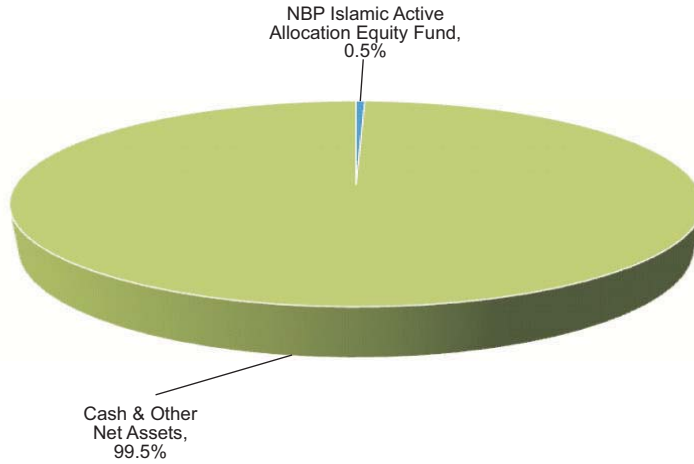
14 ستمبر 2018 کو قائم ہونے والے NAFA اسلامک کیپٹل پریزرویشن پلان-IV (NICCP-IV) کی 30 جون 2020 مختتمہ سال کے لئے یہ دوسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کیپلیٹ ایکٹیو فنڈ اور انکم / منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

#### پلان کی کارکردگی

مالی سال کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان-IV (NICCP-IV) کی بیچ مارک منفعیت جو 2.6% زیادہ ہوئی کے مقابلے میں 3.7% زیادہ ہوئی۔ لہذا پلان نے سال کے دوران اپنے بیچ مارک سے 1.1% کی بہتر کارکردگی ظاہر کی۔ 14 ستمبر 2018 کو اپنے قیام سے NAFA اسلامک کیپٹل پریزرویشن پلان-IV (NICCP-IV) کے یونٹ کی قیمت 96.5816 روپے سے بڑھ کر 30 جون 2020 کو 98.9102 روپے ہو گئی، لہذا 2.4% کا اضافہ ظاہر کیا۔ اسی مدت کے دوران بیچ مارک 0.3% کم ہوا۔ لہذا، پلان نے 14 ستمبر 2018 کو اپنے قیام سے اپنے بیچ مارک میں 2.7% کی بہتر کارکردگی دکھائی۔ پلان کی یہ کارکردگی بیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 146 ملین روپے ہے۔

NAFA اسلامک کیپٹل پریزرویشن پلان-IV (NICCP-IV) کو اس مدت کے دوران 9.32 ملین روپے کی آمدنی ہوئی۔ 3.03 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 6.29 ملین روپے ہے۔

30 جون 2020 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



#### آمدنی کی تقسیم

بیجمنٹ کمیٹی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد NAFA اسلامک کیپٹل پریزرویشن پلان-IV (NICCP-IV) میں اوپننگ ex-NAV کا 3.54% (بنیادی قدر کا 3.50%) نقد منافع منقسمہ کی منظوری دی ہے۔

#### ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

### INBP اسلامک کیپٹل پریزرویشن پلان-V (NICCP-V)

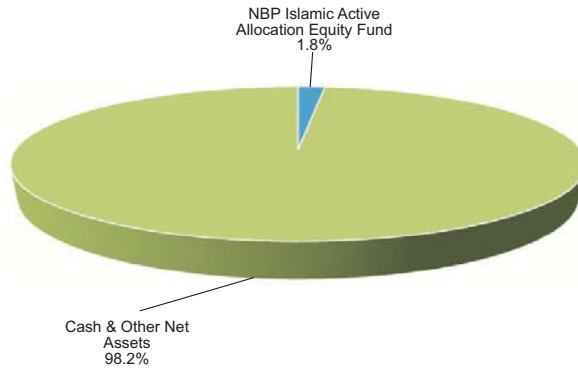
17 دسمبر 2018 کو قائم ہونے والے این بی این اسلامک کیپٹل پریزرویشن پلان-V (NICCP-V) کی 30 جون 2020 مختتمہ سال کے لئے یہ دوسری سالانہ رپورٹ ہے۔ پلان کا مقصد شریعہ کیپلیٹ ایکٹیو فنڈ اور انکم / منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

### پلان کی کارکردگی

مالی سال کے دوران NBP اسلامک کیپیٹل پریزرویشن پلان (NICCP-V) کی بیچ مارک منفعت جو 2.7% زیادہ ہوئی کے مقابلے میں 3.1% زیادہ ہوئی۔ لہذا پلان نے سال کے دوران اپنے بیچ مارک سے 0.4% کی بہتر کارکردگی ظاہر کی۔ 17 دسمبر 2018 کو اپنے قیام سے این بی پی اسلامک کیپیٹل پریزرویشن پلان (NICCP-V) کے یونٹ کی قیمت 97.0758 روپے سے بڑھ کر 30 جون 2020 کو 98.2859 روپے ہو چکی ہے اور اس طرح 1.2% کا اضافہ ہوا ہے۔ اسی مدت کے دوران بیچ مارک 0.3% کم ہوا۔ لہذا پلان نے اپنے آغاز (17 دسمبر 2018) سے اپنے بیچ مارک کی 1.5% بہتر کارکردگی کا مظاہرہ کیا ہے۔ پلان کی یہ کارکردگی پیٹرنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 90 ملین روپے ہے۔

این بی پی اسلامک کیپیٹل پریزرویشن پلان (NICCP-V) کو اس مدت کے دوران 6.69 ملین روپے کی آمدنی ہوئی۔ 2.03 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 4.66 ملین روپے ہے۔

30 جون 2020 کو پلان کی ایسٹ ایلیویشن درج ذیل ہے:



### آمدنی کی تقسیم

پیٹرنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد این بی پی اسلامک کیپیٹل پریزرویشن پلان (NICCP-V) میں اوپننگ ex-NAV کا 3.01% (بنیادی قدر کا 2.96%) نقد منافع منقسمہ کی منظوری دی ہے۔

### ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپیٹل گین منہا کرنے کے بعد 90 فیصد ہے، اس لئے فنڈ پر ایکس آر ڈیٹنس 2001 کے دوسرے شیڈول کے حصہ اول کی شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

### آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف فرگن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2021 کو ختم ہونے والے سال میں دوبارہ تقرر کے لئے پیش کیا ہے۔

### لٹریچر کیپیٹل کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. پیٹرنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔



- 8۔ پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9۔ ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10۔ اس مدت کے دوران بینچمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں کی گئی ہے۔
- 11۔ پونٹ ہولڈنگ کا تفصیلی پٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12۔ ڈائریکٹرز، سی ای او، سی ایف او، جینی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
- 13۔ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
1۔ جناب خالد منصور 2۔ جناب سعد امان اللہ خان 3۔ جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1۔ شیخ محمد عبدالواحد سہٹھی (چیئر مین) 2۔ جناب سعد الرحمان خان 3۔ سید حسن ارتضیٰ کاظمی 4۔ جناب علی سیگل 5۔ جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

#### اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے بینچمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ بینچمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



## TRUSTEE REPORT TO THE UNIT HOLDERS

### Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Active Allocation Fund-III (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Abdul Samad**

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



## FUND MANAGER REPORT

NAFA Islamic Asset Allocation Fund -III (NIAAF-III) is an Open-ended Shari'ah Compliant Fund of Funds.

### Investment Objective of the Fund

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Funds.

NAFA Islamic Active Allocation Fund-III has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through three (3) Allocation Plans including NAFA Islamic Capital Preservation Plan-III (NICPP-III), NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) & NBP Islamic Capital Preservation Plan-V (NICPP-V).

Islamic Money Market: NBP Islamic Money Market Fund  
Islamic Equity: NBP Islamic Active Allocation Equity Fund

### Fund performance review

Plans	Launch Date	Fund Size (Million)	Cumulative Performance Since Inception	
			Plan Return	Benchmark Return
NICPP-III	22-06-2018	151	4.61%	0.22%
NICPP-IV	14-09-2018	146	2.40%	(0.3%)
NICPP-V	17-12-2018	90	1.20%	(0.3%)

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KMI-30 Index rose by a meagre 1.6% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 44,929 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KMI-30 Index surged by a massive 58% from August 16th, 2019 to its recent peak on January 10th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 42% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates



/ commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.6% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY2020 compared to Rs. 12 billion in FY2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

### Asset Allocation of the Fund (% of NAV)

Asset Allocation of Plans			
Plans	NBP Islamic Active Allocation Equity Funds	NBP Islamic Money Market Fund	Cash & Other Net Assets/Liabilities
NICPP-III	5.4%	-	94.6%
NICPP-IV	0.5%	-	99.5%
NICPP-V	1.8%	-	98.2%

### NAFA Islamic Capital Preservation Plan-III (NICPP III)

NBP Funds launched its NAFA Islamic Capital Preservation Plan-III (NICPP III) in June 2018 which is the 11th plan under NAFA Islamic Active Allocation Fund-III. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-III has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Fund.





## Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-III (NICPP III) increased by 4.5% as against the benchmark which increased by 2.7%, thus, the Plan outperformed the benchmark by 1.8% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-III (NICPP-III) has increased from Rs. 94.6916 (Ex-Div) on June 22, 2018 to Rs. 99.0600 on June 30, 2020, thus showing an increase of 4.6%. The Benchmark return during the same period was increased by 0.2%. Thus, the Plan has outperformed its Benchmark by 4.2% since its inception on June 22, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 151 million.

