

NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND



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

Bank Islami Pakistan Limited
Habib Bank Limited
United Bank Limited
Dubai Islamic Bank Limited
Silk Bank Limited
Al Baraka Bank Limited



Auditor

A.F. Ferguson & 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

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

The Board of Directors of NBP Fund Asset Management Limited is pleased to present the Fifth Annual Report for the period ended June 30, 2020, since launch of **NBP Islamic Active Allocation Equity Fund** on January 18, 2016.

NBP Funds launched its second open-end Islamic Equity Fund namely NBP Islamic Active Allocation Equity Fund (NIAAEF) in January, 2016. The aim of the Fund is to provide growth to the investment of Unit holders over the long-term in approved shariah compliant equities.

Fund's Performance

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.

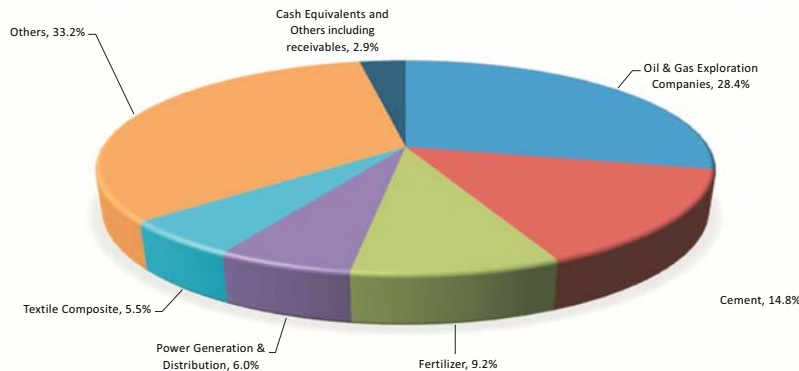
In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, 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.

During the fiscal year, NBP Islamic Active Allocation Equity Fund increased by 5.7% as against the KMI-30 Index increased by 1.6%, outperforming the benchmark by 4.1% during the year. The Fund was overweight in key stocks in Commercial Banks, Chemical, and Technology & Communication sectors that outperformed the market and underweight in key stocks in Refinery, Oil & Gas Marketing Companies, Pharmaceutical, and Automobile Assembler sectors that underperformed the market, which contributed to the outperformance. Since its inception on January 18, 2016, the return of NBP Islamic Active Allocation Equity Fund was 12.3%, while the benchmark increased by 5.3%. Thus, the Fund outperformed by 7.0% during the period. The performance of the Fund is net of management fee and all other expenses. The Fund size is 663 million as of June 30, 2020.



NBP Islamic Active Allocation Equity Fund has earned a total income of Rs. 162.73 million during the period. After deducting total expenses of Rs. 41.40 million, the net income is Rs. 121.33 million.

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



Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 9.89% of the opening ex-NAV (8.98% of the par value) 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 auditor Messrs A.F. Ferguson & Co., Chartered Accountants, has completed their five year tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, their replacement would be required. The Board has approved the appointment of Messrs Grant Thornton Anjum Rahman, Chartered Accountant, 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 28 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:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Mr. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Saad ur Rahman Khan 3. Syed Hasan Irtiza Kazmi 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

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

این بی پی فنڈ ایسٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ کی اپنے آغاز 18 جنوری 2016 سے پانچویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

این بی پی فنڈ نے اپنے دوسرے اوپن انڈ اسلامک ایکویٹی فنڈ نامی این بی پی اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ (NIAAEF) کا آغاز جنوری 2016 میں کیا۔ فنڈ کا مقصد منظور شدہ شریعہ کمپلائٹ ایکویٹی میں طویل مدت پر پوزٹ ہولڈرز کی سرمایہ کاری کے لئے نمو مہیا کرنا ہے۔

فنڈ کی کارکردگی

مالی سال 2019-20، اسٹاک مارکیٹ 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 بلین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 بلین امریکی ڈالر کی آمد جیسی مثبت خبروں کے باوجود مارکیٹ کا آغاز منفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح 44,929 پر لے آیا جس نے مارکیٹ 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 مارکیٹ 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۔