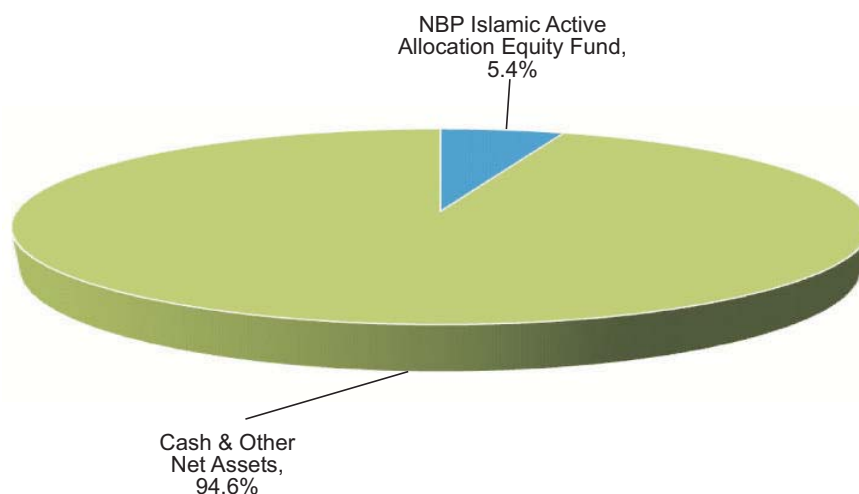
## Sindh Workers' Welfare Funds (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 11.1 to the financial statements.

## During the period under question

During the period there has been no significant change in the state of affairs of the Plan, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Plan does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Plan as on June 30, 2020 is as follows:



## Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 4.35% of the opening ex-NAV (4.31% of the par value) in NAFA Islamic Capital Preservation Plan - III (NICPP III) for the period ended June 30, 2020.



## Unit Holding Pattern of NAFA Islamic Capital Preservation Plan III as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	02
1-1000	75
1001-5000	93
5001-10000	57
10001-50000	41
50001-100000	3
100001-500000	1
<b>Total</b>	<b>272</b>

### NAFA Islamic Capital Preservation Plan-IV (NICPP IV)

NBP Funds launched its NAFA Islamic Capital Preservation Plan-IV (NICPP IV) in September 2018 which is the 12th plan under NAFA Islamic Active Allocation Fund-III. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-IV has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Fund.

#### Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-IV (NICPP IV) increased by 3.7% as against the benchmark which increased by 2.6%, thus, the Plan outperformed the benchmark by 1.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) has increased from Rs. 96.5816 on September 14, 2018 to Rs. 98.9102 on June 30, 2020, thus showing an increase of 2.4%. The Benchmark during the same period was decreased by 0.3%. Thus, the Plan has outperformed its Benchmark by 2.7% since its inception on September 14, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 146 million.

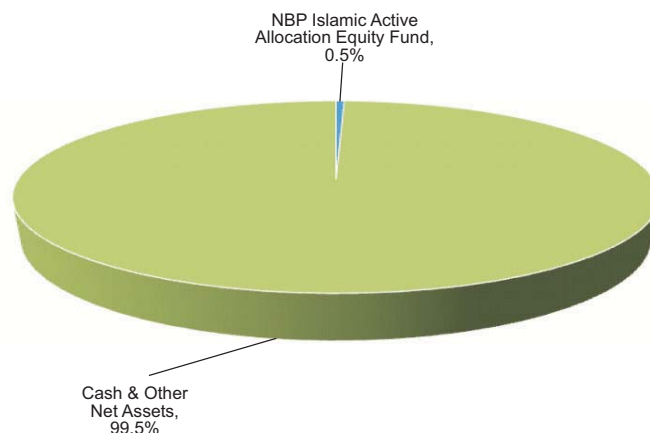
### Sindh Workers' Welfare Funds (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 11.1 to the financial statements.

#### During the period under question

During the period there has been no significant change in the state of affairs of the Plan, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Plan does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Plan as on June 30, 2020 is as follows:





## Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 3.54% of the opening ex-NAV (3.50% of the par value) in NAFA Islamic Capital Preservation Plan - IV (NICPP IV) for the period ended June 30, 2020.

## Unit Holding Pattern of NAFA Islamic Capital Preservation Plan IV as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	01
1-1000	43
1001-5000	52
5001-10000	22
10001-50000	24
50001-100000	2
100001-500000	1
<b>Total</b>	<b>145</b>

## NBP Islamic Capital Preservation Plan-V (NICPP V)

NBP Funds launched its NBP Islamic Capital Preservation Plan-V (NICPP V) in December 2018 which is the 13th plan under NAFA Islamic Active Allocation Fund-III. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-V has an initial maturity of two years.

The objective of the Plan is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Money Market Fund.

### Plan's Performance

During the fiscal year, NBP Islamic Capital Preservation Plan-V (NICPP V) increased by 3.1% as against the benchmark which increased by 2.7%, thus, the Plan outperformed the benchmark by 0.4% during the year. Since launch of the plan, the unit price of NBP Islamic Capital Preservation Plan-V (NICPP-V) has decreased from Rs. 97.0758 (Ex-Div) on December 17, 2018 to Rs. 98.2859 on June 30, 2020, thus showing an increase of 1.2%. The Benchmark during the same period was decreased by 0.3%. Thus, the Plan has outperformed its Benchmark by 1.5% since its inception on December 17, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 90 million.

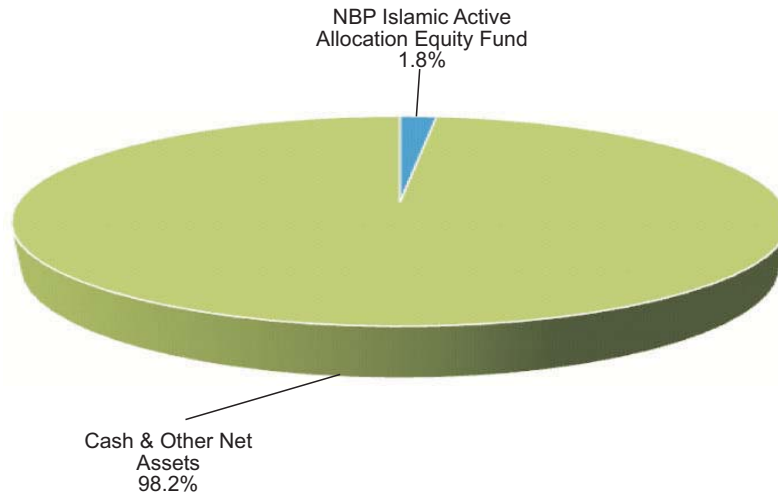
## Sindh Workers' Welfare Funds (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 11.1 to the financial statements.

### During the period under question

During the period there has been no significant change in the state of affairs of the Plan, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Plan does not have any soft commission arrangement with any broker in the industry.

The asset allocation of the Plan as on June 30, 2020 is as follows:



**Distribution for the Financial Year 2020**

The Board of Directors of the Management Company has approved cash dividend of 3.01% of the opening ex-NAV (2.96% of the par value) in NBP Islamic Capital Preservation Plan – V (NICPP V) for the period ended June 30, 2020.

**Unit Holding Pattern of NBP Islamic Capital Preservation Plan V as on June 30, 2020**

Size of Unit Holding (Units)	# of Unit Holders
1-1000	20
1001-5000	37
5001-10000	23
10001-50000	17
100001-500000	03
<b>Total</b>	<b>100</b>

## **STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES**

**NAFA Islamic Active Allocation Fund - III** (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2020. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 17, 2020**  
Karachi

Dr. Amjad Waheed, CFA  
**Chief Executive Officer**



## REPORT OF THE SHARI'AH SUPERVISORY BOARD

August 31, 2020/ Muharram 11, 1442

**Alhamdulillah**, it is the Second year of the operations of NAFA Islamic Active Allocation Fund-III (NIAAF-III). Under this fund, NBP Funds launched its NAFA Islamic Capital Preservation Plan-III (NICPP-III) on June 22, 2018, NAFA Islamic Capital Preservation Plan-IV on September 14, 2018 and NBP Islamic Capital Preservation Plan-V on December 17, 2018. This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIAAF-III in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAAF-III by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NIAAF-III for the year ended June 30, 2020 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

**For and On Behalf of Meezan Bank Limited**  
Shari'ah Technical Services and Support Provider

**Mufti Muhammad Naveed Alam**  
Member  
Shariah Supervisory Board

**Mufti Ehsan Waqar**  
Shariah Advisor & Member  
Shariah Supervisory Board

**Dr. Imran Ashraf Usmani**  
Chairman  
Shariah Supervisory Board





**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS**

To the Unit holders of NAFA Islamic Active Allocation Fund - III

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of NAFA Islamic Active Allocation Fund - III (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the annexed financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2020 amounted to Rs. 382.631 million and Rs. 10.546 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• tested the design and operating effectiveness of the key controls for valuation of investments.</li> <li>• obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2020 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.</li> <li>• re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> <li>• obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>



### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

Chartered Accountants

Date: September 29, 2020

Place: Karachi


**STATEMENT OF ASSETS AND LIABILITIES**  
 AS AT JUNE 30, 2020

Note	June 30, 2020				June 30, 2019				
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total	
----- (Rupees in 000) -----									
<b>ASSETS</b>									
Balances with banks	4	148,544	145,505	88,582	382,631	306,399	215,994	105,924	628,317
Investments	5	8,100	798	1,648	10,546	85,299	65,288	46,472	197,059
Profit receivable		1,024	956	576	2,556	3,366	2,363	1,196	6,925
Other receivables	6	220	-	450	670	220	-	450	670
Preliminary expenses and floatation costs	7	-	114	121	235	967	669	387	2,023
<b>Total assets</b>		<b>157,888</b>	<b>147,373</b>	<b>91,377</b>	<b>396,638</b>	<b>396,251</b>	<b>284,314</b>	<b>154,429</b>	<b>834,994</b>
<b>LIABILITIES</b>									
Payable to NBP Fund Management Limited - the Management Company	8	238	199	133	570	2,849	1,554	772	5,175
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	12	10	6	28	38	27	15	80
Payable to the Securities and Exchange Commission of Pakistan	10	54	36	22	112	647	329	114	1,090
Payable against redemption of units		4,211	-	-	4,211	-	-	-	-
Accrued expenses and other liabilities	11	1,991	1,181	982	4,154	522	384	236	1,142
<b>Total liabilities</b>		<b>6,506</b>	<b>1,426</b>	<b>1,143</b>	<b>9,075</b>	<b>4,056</b>	<b>2,294</b>	<b>1,137</b>	<b>7,487</b>
<b>NET ASSETS</b>		<b>151,382</b>	<b>145,947</b>	<b>90,234</b>	<b>387,563</b>	<b>392,195</b>	<b>282,020</b>	<b>153,292</b>	<b>827,507</b>
<b>UNIT HOLDERS' FUND</b> (as per statement attached)		<b>151,382</b>	<b>145,947</b>	<b>90,234</b>	<b>387,563</b>	<b>392,195</b>	<b>282,020</b>	<b>153,292</b>	<b>827,507</b>
<b>CONTINGENCIES AND COMMITMENTS</b>									
<b>NUMBER OF UNITS IN ISSUE</b>	13	<b>1,528,180</b>	<b>1,475,548</b>	<b>918,073</b>		<b>3,921,193</b>	<b>2,856,590</b>	<b>1,561,069</b>	
-----Rupees-----						-----Rupees-----			
<b>NET ASSETS VALUE PER UNIT</b>	15	<b>99.0600</b>	<b>98.9102</b>	<b>98.2859</b>		<b>100.0193</b>	<b>98.7262</b>	<b>98.1965</b>	

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
 (Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020			Total	Year ended June 30, 2019	For the period from September 14, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total
	NICPP-III	NICPP-IV	NICPP-V					
Note ----- (Rupees in 000) -----								
<b>INCOME</b>								
Loss on sale of investments - net	(4,036)	(6,270)	(2,462)	(12,768)	(17,151)	(12,257)	(3,094)	(32,502)
Dividend income	394	24	58	476	-	-	-	-
Profit on balances with banks	24,442	15,559	9,093	49,094	50,756	26,817	9,304	86,877
	20,800	9,313	6,689	36,802	33,605	14,560	6,210	54,375
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(39)	10	-	(29)	(18,148)	(12,798)	(7,181)	(38,127)
	20,761	9,323	6,689	36,773	15,457	1,762	(971)	16,248
<b>EXPENSES</b>								
Remuneration of NBP Fund Management Limited - the Management Company	2,085	1,356	796	4,237	5,686	2,729	839	9,254
Sindh sales tax on remuneration of the Management Company	271	176	103	550	739	355	109	1,203
Allocated expenses	272	179	109	560	681	346	120	1,147
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	190	125	76	391	656	329	115	1,100
Sindh sales tax on remuneration of the Trustee	25	16	10	51	85	43	15	143
Annual fee of the Securities and Exchange Commission of Pakistan	54	36	22	112	647	329	114	1,090
Settlement and bank charges	75	18	50	143	180	152	63	395
Listing fee	9	9	9	27	9	9	9	27
Auditors' remuneration	344	360	390	1,094	370	302	271	943
Legal and professional charges	63	16	35	114	43	78	15	136
Shariah advisory fee	37	26	15	78	131	59	23	213
Amortisation of preliminary expenses and floatation costs	967	555	266	1,788	1,243	468	143	1,854
Printing charges	34	31	49	114	35	18	5	58
<b>Total expenses</b>	<b>4,426</b>	<b>2,903</b>	<b>1,930</b>	<b>9,259</b>	<b>10,505</b>	<b>5,217</b>	<b>1,841</b>	<b>17,563</b>
<b>Net income / (loss) from operating activities</b>	<b>16,335</b>	<b>6,420</b>	<b>4,759</b>	<b>27,514</b>	<b>4,952</b>	<b>(3,455)</b>	<b>(2,812)</b>	<b>(1,315)</b>
Provision for Sindh Workers' Welfare Fund	(327)	(128)	(95)	(550)	(99)	-	-	(99)
<b>Net income / (loss) for the year / period before taxation</b>	<b>16,008</b>	<b>6,292</b>	<b>4,664</b>	<b>26,964</b>	<b>4,853</b>	<b>(3,455)</b>	<b>(2,812)</b>	<b>(1,414)</b>
Taxation	-	-	-	-	-	-	-	-
<b>Net income / (loss) for the year / period after taxation</b>	<b>16,008</b>	<b>6,292</b>	<b>4,664</b>	<b>26,964</b>	<b>4,853</b>	<b>(3,455)</b>	<b>(2,812)</b>	<b>(1,414)</b>
<b>Earnings/ (loss) per unit</b>	17							
<b>Allocation of net income for the year / period</b>	17							
Net income for the period after taxation	16,008	6,292	4,664		4,853	-	-	
Income already paid on units redeemed	(9,533)	(1,273)	(2,010)		(466)	-	-	
	6,475	5,019	2,654		4,387	-	-	
<b>Accounting income available for distribution</b>	17							
- Relating to capital gains	-	-	-		-	-	-	
- Excluding capital gains	6,475	5,019	2,654		4,387	-	-	
	6,475	5,019	2,654		4,387	-	-	

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director


**STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED 30 JUNE 2020

	Year ended June 30, 2020			Total	Year ended June 30, 2019	For the period from September 14, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total
	NICPP-III	NICPP-IV	NICPP-V					
	----- (Rupees in 000) -----							
Net income / (loss) for the year / period after taxation	16,008	6,292	4,664	26,964	4,853	(3,455)	(2,812)	(1,414)
Other comprehensive income for the year / period	-	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the year / period</b>	<b>16,008</b>	<b>6,292</b>	<b>4,664</b>	<b>26,964</b>	<b>4,853</b>	<b>(3,455)</b>	<b>(2,812)</b>	<b>(1,414)</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
 (Management Company)

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

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

\_\_\_\_\_  
 Director



## STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2020

	Year ended June 30, 2020									Total		
	NICPP-III			NICPP-IV			NICPP-V			Capital value	Accumulated losses	Total
	Capital value	Undistributed income	Total	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total			
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year / period	387,783	4,412	392,195	285,475	(3,455)	282,020	156,104	(2,812)	153,292	829,362	(1,855)	827,507
Issuance of units:												
NICPP-III: 83,625 units / NICPP-IV: 41,148 units / NICPP-V: 21,455 units												
- Capital value (at ex net asset value per unit)	8,364	-	8,364	4,062	-	4,062	2,107	-	2,107	14,533	-	14,533
- Element of loss	(108)	-	(108)	7	-	7	3	-	3	(98)	-	(98)
Total proceeds on issuance of units	8,256	-	8,256	4,069	-	4,069	2,110	-	2,110	14,435	-	14,435
Redemption of units:												
NICPP-III: 2,476,638 units / NICPP-IV: 1,422,190 units / NICPP-V: 664,451 units												
- Capital value (at ex net asset value per unit)	(247,712)	-	(247,712)	(140,407)	-	(140,407)	(65,247)	-	(65,247)	(453,366)	-	(453,366)
- Element of loss	2,724	(9,533)	(6,809)	265	(1,273)	(1,008)	79	(2,010)	(1,931)	3,068	(12,816)	(9,748)
Total payments on redemption of units	(244,988)	(9,533)	(254,521)	(140,142)	(1,273)	(141,415)	(65,168)	(2,010)	(67,178)	(450,298)	(12,816)	(463,114)
Total comprehensive income / (loss) for the year / period	-	16,008	16,008	-	6,292	6,292	-	4,664	4,664	-	26,964	26,964
Interim distribution for the year ended June 30, 2020: NICPP III @ Re 0.095 per unit / NICPP IV @ Rs. 3.4990 per unit / NICPP V @ Rs. 2.9603 (date of declaration: June 29, 2020)	-	(6,556)	(6,556)	-	(5,019)	(5,019)	-	(2,654)	(2,654)	-	(14,229)	(14,229)
Final distribution for the year ended June 30, 2019 @ Re 1.0847 per unit (date of declaration: July 18, 2019)	-	(4,000)	(4,000)	-	-	-	-	-	-	-	(4,000)	(4,000)
<b>Net assets at end of the year</b>	<b>151,051</b>	<b>331</b>	<b>151,382</b>	<b>149,402</b>	<b>(3,455)</b>	<b>145,947</b>	<b>93,046</b>	<b>(2,812)</b>	<b>90,234</b>	<b>393,499</b>	<b>(5,936)</b>	<b>387,563</b>
Undistributed income / (loss) brought forward												
- Realised income		22,560			9,343			4,369				
- Unrealised loss		(18,148)			(12,798)			(7,181)				
Accounting income available for distribution		4,412			(3,455)			(2,812)				
- Relating to capital gains		-			-			-				
- Excluding capital gains		6,475			5,019			2,654				
Interim distribution for the year ended June 30, 2020: NICPP III @ Re 0.095 per unit / NICPP IV @ Rs 3.4990 per unit / NICPP V @ Rs 2.9603 per unit (date of declaration: June 29, 2020)		(6,556)			(5,019)			(2,654)				
Final distribution for the year / period ended June 30, 2019 @ Re 1.0847 per unit (date of declaration: July 18, 2019)		(4,000)			-			-				
Undistributed income / (accumulated losses) carried forward		331			(3,455)			(2,812)				
Undistributed income / (accumulated losses) carried forward												
- Realised income / (losses)		370			(3,465)			(2,812)				
- Unrealised (loss) / income		(39)			10			-				
		331			(3,455)			(2,812)				
Net asset value per unit at beginning of the year / period		100.0193			98.7262			98.1965				
Net asset value per unit at end of the year		99.0600			98.9102			98.2859				