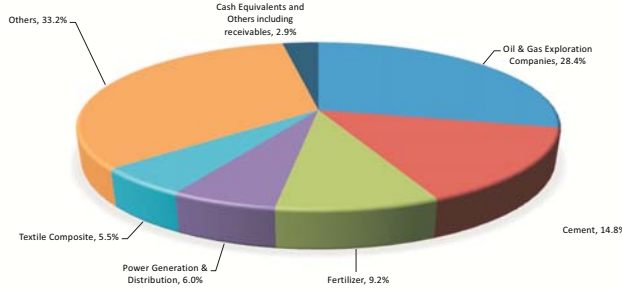
اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے مئی بجٹ کے اندیشہ، اور T-Bills سے ہاٹ مئی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن/شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ 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 امدادی پیکج 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۔ ریپبلیکن انٹرنیشنل (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ممالک 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 پچھلے خدشہ تھا۔ نتیجتاً مارکیٹ 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 دارکارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، سینٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، ٹیکنالوجی اور گلاس اینڈ سٹریٹس کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکسپلوریشن، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اینڈ ڈسٹری بیوشن، اور نیٹ ورکس کمپوزٹ کے شعبے مارکیٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 بلین امریکی ڈالر کے خالص ان فلو کے ساتھ بڑے خریدار رہے، جبکہ انشورنس کمپنیوں نے 128 بلین امریکی ڈالر کے ساتھ پوزیشن منسٹم کی دوسری جانب غیر ملکی سرمایہ کار 285 بلین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک/DFIs اور میچل فنڈز بھی بالترتیب 55 بلین امریکی ڈالر اور 50 بلین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔

مالی سال کے دوران، این بی پی اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ میں 5.7 فیصد کا اضافہ واقع ہوا ہے جبکہ کے ایم آئی 30 انڈیکس کے مقابلہ میں 1.6 فیصد اضافہ ہوا ہے، جو سال کے دوران شیئ مارک کی 4.1 فیصد کی بہتر کارکردگی ہے۔ فنڈ نے کمرشل بینکوں، کیمیکل، اور ٹیکنالوجی اور مواصلات کے شعبوں کو زیادہ اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا اور ریفرنسری، آئل اینڈ گیس مارکیٹنگ کمپنیوں، دواسازی اور آٹوموبائل اسمبلر سیکٹروں میں اہم اسٹاک ہوا اہمیت نہیں دی گئی جنہوں نے مارکیٹ سے اتر کارکردگی دکھائی، جس نے بہتر کارکردگی میں حصہ لیا۔ اپنے آغاز (18 جنوری 2016) سے این بی پی اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ کا منافع 12.3% تھا، جبکہ شیئ مارک میں 5.3% کا اضافہ ہوا، لہذا فنڈ نے مدت کے دوران 7.0% کی بہتر کارکردگی دکھائی۔ فنڈ کی یہ کارکردگی بیجمنٹ فیس اور تمام اخراجات کے بعد خالص ہے۔ 30 جون 2020 کو فنڈ کا سائز 663 ملین روپے ہے۔

این پی بی اسلامک ایکٹیو ایلوکیشن ایکویٹی فنڈ نے مدت کے دوران 162.73 ملین روپے کی کل آمدنی کمائی ہے۔ 41.40 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 121.33 ملین روپے ہے۔

30 جون 2020 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



آمدنی کی تقسیم

ہیجٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اوپننگ ex-NAV کا 9.89% (بنیادی قدر کا 8.98%) 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۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف ڈی فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹ کی صلاحیت میں اپنی پانچ سالہ مدت مکمل کر لی ہے۔ نان بیکننگ فنانس کمپنی کی ریگولیشن 38(i) اور نوٹیفائیڈ ریگولیشنز 2008 کے تقاضے کے مطابق ان کی تبدیلی ضروری ہے۔ بورڈ نے 30 جون 2021 کو ختم ہونے والے سال میں میسرز Grant Thornton انٹرنیشنل، چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دی ہے۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. ہیجٹ 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۔ شریاتی تحفظ 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 توہین نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران ہیجٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں کی گئی ہے۔



- 11 پونٹ ہولڈنگ کا تفصیلی پیٹرن البیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز ہی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈز کے پینس کی تمام خرید و فروخت ان البیاتی 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 انٹریٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
<ul style="list-style-type: none"> •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
<ul style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (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 مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ 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 NBP Islamic Active Allocation Equity Fund (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

NBP Islamic Active Allocation Equity Fund (NIAAEF) is an Open-Ended Equity Fund.