The annexed notes 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director





## STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2020

	Year ended June 30, 2019			For the period from September 14, 2018 to June 30, 2019			For the period from December 17, 2018 to June 30, 2019			Total		
	NICPP-III			NICPP-IV			NICPP-V					
	Capital value	Undistributed income	Total	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year / period	953,819	791	954,610	-	-	-	-	-	-	953,819	791	954,610
Issuance of units:												
NICPP - III: 7,480 units / NICPP-IV: 6,166,465 units /												
NICPP-V: 2,951,176												
- Capital value (at ex net asset value per unit)	768	-	768	616,634	-	616,634	295,118	-	295,118	912,520	-	912,520
- Element of income	-	-	-	226	-	226	-	-	-	226	-	226
Total proceeds on issuance of units	768	-	768	616,860	-	616,860	295,118	-	295,118	912,746	-	912,746
Redemption of units:												
NICPP - III: 5,623,217 units / NICPP-IV: 3,309,875 units												
/ NICPP-V: 1,390,107 units												
- Capital value (at ex net asset value per unit)	(562,325)	-	(562,325)	(330,987)	-	(330,987)	(139,011)	-	(139,011)	(1,032,323)	-	(1,032,323)
- Element of loss	(4,353)	(466)	(4,819)	(398)	-	(398)	(3)	-	(3)	(4,754)	(466)	(5,220)
Total payments on redemption of units	(566,678)	(466)	(567,144)	(331,385)	-	(331,385)	(139,014)	-	(139,014)	(1,037,077)	(466)	(1,037,543)
Total comprehensive income / (loss) for the year / period	-	4,853	4,853	-	(3,455)	(3,455)	-	(2,812)	(2,812)	-	(1,414)	(1,414)
Final distribution for the year ended June 30, 2018 @ Re 0.095 per unit (date of declaration: July 01, 2018)	(126)	(766)	(892)	-	-	-	-	-	-	(126)	(766)	(892)
<b>Net assets at end of the period</b>	<b>387,783</b>	<b>4,412</b>	<b>392,195</b>	<b>285,475</b>	<b>(3,455)</b>	<b>282,020</b>	<b>156,104</b>	<b>(2,812)</b>	<b>153,292</b>	<b>829,362</b>	<b>(1,855)</b>	<b>827,507</b>
Undistributed income / (loss) brought forward												
- Realised income		791			-			-			-	
- Unrealised income		-			-			-			-	
		791			-			-			-	
Accounting income available for distribution												
- Relating to capital gains		-			-			-			-	
- Excluding capital gains		4,387			-			-			-	
		4,387			-			-			-	
Net income loss for the year / period after taxation		-			(3,455)			(2,812)				
Final distribution for the year ended June 30, 2018 @ Re 0.095 per unit (date of declaration: July 01, 2018)		(766)			-			-			-	
Undistributed income / (accumulated losses) carried forward		4,412			(3,455)			(2,812)				
Undistributed income / (accumulated losses) carried forward												
- Realised income		22,560			9,343			4,369				
- Unrealised loss		(18,148)			(12,798)			(7,181)				
		4,412			(3,455)			(2,812)				
	<b>Rupees</b>			<b>Rupees</b>		<b>Rupees</b>						
Net asset value per unit at beginning of the year / period	100.0962			100.0000			100.0000					
Net asset value per unit at end of the year / period	100.0193			98.7262			98.1965					

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Year ended June 30, 2020				Total	For the period from September 14, 2018 to June 30, 2019			Total
	NICPP-III	NICPP-IV	NICPP-V			NICPP-III	NICPP-IV	NICPP-V	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net income / (loss) for the year / period before taxation	16,008	6,292	4,664	26,964	4,853	(3,455)	(2,812)	(1,414)	
<b>Adjustments</b>									
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	39	(10)	-	29	18,148	12,798	7,181	38,127	
Profit on balances with banks	(24,442)	(15,559)	(9,093)	(49,094)	(50,756)	(26,817)	(9,304)	(86,877)	
Amortisation of preliminary expenses and floatation cost	967	555	266	1,788	1,243	468	143	1,854	
	(23,436)	(15,014)	(8,827)	(47,277)	(31,365)	(13,551)	(1,980)	(46,896)	
<b>(Decrease) / increase in assets</b>									
Investments	77,160	64,500	44,824	186,484	(103,448)	(78,086)	(53,653)	(235,187)	
Preliminary expenses and floatation costs	-	-	-	-	1,668	(1,136)	(530)	2	
Other receivables	-	-	-	-	(116)	-	(450)	(566)	
	77,160	64,500	44,824	186,484	(101,896)	(79,222)	(54,633)	(235,751)	
<b>(Decrease) / increase in liabilities</b>									
Payable to NBP Fund Management Limited - the Management Company	(2,611)	(1,355)	(639)	(4,605)	(26,064)	1,554	772	(23,738)	
Payable to Central Depository Company of Pakistan Limited - the Trustee	(26)	(17)	(9)	(52)	18	27	15	60	
Payable to the Securities and Exchange Commission of Pakistan	(593)	(293)	(92)	(978)	629	329	114	1,072	
Accrued expenses and other liabilities	1,469	797	746	3,012	358	382	236	976	
	(1,761)	(868)	6	(2,623)	(25,059)	2,292	1,137	(21,630)	
Profit received on balances with banks	26,784	16,966	9,713	53,463	48,681	24,455	8,108	81,244	
<b>Net cash generated from / (used in) operating activities</b>	<b>94,755</b>	<b>71,876</b>	<b>50,380</b>	<b>217,011</b>	<b>(104,786)</b>	<b>(69,481)</b>	<b>(50,180)</b>	<b>(224,447)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Net receipts from issuance of units	8,256	4,069	2,110	14,435	642	616,860	295,118	912,620	
Net payments against redemption of units	(250,310)	(141,415)	(67,178)	(458,903)	(567,144)	(331,385)	(139,014)	(1,037,543)	
Distributions paid	(10,556)	(5,019)	(2,654)	(18,229)	(766)	-	-	(766)	
<b>Net cash (used in) / generated from financing activities</b>	<b>(252,610)</b>	<b>(142,365)</b>	<b>(67,722)</b>	<b>(462,697)</b>	<b>(567,268)</b>	<b>285,475</b>	<b>156,104</b>	<b>(125,689)</b>	
<b>Net (decrease) / increase in cash and cash equivalents during the year / period</b>	<b>(157,855)</b>	<b>(70,489)</b>	<b>(17,342)</b>	<b>(245,686)</b>	<b>(672,054)</b>	<b>215,994</b>	<b>105,924</b>	<b>(350,136)</b>	
Cash and cash equivalents at the beginning of the year / period	306,399	215,994	105,924	628,317	978,453	-	-	978,453	
<b>Cash and cash equivalents at the end of the year / period</b>	<b>148,544</b>	<b>145,505</b>	<b>88,582</b>	<b>382,631</b>	<b>306,399</b>	<b>215,994</b>	<b>105,924</b>	<b>628,317</b>	

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Active Allocation Fund-III (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 30, 2018 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended Shariah compliant fund of funds by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from June 22, 2018 (NICPP - III), September 15, 2018 (NICPP - IV) and December 18, 2018 (NICPP - V) and are transferable and redeemable by surrendering them to the Fund.

The objective of NAFA Islamic Active Allocation Fund-III is to earn a potentially high return through dynamic asset allocation between the Shari'ah compliant dedicated equity and money market based collective investment schemes, while providing capital preservation of the initial investment value including sales load at completion of twenty four months and beyond. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 as at June 24, 2020 (June 30, 2019: AM1) to the Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

### 2 BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 from the IFRSs, 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.



## 2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

Standard, amendments and interpretations	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 01, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 01, 2020

These amendments may impact the financial statements of the Fund on adoption. The management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for taxation (notes 3.13 and 16) and provision for SWWF (note 11.1).

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

## 2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. 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 principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

### 3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.



### 3.3 Financial assets

#### 3.3.1 Classification and subsequent measurement

##### 3.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

The investments of the Fund includes investments in units of mutual funds which are classified as fair value through profit or loss.