Investment Objective of the Fund

The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of Shari'ah Compliant listed equities.

Benchmark

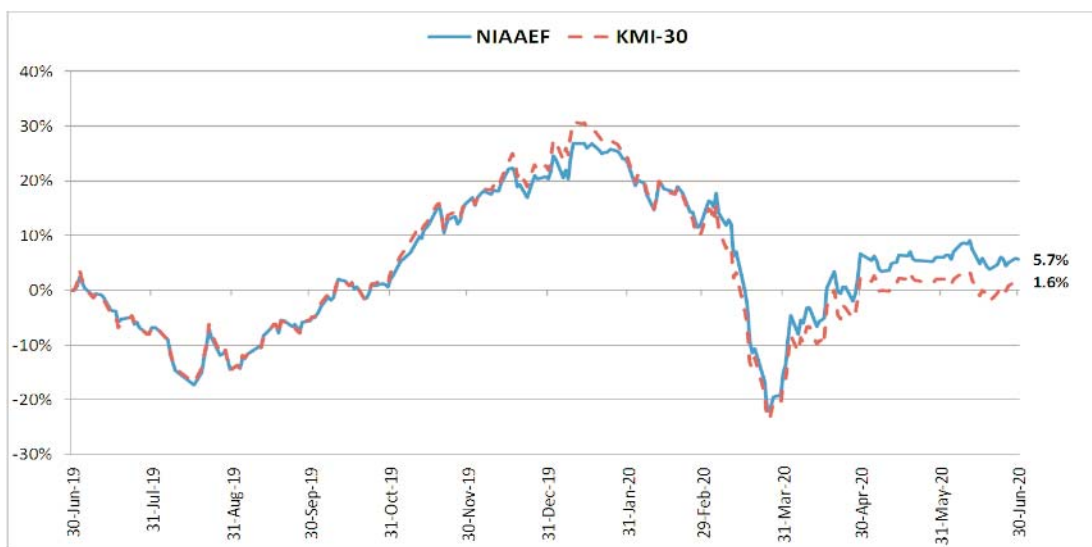
KMI-30 Index.

Fund Performance Review

This is the fifth annual report of the Fund. During the fiscal year, NBP Islamic Active Allocation Equity Fund increased by 5.7% as against the KMI-30 index increased by 1.6%, outperforming the benchmark by 4.1% during the year. Since its inception on January 18, 2016, the return of NBP Islamic Active Allocation Equity Fund was 12.3%, while the benchmark increased by 5.3%. Thus, the Fund outperformed by 7.0% during the period. The performance of the Fund is net of management fee and all other expenses. The fund size of NBP Islamic Active Allocation Equity Fund is Rs. 663 million as of June 30, 2020.

NIAAEF outperformed during the year as the Fund was overweight in key stocks in Cement, Oil & Gas Exploration Companies, and Technology & Communication sectors that outperformed the market and underweight in key stocks in Automobile Assembler, Power Generation & Distribution Companies, and Oil & Gas Marketing Companies sectors that underperformed the market, which contributed to the outperformance. The chart below shows the performance of NIAAEF against the Benchmark for the year.

NIAAEF Performance vs. Benchmark during FY20





Since inception of the Fund, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. At the end of the year, the allocation in equities was around 97.1%.

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 corporate/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.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	97.1%	95.5%
Cash Equivalents	7.0%	3.0%
Other Net Liabilities	(4.1%)	1.5%
Total	100.0%	100.0%

Distribution for the Financial Year 2020

The Board of Directors of the Management Company has approved cash dividend of 9.89% of the opening ex-NAV



(8.98% of the par value) for the period ended June 30, 2020.

Unit Holding Pattern of NBP Islamic Active Allocation Equity as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
50001 - 100000	1
100001 - 500000	1
500001 - 1000000	1
1000001 - 5000000	4
5000001 - 10000000	1
10000001 - 100000000	5
Total	13

During the period under question

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

Sindh Workers' Welfare Fund (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 13.2 to the financial statements.



STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Active Allocation Equity Fund (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, the period from July 1, 2019 to June 30, 2020 was the Fifth year of operations of NBP Islamic Active Allocation Equity Fund (NIAAEF). 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.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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 in line with the Shari'ah 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 from the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i) We have reviewed and approved the modes of equity investments of NIAAEF in light of Shari'ah requirements. Following is a list of top investments of NIAAEF as on June 30, 2020 and their evaluation according to the screening criteria established by us. (December 31, 2019 accounts of the Investee companies have been used)

Company Name	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum Company Limited.	Oil & Gas Exploration Companies	7.83%	17.76%	3.13%	30.37%	(664.23)	
Engro Corporation Limited.	Fertilizer	28.34%	22.25%	4.72%	58.58%	(220.56)	
Pakistan Petroleum Limited.	Oil & Gas Exploration Companies	0.01%	8.64%	1.59%	31.91%	58.79	137
Oil & Gas Development Company Limited **	Oil & Gas Exploration Companies	0.00%	7.95%	7.74%	33.64%	90.21	142.32
Lucky Cement Limited	Cement	25.55%	0.71%	2.59%	85.13%	(279.47)	
Hub Power Company Limited. *	Power Generation & Distribution	32.34%	0.00%	7.32%	53.77%	(43.08)	
Kohat Cement Limited.	Cement	22.30%	0.70%	0.07%	94.14%	(54.09)	



- * Debt is considered excluding circular debt
- ** OGDC is facing circular debt issues. Company is bound to retain interest bearing TFC/Bonds having no permission to sell from government. Due to high interest rate during July-Dec 2019, non-compliant income is high and exceeds 5%. Company had provided written confirmation that its non-compliant income ratio will be less than 5% due to lower interest rates during July-Dec 2020.
- ii) On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIAAEF are Shari'ah Compliant and in accordance with the criteria established by us.
- iii) There are investments made by NIAAEF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NIAAEF for the year ended June 30, 2020 are not in compliance with the Shari'ah principles.

During the year a provision of Rupees 1,247,011/- was created and an amount of Rupees 2,105,437/- is available for disbursement into charity as of June 30, 2020, which is inclusive of Rupees 1,213,339/- provisional amount of previous year adjusted after availability of the respective financial statements. However, the provisional amount of the financial year ended June 30, 2020 will be adjusted after the availability of the respective annual financial statements.

May Allah bless us with best Tawfeeq to accomplish our 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 AUDITOR'S REPORT

To the Unit holders of NBP Islamic Active Allocation Equity Fund Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Active Allocation Equity Fund (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	<p>Net Asset Value (Refer note 5 to the annexed financial statements)</p> <p>Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2020 amounted to Rs. 643.918 million.</p> <p>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"> • tested the design and operating effectiveness of the key controls for valuation of investments. • obtained independent confirmation for verifying the existence of the investment portfolio as at June 30, 2020 and traced balances in this confirmation with the books and records of the Fund. Where such confirmation was not available, alternate audit procedures were performed. • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.



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**.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 29, 2020.



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020	2019
-----Rupees in '000-----			
ASSETS			
Bank balances	4	46,323	22,721
Investments	5	643,918	1,128,167
Receivable against sale of investments		14,615	61,167
Dividend and profit receivable	6	234	1,832
Deposits, prepayments and other receivables	7	11,731	12,018
Preliminary expenses and floatation costs	8	110	310
Total assets		716,931	1,226,215
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	10	5,038	9,021
Payable to Central Depository Company of Pakistan Limited - the Trustee	11	129	215
Payable to the Securities and Exchange Commission of Pakistan	12	202	1,730
Payable against redemption of units		13,107	-
Accrued expenses and other liabilities	13	34,985	33,549
Total liabilities		53,461	44,515
NET ASSETS		663,470	1,181,700
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		663,470	1,181,700
CONTINGENCIES AND COMMITMENTS			
	14		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE	9	76,211,277	130,111,302
-----Rupees-----			
NET ASSET VALUE PER UNIT		8.7057	9.0822