#### 3.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

##### **Financial assets at fair value through profit or loss'**

Basis of valuation - investment in the units of mutual funds

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the Management Company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

#### 3.3.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### 3.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

#### 3.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.



### 3.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### 3.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

### 3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

### 3.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### 3.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes a portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.


**3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

**3.11 Revenue recognition**

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the year in which these arise.
- Profit on bank balances is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

**3.12 Expenses**

All expenses including management fee and the Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

**3.13 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash.

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.

**3.14 Earnings / (loss) per unit**

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 17.

**3.15 Foreign currency translation**

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

		June 30, 2020				June 30, 2019				
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total	
<b>4</b>	<b>BALANCES WITH BANKS</b>	Note ----- (Rupees in '000) -----								
	Profit and loss savings accounts	4.1	148,140	145,249	88,326	381,715	306,115	214,291	105,886	626,292
	Current accounts		404	256	256	916	284	1,703	38	2,025
			<b>148,544</b>	<b>145,505</b>	<b>88,582</b>	<b>382,631</b>	<b>306,399</b>	<b>215,994</b>	<b>105,924</b>	<b>628,317</b>





- 4.1 These carry profits at rates ranging from 5% to 7.5% per annum (June 30, 2019: 6.4% to 12.5% per annum) for NICPP - III, 5% to 7.5% per annum (June 30, 2019: 2.6% to 13% per annum) for NICPP - IV and 5% to 7.5% per annum (June 30, 2019: 10% to 12.5% per annum) for NICPP - V.

5	INVESTMENTS	June 30, 2020				June 30, 2019				
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total	
		Note ----- (Rupees in '000) -----								
	Financial assets at 'fair value through profit or loss'									
	- Units of open ended mutual funds	5.1	8,100	798	1,648	10,546	85,299	65,288	46,472	197,059

## 5.1 Investment in units of open ended mutual funds - related parties

### 5.1.1 NAFA Islamic Capital Preservation Plan-III

Name of the Investee Company	Number of units				Carrying value	Market value	Market value as a percentage of		
	As at July 1, 2019	Purchased during the year	Redeemed during the year	As at June 30, 2020			net assets	total investment	
	----- (Rs in 000) ----- % -----								
NBP Islamic Active Allocation Equity Fund	9,391,858	9,493,480	17,954,907	930,431	8,139	8,100	5.35%	100%	
<b>As at June 30, 2020</b>					<b>930,431</b>	<b>8,139</b>	<b>8,100</b>	<b>5.35%</b>	<b>100%</b>
<b>As at June 30, 2019</b>					<b>9,391,858</b>	<b>103,447</b>	<b>85,299</b>		

### 5.1.2 NAFA Islamic Capital Preservation Plan-IV

Name of the Investee Company	Number of units				Carrying value	Market value	Market value as a percentage of		
	As at July 1, 2019	Purchased during the year	Redeemed during the year	As at June 30, 2020			net assets	total investment	
	----- (Rs in 000) ----- % -----								
NBP Islamic Active Allocation Equity Fund	7,188,521	3,259,784	10,356,631	91,674	788	798	0.55%	100%	
<b>As at June 30, 2020</b>					<b>91,674</b>	<b>788</b>	<b>798</b>	<b>0.55%</b>	<b>100%</b>
<b>As at June 30, 2019</b>					<b>7,188,521</b>	<b>78,086</b>	<b>65,288</b>		

### 5.1.3 NBP Islamic Capital Preservation Plan-V

Name of the Investee Company	Number of units				Carrying value	Market value	Market value as a percentage of		
	As at July 1, 2019	Purchased during the year	Redeemed during the year	As at June 30, 2020			net assets	total investment	
	----- (Rs in 000) ----- % -----								
NBP Islamic Active Allocation Equity Fund	5,116,830	3,195,179	8,122,764	189,245	1,648	1,648	1.83%	100%	
<b>As at June 30, 2020</b>					<b>189,245</b>	<b>1,648</b>	<b>1,648</b>	<b>1.83%</b>	<b>100%</b>
<b>As at June 30, 2019</b>					<b>5,116,830</b>	<b>53,653</b>	<b>46,472</b>		


**5.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'**

	Note	June 30, 2020				June 30, 2019			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
Market value of investments	5.1	8,100	798	1,648	10,546	85,299	65,288	46,472	197,059
Less: carrying value of investments	5.1	(8,139)	(788)	(1,648)	(10,575)	(103,447)	(78,086)	(53,653)	(235,186)
		<u>(39)</u>	<u>10</u>	<u>-</u>	<u>(29)</u>	<u>(18,148)</u>	<u>(12,798)</u>	<u>(7,181)</u>	<u>(38,127)</u>

**6 OTHER RECEIVABLES**

Advance tax	6.1	<u>220</u>	<u>-</u>	<u>450</u>	<u>670</u>	<u>220</u>	<u>-</u>	<u>450</u>	<u>670</u>
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6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposits to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. The tax withheld on profit on bank deposits amounts to Rs 0.670 million (June 30, 2019: Rs 0.670 million).

For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits has been shown as other receivable as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

**7 PRELIMINARY EXPENSES AND FLOATATION COSTS**

	Note	June 30, 2020				June 30, 2019			
		NICPP -III	NICPP -IV	NICPP -V	Total	NICPP -III	NICPP -IV	NICPP -V	Total
At the beginning of the year / period		967	669	387	2,023	3,878	-	-	3,878
Incurred during the year / period	7.1	-	-	-	-	-	1,137	530	1,667
Transfer during the year / period		-	-	-	-	(1,668)	-	-	(1,668)
Less: amortisation during the year / period		<u>(967)</u>	<u>(555)</u>	<u>(266)</u>	<u>(1,788)</u>	<u>(1,243)</u>	<u>(468)</u>	<u>(143)</u>	<u>(1,854)</u>
At the end of the year / period		<u>-</u>	<u>114</u>	<u>121</u>	<u>235</u>	<u>967</u>	<u>669</u>	<u>387</u>	<u>2,023</u>

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of two years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.


**8 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY**

	Note	June 30, 2020				June 30, 2019			
		NICPP -III	NICPP -IV	NICPP -V	Total	NICPP -III	NICPP -IV	NICPP -V	Total
		----- (Rupees in '000) -----							
Management fee payable	8.1	142	122	73	337	263	182	92	537
Sindh sales tax payable on remuneration of the Management Company	8.2	18	16	9	43	34	24	12	70
Allocated expenses	8.3	50	37	22	109	271	185	109	565
Other payable		28	24	29	81	2,281	1,163	559	4,003
		<b>238</b>	<b>199</b>	<b>133</b>	<b>570</b>	<b>2,849</b>	<b>1,554</b>	<b>772</b>	<b>5,175</b>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, The Management Company has charged its remuneration at the rate of 1% per annum of the average net assets of the fund after deducting market value of investment in collective investments (June 30, 2019: 1% per annum of the average net assets of the fund after deducting market value of investment in collective investments) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year / period, an amount of Rs. 0.271 million (June 30, 2019: Rs 0.739 million) NICPP III, Rs. 0.176 million (June 30, 2019: Rs 0.355 million) NICPP IV and Rs. 0.103 million (June 30, 2019: Rs 0.109 million) NICPP V, was charged on account of sales tax at the rate of 13% (June 30, 2019: 13%) on management fee levied through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The Management Company has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund during the year.

**9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - THE TRUSTEE**

	Note	June 30, 2020				June 30, 2019			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
		----- (Rupees in '000) -----							
Trustee fee payable	9.1	11	9	5	25	34	24	13	71
Sindh sales tax on trustee fee	9.2	1	1	1	3	4	3	2	9
		<b>12</b>	<b>10</b>	<b>6</b>	<b>28</b>	<b>38</b>	<b>27</b>	<b>15</b>	<b>80</b>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, Trustee has revised its tariff as follows:

Net Assets (Rs.)	2019		2020
	Fee		
Up to 1 billion	0.10% p.a. of Net assets.		0.07% p.a. of Net assets
Over 1 billion	Rs. 1.0 million plus 0.075% p.a. of Net assets, on amount exceeding Rs.1 billion.		



- 9.2 During the year / period, an amount of Rs 0.025 million (June 30, 2019: Rs 0.085 million) NICPP III, Rs. 0.016 million (June 30, 2019: Rs 0.043 million) NICPP IV and Rs. 0.010 million (June 30, 2019: Rs 0.015 million) NICPP V, was charged on account of sales tax @ 13% (June 30, 2019: 13%) on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Note	June 30, 2020				June 30, 2019				
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total	
----- (Rupees in '000) -----									
Annual fee payable	10.1	54	36	22	112	647	329	114	1,090

- 10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated 28 June 2019 has revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to the Fund was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

## 11 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	June 30, 2020				June 30, 2019				
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total	
----- (Rupees in '000) -----									
Auditors' remuneration payable		260	252	251	763	248	224	191	663
Printing charges payable		20	18	22	60	13	14	1	28
Legal and professional charges payable		52	50	50	152	11	56	15	82
Withholding tax payable		1,129	686	513	2,328	5	3	1	9
Provision for Sindh Workers' Welfare Fund	11.1	442	128	95	665	115	-	-	115
Shariah advisor fee payable		41	26	17	84	119	59	23	201
Bank charges		47	21	34	102	11	28	5	44
		1,991	1,181	982	4,154	522	384	236	1,142

### 11.1 Provisions for Sindh Worker's Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from commencement of the plan to June 30, 2020, the net assets value would have been higher by Re 0.289 per unit (June 30, 2019: Re 0.029 per unit) for NICPP III, Re 0.087 per unit for NICPP IV and Re 0.103 per unit for NICPP V.

## 12 CONTINGENCIES AND COMMITMENTS

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



## 13 NUMBER OF UNITS IN ISSUE

	June 30, 2020			June 30, 2019		
	NICPP -III	NICPP -IV	NICPP -V	NICPP -III	NICPP -IV	NICPP -V
	-----Number of units-----					
Total units in issue at the beginning of the year / period	3,921,193	2,856,590	1,561,069	9,536,930	-	-
Units issued during the year / period	83,625	41,148	21,455	7,480	6,166,465	2,951,176
Less: units redeemed during the year / period	2,476,638	1,422,190	664,451	5,623,217	3,309,875	1,390,107
Total units in issue at the end of the year / period	<u>1,528,180</u>	<u>1,475,548</u>	<u>918,073</u>	<u>3,921,193</u>	<u>2,856,590</u>	<u>1,561,069</u>

## 14 AUDITORS' REMUNERATION

	June 30, 2020				June 30, 2019			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	----- (Rupees in '000) -----							
Annual audit fee	208	220	243	671	178	178	143	499
Other certification	36	40	40	116	36	36	37	109
Half yearly review of condensed interim financial statements	69	69	76	214	71	71	71	213
Out of pocket expenses	31	31	31	93	85	17	20	122
	<u>344</u>	<u>360</u>	<u>390</u>	<u>1,094</u>	<u>370</u>	<u>302</u>	<u>271</u>	<u>943</u>

## 15 NET ASSETS VALUE PER UNIT

The net assets value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

## 16 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 unitholders. Since the management has distributed the required minimum percentage of income earned by NICPP - III, NICPP - IV and NICPP - V for the year ended June 30, 2020 to the unit holders in cash during the year, no provision for taxation has been made in these financial statements for NICPP - III, NICPP - IV and NICPP - V.

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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

## 17 EARNINGS / (LOSS) PER UNIT

Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.75% (June 30, 2019: 1.56%) - NICPP - III, 1.70% - NICPP - IV (June 30, 2019 : 1.51%) and 1.87% - NICPP - V (June 30, 2019 : 1.54%) which includes 0.25% (June 30, 2019: 0.23%) - NICPP - III, 0.20% - NICPP - IV (June 30, 2019: 0.21%) and 0.21% - NICPP - V (June 30, 2019: 0.2%) representing government levies on the Fund such as, sales taxes, annual fee to the SECP, provision for SWWF, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a 'Fund of Funds' scheme.

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

19.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, 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, directors and their close family members and key management personnel of the Management Company.



- 19.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008.
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 19.5** Allocated expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 19.6** Details of the transactions with related parties / connected persons are as follows:

	June 30, 2020				June 30, 2019			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
----- (Rupees in '000) -----								
<b>NBP Fund Management Limited - the Management Company</b>								
Remuneration of the Management Company	2,085	1,356	796	4,237	5,686	2,729	839	9,254
Sindh sales tax on remuneration of the Management Company	271	176	103	550	739	355	109	1,203
Preliminary expenses and floatation costs paid on behalf of the fund	-	-	-	-	-	1,137	530	1,667
Allocated expenses	272	179	109	560	681	346	120	1,147
<b>Central Depository Company of Pakistan Limited - the Trustee</b>								
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	190	125	76	391	656	329	115	1,100
Sindh sales tax on remuneration of the Trustee	25	16	10	51	85	43	15	143
<b>Key management personnel of the Management Company</b>								
Dividend re-invested - Nil (2019: 2)units (NICPP III)	-	-	-	-	-	-	-	-
Redemption of Nil units(2019: 2,017) units (NICPP III)	-	-	-	-	204	-	-	204
<b>FCS Limited Employees Provident Fund - unit holder with more than 10% holding**</b>								
Issuance of Nil (2019: 398,045) units (NICPP - IV)	-	-	-	-	-	40,699	-	40,699
<b>PITC Employees Trust (Pension) Fund - unit holder with more than 10% holding</b>								
Units issued: 15,816 (2019: 447,014 units (NICPP - IV)	-	1,564	-	1,564	-	45,739	-	45,739
<b>Mid City International - unit holder with more than 10% holding*</b>								
Dividend re-invested - 2568 (2019: Nil) units (NICPP V)	-	-	252	252	-	-	-	-
<b>Station Head Quarter Rawalpindi - unit holder with more than 10% holding*</b>								
Dividend re-invested - 2923 (2019: Nil) units (NICPP V)	-	-	287	287	-	-	-	-
<b>IM Sciences Trust - unit holder with more than 10% holding*</b>								
Dividend re-invested - 2497 (2019: Nil) units (NICPP V)	-	-	245	245	-	-	-	-
<b>Pakistan Stock Exchange Limited - common directorship*</b>								
Listing fee	9	9	9	27	-	-	-	-
<b>Investment in NBP Islamic Active Allocation Equity Fund</b>								
Units purchased:	89,613	32,950	31,207	153,770	349,607	259,416	116,325	725,348
- 9,493,480 (2019: 31,180,552) units (NICPP - III),								
- 3,259,784 (2019: 23,278,586) units (NICPP - IV) and								
- 3,195,179 (2019: 10,949,253) units (NICPP - V)								
Units sold:	162,694	91,174	73,559	327,427	229,010	169,073	59,578	457,661
- 17,954,907 (2019: 21,788,695) units (NICPP - III),								
- 10,356,631 (2019: 16,090,065) units (NICPP - IV) and								
- 8,122,764 (2019: 5,832,423) units (NICPP - V)								



## 19.7 Amounts outstanding as at year / period end

	June 30, 2020				June 30, 2019			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
----- (Rupees in '000) -----								
<b>NBP Fund Management Limited - the Management Company</b>								
Management fee payable	142	122	73	337	263	182	92	537
Sindh sales tax payable on remuneration	18	16	9	43	34	24	12	70
Other payable	28	24	29	81	2,281	1,163	559	4,003
Allocated expenses payable	50	37	22	109	271	185	109	565
<b>Central Depository Company of Pakistan Limited - the Trustee</b>								
Remuneration payable	11	9	5	25	34	24	13	71
Sindh sales tax payable on remuneration of the Trustee	1	1	1	3	4	3	2	9
<b>FCS Limited Employees Provident Fund - unit holder with more than 10% holding**</b>								
Units held: Nil (2019: 398,045) units (NICPP - IV)	-	-	-	-	-	39,297	-	39,297
<b>PITC Employees Trust (Pension) Fund - unit holder with more than 10% holding</b>								
Units held: 462,830 (2019: 447,014) units (NICPP - IV)	-	45,779	-	45,779	-	44,132	-	44,132
<b>Mid City International - unit holder with more than 10% holding*</b>								
Units held: 102,883 (2019: Nil) units (NICPP - V)	-	-	10,112	10,112	-	-	-	-
<b>Station Head Quarter Rawalpindi - unit holder with more than 10% holding*</b>								
Units held: 100,037 (2019: Nil) units (NICPP - V)	-	-	9,832	9,832	-	-	-	-
<b>IM Sciences Trust - unit holder with more than 10% holding*</b>								
Units held: 100,006 (2019: Nil) units (NICPP - V)	-	-	9,829	9,829	-	-	-	-
<b>NBP Islamic Active Allocation Equity Fund</b>								
Investment in:	8,100	798	1,648	10,546	85,299	65,288	46,472	197,059
- 930,431 units (2019: 9,391,858) units (NICPP - III),								
- 91,674 units (2019: 7,188,521) units (NICPP - IV) and								
- 189,245 (2019: 5,116,830) units (NICPP - V)								

\* Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2019.

\*\* Current period figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2020.





## 20 FINANCIAL INSTRUMENTS BY CATEGORY

### 20.1 NAFA Islamic Capital Preservation Plan - III

#### Financial assets

	June 30, 2020			June 30, 2019		
	At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
Bank balances	148,544	-	148,544	306,399	-	306,399
Investments	-	8,100	8,100	-	85,299	85,299
Profit receivable	1,024	-	1,024	3,366	-	3,366
	<b>149,568</b>	<b>8,100</b>	<b>157,668</b>	<b>309,765</b>	<b>85,299</b>	<b>395,064</b>

#### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	238	-	238	2,849	-	2,849
Payable to Central Depository Company of Pakistan Limited - the Trustee	12	-	12	38	-	38
Payable against redemption of units	4,211	-	4,211	-	-	-
Accrued expenses and other liabilities	420	-	420	402	-	402
	<b>4,881</b>	<b>-</b>	<b>4,881</b>	<b>3,289</b>	<b>-</b>	<b>3,289</b>

### 20.2 NAFA Islamic Capital Preservation Plan - IV

#### Financial assets

	June 30, 2020			June 30, 2019		
	At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
Bank balances	145,505	-	145,505	215,994	-	215,994
Investments	-	798	798	-	65,288	65,288
Profit receivable	956	-	956	2,363	-	2,363
	<b>146,461</b>	<b>798</b>	<b>147,259</b>	<b>218,357</b>	<b>65,288</b>	<b>283,645</b>

#### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	199	-	199	1,554	-	1,554
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	-	10	27	-	27
Accrued expenses and other liabilities	367	-	367	381	-	381
	<b>576</b>	<b>-</b>	<b>576</b>	<b>1,962</b>	<b>-</b>	<b>1,962</b>

### 20.3 NBP Islamic Capital Preservation Plan - V

#### Financial assets

	June 30, 2020			June 30, 2019		
	At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
Bank balances	88,582	-	88,582	105,924	-	105,924
Investments	-	1,648	1,648	-	46,472	46,472
Profit receivable	576	-	576	1,196	-	1,196
	<b>89,158</b>	<b>1,648</b>	<b>90,806</b>	<b>107,120</b>	<b>46,472</b>	<b>153,592</b>

#### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	133	-	133	772	-	772
Payable to Central Depository Company of Pakistan Limited - the Trustee	6	-	6	15	-	15
Accrued expenses and other liabilities	374	-	374	235	-	235
	<b>513</b>	<b>-</b>	<b>513</b>	<b>1,022</b>	<b>-</b>	<b>1,022</b>



## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk and price risk.