The annexed notes from 1 to 31 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

	Note	2020	2019
-----Rupees in '000-----			
Income			
Profit on bank deposits		9,981	20,300
Dividend income		47,641	76,227
Gain / (loss) on sale of investments - net		85,339	(265,112)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	19,767	(237,145)
Total income / (loss)		162,728	(405,730)
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	10.1	15,333	36,417
Sindh sales tax on remuneration of the Management Company	10.2	1,993	4,734
Allocated expenses	10.4	1,010	1,821
Selling and marketing expenses	10.5	12,478	7,283
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	11.1	1,899	2,821
Sindh sales tax on remuneration of the Trustee	11.2	247	367
Annual fees to the Securities and Exchange Commission of Pakistan	12.1	202	1,730
Auditors' remuneration	15	634	549
Amortisation of preliminary expenses and floatation costs	8	200	200
Shariah advisor fee		146	313
Securities transaction cost		3,636	7,460
Settlement and bank charges		853	934
Legal and professional charges		64	22
Mutual fund rating fee		232	221
Total operating expenses		38,927	64,872
Net income / (loss) from operating activities		123,801	(470,602)
Provision against Sindh Workers' Welfare Fund	13.2	(2,476)	-
Net income / (loss) for the year before taxation		121,325	(470,602)
Taxation	17	-	-
Net income / (loss) for the year after taxation		121,325	(470,602)
Earnings / (loss) per unit	18		
Allocation of net income for the year			
Net income for the year after taxation		121,325	-
Income already paid on units redeemed		(12,694)	-
		108,631	-
Accounting income available for distribution			
- Relating to capital gains		102,762	-
- Excluding capital gains		5,869	-
		108,631	-

The annexed notes from 1 to 31 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 JUNE 30, 2020

	2020	2019
	-----Rupees in '000-----	
Net income / (loss) for the year after taxation	121,325	(470,602)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	<u><u>121,325</u></u>	<u><u>(470,602)</u></u>

The annexed notes from 1 to 31 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 JUNE 30, 2020

	2020			2019		
	Capital value	Accumulated losses	Total	Capital value	Undistributed income / (accumulated losses)	Total
	----- Rupees in '000 -----					
Net assets at beginning of the year	1,428,540	(246,840)	1,181,700	1,663,439	223,762	1,887,201
Issue of 105,833,411 units (2019: 290,228,888 units)						
- Capital value (at ex - net asset value per unit)	961,200	-	961,200	3,291,921	-	3,291,921
- Element of income / (loss)	3,194	-	3,194	(99,212)	-	(99,212)
Total proceeds on issuance of units	964,394	-	964,394	3,192,709	-	3,192,709
Redemption of 159,733,436 units (2019: 326,500,636 units)						
- Capital value (at ex - net asset value per unit)	(1,450,731)	-	(1,450,731)	(3,703,333)	-	(3,703,333)
- Element of (loss) / income	(77,274)	(12,694)	(89,968)	275,725	-	275,725
Total payments on redemption of units	(1,528,005)	(12,694)	(1,540,699)	(3,427,608)	-	(3,427,608)
Total comprehensive income / (loss) for the year	-	121,325	121,325	-	(470,602)	(470,602)
Interim cash distribution for the year ended June 30, 2020 @ Re 0.8978 per unit (Date of declaration: June 24, 2020)	(5,166)	(58,084)	(63,250)	-	-	-
Net assets at end of the year	859,763	(196,293)	663,470	1,428,540	(246,840)	1,181,700
(Accumulated loss) / undistributed income brought forward						
- Realised (loss) / income		(9,695)			357,950	
- Unrealised loss		(237,145)			(134,188)	
		(246,840)			223,762	
Accounting income available for distribution						
- Relating to capital gains	102,762				-	
- Excluding capital gains	5,869				-	
	108,631				-	
Net loss for the year after taxation		-			(470,602)	
Distribution during the year						
Interim cash distribution for the year ended June 30, 2020 @ Re 0.8978 per unit (Date of declaration: June 24, 2020)		(58,084)			-	
Accumulated loss carried forward		(196,293)			(246,840)	
Accumulated loss carried forward						
- Realised loss		(216,060)			(9,695)	
- Unrealised income / (loss)		19,767			(237,145)	
		(196,293)			(246,840)	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year				9.0822		11.3425
Net assets value per unit at end of the year				8.7057		9.0822

The annexed notes from 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		121,325	(470,602)
Adjustments for:			
Profit on bank deposits		(9,981)	(20,300)
Provision against Sindh Workers' Welfare Fund		2,476	-
Amortisation of preliminary expenses and floatation costs	8	200	200
Dividend income		(47,641)	(76,227)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(19,767)	237,145
		(74,713)	140,818
Decrease / (increase) in assets			
Investments		504,016	256,100
Receivable against sale of investments		46,552	6,201
Deposits, prepayments and other receivables		287	(409)
		550,855	261,892
Decrease in liabilities			
Payable to NBP Fund Management Limited - the Management Company		(3,983)	(4,214)
Payable to Central Depository Company of Pakistan Limited - the Trustee		(86)	(109)
Payable to the Securities and Exchange Commission of Pakistan		(1,528)	(1,245)
Accrued expenses and other liabilities		(1,040)	(1,551)
		(6,637)	(7,119)
		590,830	(75,011)
Dividend received		47,999	79,064
Profit received on bank deposit		11,221	20,341
Net cash generated from operating activities		650,050	24,394
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units - net of refund of element		959,228	3,192,709
Net payments against redemption of units		(1,527,592)	(3,427,608)
Dividend paid		(58,084)	-
Net cash used in financing activities		(626,448)	(234,899)
Net increase / (decrease) in cash and cash equivalents		23,602	(210,505)
Cash and cash equivalents at the beginning of the year		22,721	233,226
Cash and cash equivalents at the end of the year	4	46,323	22,721

The annexed notes from 1 to 31 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 JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Active Allocation Equity Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on November 3, 2015 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 Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 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 equity scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan.

The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of Shariah Compliant listed equity securities. 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 (2019: AM1) to the Management Company and performance ranking "3 Star" to the Fund on February 28, 2020 (February 28, 2019: "4 Star").

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

2 BASIS OF PREPARATION

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 (IFRS Standards) 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
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective

2.3.1 The following amendments would be effective from the dates mentioned below against the respective amendment:

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

2.3.2 There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting periods 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 accordance with the accounting and reporting standards as applicable in Pakistan 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 year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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 SWWF (note 13.2) provision for Federal Excise Duty (note 10.3) and provision for taxation (notes 3.14 and 17).



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 Pakistani Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the presented financial statements are set out below. These policies have been applied consistently to all the years.

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 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.

3.3.2 Classification and subsequent measurement

3.3.2.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of assets and liabilities at fair value, with gains and losses recognised in the Income Statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment 'at fair value through other comprehensive income' (FVOCI). Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through 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 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.

3.4 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 Issuance 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 application during business hours of that day. The redemption price is equal to NAV as at 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 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 asset value per unit on the issuance or redemption date, as the case may be, of units and the net asset value per unit at the beginning of the relevant accounting period. 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 is 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 period in which these arise.
- Profit on bank balances is recognised on a time proportionate basis using effective interest rate method.

- Dividend income is recognised when the right to receive the dividend is established.

3.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

3.14 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 as cash dividend to the unit holders.

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.

3.15 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 18.

3.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani 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.

4	BANK BALANCES	Note	2020	2019
			Rupees in '000	
	Balances with banks in:			
	Savings accounts	4.1	<u>46,323</u>	<u>22,721</u>
4.1	These include a balance of Rs 35.814 million (2019: Rs 16.574 million) maintained with BankIslami Pakistan Limited (a related party) that carries profit at the rate of 7.25% per annum (2019: 13.5% per annum). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 4.5% to 7.5% per annum (2019: 11.2% to 13% per annum).			
5	INVESTMENTS	Note	2020	2019
			Rupees in '000	
	At fair value through profit or loss			
	Quoted equity securities	5.1	<u>643,918</u>	<u>1,128,167</u>



5.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs 10 each unless stated otherwise.