#### (i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net profit / loss for the year and net assets of the Fund would have been higher / lower by for NICPP - III: Rs. 1.485 million (June 30, 2019: Rs. 3.061 million), NICPP - IV: Rs. 1.452 million (June 30, 2019: Rs. 2.143 million) and NICPP - V: Rs. 0.830 million (June 30, 2019: Rs. 1.059 million)

#### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:



## NAFA Islamic Capital Preservation Plan - III

June 30, 2020					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in 000)

### Financial assets

Bank balances	5% - 7.5%	148,140	-	-	404	148,544
Investments		-	-	-	8,100	8,100
Profit receivable		-	-	-	1,024	1,024
		148,140	-	-	9,528	157,668

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	238	238
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	12	12
Payable against redemption of units		-	-	-	4,211	4,211
Accrued expenses and other liabilities		-	-	-	420	420
		-	-	-	4,881	4,881

### On-balance sheet gap

148,140 - - 4,647

### Total profit rate sensitivity gap

148,140 - -

### Cumulative profit rate sensitivity gap

148,140 148,140 148,140

June 30, 2019					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in 000)

### Financial assets

Bank balances	6.4% - 12.5%	306,115	-	-	284	306,399
Investments		-	-	-	85,299	85,299
Profit receivable		-	-	-	3,366	3,366
		306,115	-	-	88,949	395,064

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	2,849	2,849
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	38	38
Accrued expenses and other liabilities		-	-	-	402	402
		-	-	-	3,289	3,289

### On-balance sheet gap

306,115 - - 85,660

### Total profit rate sensitivity gap

306,115 - -

### Cumulative profit rate sensitivity gap

306,115 306,115 306,115



## NAFA Islamic Capital Preservation Plan - IV

June 30, 2020					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in 000)

### Financial assets

Bank balances	5% - 7.5%	145,249	-	-	256	145,505
Investments		-	-	-	798	798
Profit receivable		-	-	-	956	956
		145,249	-	-	2,010	147,259

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	199	199
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	10	10
Accrued expenses and other liabilities		-	-	-	367	367
		-	-	-	576	576

### On-balance sheet gap

145,249      -      -      1,434

### Total profit rate sensitivity gap

145,249      -      -

### Cumulative profit rate sensitivity gap

145,249      145,249      145,249

June 30, 2019					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in 000)

### Financial assets

Bank balances	2.6% - 13%	214,291	-	-	1,703	215,994
Investments		-	-	-	65,288	65,288
Other receivable		-	-	-	-	-
Profit receivable		-	-	-	2,363	2,363
		215,994	-	-	67,651	283,645

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	1,554	1,554
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	27	27
Accrued expenses and other liabilities		-	-	-	381	381
		-	-	-	1,962	1,962

### On-balance sheet gap

215,994      -      -      65,689

### Total profit rate sensitivity gap

215,994      -      -

### Cumulative profit rate sensitivity gap

215,994      215,994      215,994



## NBP Islamic Capital Preservation Plan - V

June 30, 2020					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in 000)

### Financial assets

Bank balances

5% - 7.5%

Investments

Profit receivable

88,326	-	-	256	88,582
-	-	-	1,648	1,648
-	-	-	576	576
88,326	-	-	2,480	90,806

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company

Payable to Central Depository Company of Pakistan Limited - the Trustee

Accrued expenses and other liabilities

-	-	-	133	133
-	-	-	6	6
-	-	-	374	374
-	-	-	513	513

On-balance sheet gap

88,326 - - 1,967

Total profit rate sensitivity gap

88,326 - -

Cumulative profit rate sensitivity gap

88,326 88,326 88,326

June 30, 2019					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in 000)

### Financial assets

Bank balances

10% - 12.5%

Investments

Other receivable

Profit receivable

105,886	-	-	38	105,924
-	-	-	46,472	46,472
-	-	-	1,196	1,196
105,924	-	-	47,668	153,592

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company

Payable to Central Depository Company of Pakistan Limited - the Trustee

Accrued expenses and other liabilities

-	-	-	772	772
-	-	-	15	15
-	-	-	235	235
-	-	-	1,022	1,022

On-balance sheet gap

105,924 - - 46,646

Total profit rate sensitivity gap

105,924 - -

Cumulative profit rate sensitivity gap

105,924 105,924 105,924

**(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**(iii) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Presently, the allocation plans are exposed to price risk due to their investment in the units of mutual funds. In case of 5% increase / (decrease) in the net asset value per unit of the funds, the net income of the NICPP - III, NICPP - IV and NICPP - V for the year would increase by Rs 0.405 million (June 30, 2019: Rs 4.265 million), Rs 0.040 million (June 30, 2019: Rs 3.264 million) and Rs 0.082 million (June 30, 2019: Rs 2.324 million) respectively.

**21.2 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions requests, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:



## NAFA Islamic Capital Preservation Plan - III

June 30, 2020						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

(Rupees in 000)

### Financial assets

Bank balances	148,544	-	-	-	-	148,544
Investments	-	-	-	-	8,100	8,100
Profit receivable	1,024	-	-	-	-	1,024
	149,568	-	-	-	8,100	157,668

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	238	-	-	-	-	238
Payable to Central Depository Company of Pakistan Limited - the Trustee	12	-	-	-	-	12
Payable against redemptions of units	4,211	-	-	-	-	4,211
Accrued expenses and other liabilities	420	-	-	-	-	420
	4,881	-	-	-	-	4,881

### Net assets

	144,687	-	-	-	8,100	152,787
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June 30, 2019						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

(Rupees in 000)

### Financial assets

Bank balances	306,399	-	-	-	-	306,399
Investments	-	-	-	-	85,299	85,299
Profit receivable	3,366	-	-	-	-	3,366
	309,765	-	-	-	85,299	395,064

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	2,849	-	-	-	-	2,849
Payable to Central Depository Company of Pakistan Limited - the Trustee	38	-	-	-	-	38
Accrued expenses and other liabilities	402	-	-	-	-	402
	3,289	-	-	-	-	3,289

### Net assets

	306,476	-	-	-	85,299	391,775
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## NAFA Islamic Capital Preservation Plan - IV

June 30, 2020						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

(Rupees in 000)

### Financial assets

Bank balances

145,505	-	-	-	-	-	145,505
	-	-	-	-	798	798
956	-	-	-	-	-	956
146,461	-	-	-	-	798	147,259

Investments

Profit receivable

### Financial liabilities

Payable to NBP Fund Management

Limited - the Management Company

199	-	-	-	-	-	199
10	-	-	-	-	-	10
367	-	-	-	-	-	367
576	-	-	-	-	-	576

Payable to Central Depository Company of

Pakistan Limited - the Trustee

Accrued expenses and other liabilities

### Net assets

145,885	-	-	-	-	798	146,683
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June 30, 2019						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	Within one month	Financial instruments with no fixed maturity	Total

(Rupees in 000)

### Financial assets

Bank balances

Investments

Other receivable

Profit receivable

215,994	-	-	-	-	-	215,994
	-	-	-	-	65,288	65,288
-	-	-	-	-	-	-
2,363	-	-	-	-	-	2,363
218,357	-	-	-	-	65,288	283,645

### Financial liabilities

Payable to NBP Fund Management

Limited - the Management Company

Payable to Central Depository Company of

Pakistan Limited - the Trustee

Accrued expenses and other liabilities

1,554	-	-	-	-	-	1,554
27	-	-	-	-	-	27
381	-	-	-	-	-	381
1,962	-	-	-	-	-	1,962

### Net assets

216,395	-	-	-	-	65,288	281,683
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## NBP Islamic Capital Preservation Plan - V

June 30, 2020						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

(Rupees in 000)

### Financial assets

Bank balances	88,582	-	-	-	-	88,582
Investments	-	-	-	-	1,648	1,648
Profit receivable	576	-	-	-	-	576
	89,158	-	-	-	1,648	90,806

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	133	-	-	-	-	133
Payable to Central Depository Company of Pakistan Limited - the Trustee	6	-	-	-	-	6
Accrued expenses and other liabilities	374	-	-	-	-	374
	513	-	-	-	-	513

### Net assets

	88,645	-	-	-	1,648	90,293
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June 30, 2019						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	Within one month	Financial instruments with no fixed maturity	Total