Name of the investee company	As at July 01, 2019	Acquired during the year	Bonus / Right shares received during the year	Sold during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	----- Number of shares held -----					Rupees in '000	----- Percentage -----		
AUTOMOBILE ASSEMBLER									
Honda Atlas Car Limited	-	70,500	-	38,100	32,400	6,275	0.97%	0.95%	0.02%
Indus Motor Company Limited	-	2,500	-	1,000	1,500	1,492	0.23%	0.22%	0.00%
Millat Tractors Limited	-	23,900	-	15,600	8,300	5,861	0.91%	0.88%	0.02%
						13,628	2.11%	2.05%	
AUTOMOBILE PARTS & ACCESSORIES									
Agriauto Industries Limited*	3,600	-	-	-	3,600	655	0.10%	0.10%	0.01%
Thal Limited*	-	36,000	-	2,700	33,300	10,821	1.68%	1.63%	0.04%
						11,476	1.78%	1.73%	
CABLE & ELECTRICAL GOODS									
Pak Elektron Limited	-	476,000	-	476,000	-	-	-	-	-
CEMENT									
Cherat Cement Company Limited	-	21,500	-	4,000	17,500	1,525	0.24%	0.23%	0.01%
D. G. Khan Cement Company Limited	57,000	355,500	-	391,000	21,500	1,835	0.28%	0.28%	0.00%
Fauji Cement Company Limited	208,000	1,448,500	-	1,279,500	377,000	6,364	0.99%	0.96%	0.03%
Kohat Cement Company Limited	158,030	386,500	-	287,500	257,030	35,329	5.49%	5.32%	0.13%
Lucky Cement Limited [note 5.1.1]	113,600	164,800	-	184,200	94,200	43,481	6.75%	6.55%	0.03%
Maple Leaf Cement Factory Limited	488,000	1,025,000	123,250	1,252,500	383,750	9,970	1.55%	1.50%	0.03%
						98,504	15.30%	14.84%	
CHEMICAL									
Dyneen Pakistan Limited*	-	4,500	-	-	4,500	485	0.08%	0.07%	0.02%
Engro Polymer & Chemicals Limited	513,916	1,280,000	-	1,330,000	463,916	11,589	1.80%	1.75%	0.05%
Lotte Chemical Pakistan Limited	780,500	-	-	780,500	-	-	-	-	-
ICI Pakistan Limited	-	15,700	-	3,500	12,200	8,475	1.32%	1.28%	0.01%
						20,549	3.20%	3.10%	
COMMERCIAL BANKS									
Meezan Bank Limited	991,583	555,500	-	1,046,500	500,583	34,465	5.35%	5.19%	0.04%
						34,465	5.35%	5.19%	
ENGINEERING									
Amreli Steels Limited	-	505,000	-	278,000	227,000	7,409	1.15%	1.12%	0.08%
International Industries Limited	50,900	-	590	51,060	430	39	0.01%	0.01%	0.00%
International Steels Limited**	120,600	168,000	-	207,500	81,100	4,189	0.65%	0.63%	0.02%
Ittefaq Iron Industries Limited	-	1,085,000	-	516,500	568,500	3,928	0.61%	0.59%	0.39%
Mughal Iron and Steel Industries Limited	132,000	552,000	-	423,500	260,500	10,389	1.61%	1.57%	0.10%
						25,954	4.03%	3.92%	
FERTILIZER									
Engro Fertilizers Limited [note 5.1.1]	1,527,500	414,500	-	1,912,500	29,500	1,778	0.28%	0.27%	0.00%
Engro Corporation Limited [note 5.1.1]	458,290	184,700	-	440,200	202,790	59,401	9.22%	8.95%	0.04%
Fatima Fertilizer Company Limited	4,500	-	-	4,500	-	-	-	-	-
						61,179	9.50%	9.22%	
FOOD & PERSONAL CARE PRODUCTS									
Al Shaheer Corporation Limited [note 5.1.2]	222,805	-	86,901	120,000	189,706	2,170	0.34%	0.33%	0.09%
AT Tahir Limited	-	125,000	-	-	125,000	2,154	0.33%	0.32%	0.08%
						4,324	0.67%	0.65%	
GLASS & CERAMICS									
Ghani Global Glass Limited	-	625,000	-	185,000	440,000	5,262	0.82%	0.79%	0.44%
Ghani Value Glass Limited	-	10,000	5,500	-	15,500	574	0.09%	0.09%	0.03%
Tariq Glass Industries Limited	244,000	-	80,750	128,500	196,250	12,662	1.97%	1.91%	0.18%
						18,498	2.88%	2.79%	