(Rupees in 000)

### Financial assets

Bank balances	105,924	-	-	-	-	105,924
Investments	-	-	-	-	46,472	46,472
Other receivable	-	-	-	-	-	-
Profit receivable	1,196	-	-	-	-	1,196
	107,120	-	-	-	46,472	153,592

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	772	-	-	-	-	772
Payable to Central Depository Company of Pakistan Limited - the Trustee	15	-	-	-	-	15
Accrued expenses and other liabilities	235	-	-	-	-	235
	1,022	-	-	-	-	1,022

### Net assets

	106,098	-	-	-	46,472	152,570
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**21.3 Credit risk**

**21.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

June 30, 2020		June 30, 2019	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

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

**NAFA Islamic Capital Preservation Plan - III**

Bank balances	<b>148,544</b>	<b>148,544</b>	306,399	306,399
Investments	<b>8,100</b>	-	85,299	-
Profit receivable	<b>1,024</b>	<b>1,024</b>	3,366	3,366
	<b>157,668</b>	<b>149,568</b>	395,064	309,765

**NAFA Islamic Capital Preservation Plan - IV**

Bank balances	<b>145,505</b>	<b>145,505</b>	215,994	215,994
Investments	<b>798</b>	-	65,288	-
Profit receivable	<b>956</b>	<b>956</b>	2,363	2,363
	<b>147,259</b>	<b>146,461</b>	283,645	218,357

**NBP Islamic Capital Preservation Plan - V**

Bank balances	<b>88,582</b>	<b>88,582</b>	105,924	105,924
Investments	<b>1,648</b>	-	46,472	-
Profit receivable	<b>576</b>	<b>576</b>	1,196	1,196
	<b>90,806</b>	<b>89,158</b>	153,592	107,120

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on investments in mutual funds is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

**21.3.2 Credit quality of financial assets**

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk			% of financial assets exposed to credit risk		
	NICPP - III	NICPP - IV	NICPP - V	NICPP - III	NICPP - IV	NICPP - V
	June 30, 2020			June 30, 2019		
<b>Banks</b>						
AAA	<b>91.94%</b>	<b>98.45%</b>	<b>96.79%</b>	0.14%	0.02%	0.01%
AA+	-	-	<b>0.01%</b>	-	0.02%	0.09%
AA	<b>2.01%</b>	<b>0.18%</b>	<b>0.45%</b>	77.34%	75.51%	68.83%
AA-	<b>0.26%</b>	<b>0.18%</b>	<b>0.31%</b>	-	-	-
	<b>94.21%</b>	<b>98.81%</b>	<b>97.56%</b>	77.48%	75.55%	68.93%


**22 FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

**Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2020, the Fund held the following financial instruments measured at fair values:

**22.1 NAFA Islamic Capital Preservation Plan-III**

	As at June 30, 2020				As at June 30, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----				----- Rupees in '000 -----			
<b>ASSETS</b>								
Investments - financial assets 'at fair value through profit or loss'								
- Mutual fund units	-	8,100	-	8,100	-	85,299	-	85,299

**22.2 NAFA Islamic Capital Preservation Plan-IV**

	As at June 30, 2020				As at June 30, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----				----- Rupees in '000 -----			
<b>ASSETS</b>								
Investments - financial assets 'at fair value through profit or loss'								
- Mutual fund units	-	798	-	798	-	65,288	-	65,288

**22.3 NBP Islamic Capital Preservation Plan-V**

	As at June 30, 2020				As at June 30, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----				----- Rupees in '000 -----			
<b>ASSETS</b>								
Investments - financial assets 'at fair value through profit or loss'								
- Mutual fund units	-	1,648	-	1,648	-	46,472	-	46,472


**23 UNIT HOLDERS' FUND RISK MANAGEMENT**

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

**24 UNIT HOLDING PATTERN OF THE FUND**

Category	----- June 30, 2020 -----			----- June 30, 2019 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total

**NAFA Islamic Capital Preservation Plan - III**

Individuals	268	124,659	82.35%	561	345,415	88.07%
Retirement Funds	-	-	-	2	14,248	3.63%
Others	4	26,723	17.65%	6	32,532	8.30%
	<b>272</b>	<b>151,382</b>	<b>100.00%</b>	<b>569</b>	<b>392,195</b>	<b>100.00%</b>

**NAFA Islamic Capital Preservation Plan - IV**

Individuals	141	90,912	62.29%	309	178,430	63.27%
Retirement Funds	2	48,813	33.45%	4	90,214	31.99%
Others	2	6,222	4.26%	5	13,376	4.74%
	<b>145</b>	<b>145,947</b>	<b>100.00%</b>	<b>318</b>	<b>282,020</b>	<b>100.00%</b>

**NBP Islamic Capital Preservation Plan - V**

Individuals	96	59,681	66.14%	177	118,783	77.49%
Retirement Funds	1	780	0.86%	1	763	0.50%
Others	3	29,773	33.00%	4	33,746	22.01%
	<b>100</b>	<b>90,234</b>	<b>100.00%</b>	<b>182</b>	<b>153,292</b>	<b>100.00%</b>


**25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE**

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	32
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	20
Mr. Muhammad Ali Bhaba	Head of Fixed Income	CFA / MBA / FRM / MS	25
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9

**26 NAME AND QUALIFICATION OF THE FUND MANAGER**

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	Fund Manager	CFA / MBA	NISF, NIPPF -II, NIAAF -I, NIAAF -II, NIAAF -III, NIPF, NPF

**27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The 72nd, 73rd, 74th, 75th Board meetings were held on August 30, 2019, October 24, 2019, February 27, 2020, April 27, 2020, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of director	Number of meetings			Meetings not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [note 27.1]	3	2	1	74th
Syed Hasan Irtiza Kazmi [note 27.2]	3	3	-	-
Mr. Nasir Husain [note 27.3]	1	-	1	72nd
Mr. Abdul Hadi Palekar [note 27.4]	1	-	1	72nd
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [note 27.5]	1	1	-	-
Mr. Khalid Mansoor [note 27.6]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [note 27.7]	1	1	-	-
Mr. Saad Amanullah Khan [note 27.8]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

**27.1** Mr. Saad ur Rahman Khan opted as Director on the Board with effect from October 04, 2019.

**27.2** Syed Hasan Irtiza Kazmi opted as Director on the Board with effect from October 04, 2019.

**27.3** Mr. Nasir Husain retired from the Board with effect from October 04, 2019.

**27.4** Mr. Abdul Hadi Palekar retired from the Board with effect from October 04, 2019.

**27.5** Mr. Kamal Amir Chinoy retired from the Board with effect from October 04, 2019.

**27.6** Mr. Khalid Mansoor opted as Director on the Board with effect from October 04, 2019.

**27.7** Mr. Shehryar Faruque retired from the Board with effect from October 04, 2019.

**27.8** Mr. Saad Amanullah Khan opted as Director on the Board with effect from October 04, 2019


**PERFORMANCE TABLE**

Particulars	NIC	NIC	NI	NIC	NIC	NI	NIC
	For the Period Ended June 30, 2020	For the Period Ended June 30, 2020	For the Period Ended June 30, 2020	For the Period Ended June 30, 2019	For the period from September 14, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	For the period from June 22, 2018 to June 30, 2018
	Net assets at the year / period ended (Rs '000)	151,382	145,947	90,234	392,195	282,020	153,292
Net income/(loss) for the year / period ended (Rs '000)	16,008	6,292	4,664	4,853	(3,455)	(2,812)	792
Net Asset Value per unit at the year / period ended (Rs)	99.0600	98.9102	98.2859	100.0193	98.7262	98.1965	100.0962
Offer Price per unit	N/A	N/A	N/A	99.9963	98.7056	98.1608	100.0962
Redemption Price per unit	99.0600	98.9102	98.2859	100.0193	98.7262	98.1965	100.0962
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	103.4895
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	103.4162
Ex - Highest redemption price per unit (Rs.)	107.7645	108.4764	109.7592	102.1492	102.4752	103.2478	100.0962
Ex - Lowest redemption price per unit (Rs.)	93.3896	92.6020	92.5477	97.6754	97.6165	97.2199	100.0253
Opening Nav of Fiscal Year/Since inception NAV	94.8005	95.3514	95.3250	98.9065	100.0000	100.0000	100.0000
Total return of the fund	4.493%	3.732%	3.106%	0.019%	-1.27%	-1.80%	0.10%
Capital growth	0.142%	0.193%	0.094%	-1.087%	-1.27%	-1.80%	0.00%
Income distribution as a % of e x nav	4.35%	3.54%	3.01%	1.106%	-	-	0.10%
Income distribution as a % of par value	4.31%	3.50%	2.96%	1.085%	-	-	0.10%
<b>Distribution</b>							
Interim distribution per unit	4.3056	3.4990	2.9603				-
Final distribution per unit				1.0847	-	-	0.0950
<b>Distribution Dates</b>							
Interim	29-Jun-20	29-Jun-20	29-Jun-20				
Final				19-Jul-19			4-Jul-18
<b>Average annual return of the fund (launch date January 09, 2015)</b>							
Since inception to June 30, 2020)	2.25%	1.34%	0.81%				
Since inception to June 30, 2019)				0.113%	-1.274%	-1.80%	
Since inception to June 30, 2018)							0.10%

Portfolio Composition ( Please see Fund Manager Report)

*Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up*

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