Name of the investee company	As at July 01, 2019	Acquired during the year	Bonus / Right shares received during the year	Sold during the year	As at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	----- Number of shares held -----					Rupees in '000	----- Percentage -----		
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	64,941	18,480	7,056	41,360	49,117	60,741	9.43%	9.16%	0.04%
Oil & Gas Development Co. Limited [note 5.1.1]	1,037,100	401,000	-	1,018,100	420,000	45,780	7.11%	6.90%	0.01%
Pakistan Oilfields Limited [note 5.1.1]	156,920	94,300	-	179,800	71,420	25,042	3.89%	3.77%	0.03%
Pakistan Petroleum Limited [note 5.1.1]	828,950	611,500	169,630	956,500	653,580	56,718	8.81%	8.55%	0.02%
						188,281	29.24%	28.38%	
OIL & GAS MARKETING COMPANIES									
Attock Petroleum Limited	36,850	-	-	26,300	10,550	3,220	0.50%	0.49%	0.01%
Hascol Petroleum Limited	9,745	-	-	9,745	-	-	-	-	-
Pakistan State Oil Company Limited [note 5.1.1 & 5.1.2]	169,148	237,200	31,350	337,700	99,998	15,816	2.46%	2.38%	0.02%
Sui Northern Gas Pipelines Limited	281,000	564,000	-	654,500	190,500	10,401	1.62%	1.57%	0.03%
						29,437	4.58%	4.44%	
PAPER & BOARD									
Cherat Packaging Limited	129,207	-	4,419	99,000	34,626	4,057	0.63%	0.61%	0.08%
Packages Limited	-	27,500	-	13,500	14,000	4,861	0.75%	0.73%	0.02%
Roshan Packages Limited	-	200,000	-	-	200,000	4,484	0.70%	0.68%	0.14%
						13,402	2.08%	2.02%	
PHARMACEUTICALS									
Abbott Laboratories (Pakistan) Limited	150	-	-	150	-	-	-	-	-
AGP Limited	-	75,000	-	61,500	13,500	1,481	0.23%	0.22%	0.00%
Ferozsons Laboratories Limited	-	16,000	-	7,000	9,000	2,704	0.42%	0.41%	0.03%
Glaxosmithkline Pakistan Limited	2,400	31,000	-	-	33,400	5,814	0.90%	0.88%	0.01%
Glaxosmithkline Consumer Healthcare Pakistan Limited	11,700	-	-	11,700	-	-	-	-	-
The Searle Company Limited [note 5.1.2]	1,354	54,400	-	-	55,754	11,108	1.73%	1.67%	0.03%
						21,107	3.28%	3.18%	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Limited** [note 5.1.1]	1,343,212	541,000	-	1,331,500	552,712	40,072	6.22%	6.04%	0.04%
Lalpir Power Limited	405,000	-	-	405,000	-	-	-	-	-
K-Electric Limited*	670,500	1,741,000	-	2,411,500	-	-	-	-	-
						40,072	6.22%	6.04%	
SUGAR AND ALLIED INDUSTRIES									
Faran Sugar Mills Limited	-	29,000	-	-	29,000	1,146	0.18%	0.17%	0.12%
						1,146	0.18%	0.17%	
TECHNOLOGY & COMMUNICATION									
Netsol Technologies Limited	215,900	-	-	175,500	40,400	2,008	0.31%	0.30%	0.04%
Avanceon Limited	50,000	-	-	50,000	-	-	-	-	-
Pakistan Telecommunication Company Limited	815,000	-	-	815,000	-	-	-	-	-
Interloop Limited	286,129	-	-	111,500	174,629	7,670	1.19%	1.16%	0.02%
Systems Limited	182,050	-	-	100,000	82,050	15,071	2.34%	2.27%	0.07%
						24,749	3.84%	3.73%	
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limited [note 5.1.2]	285,657	-	-	124,500	161,157	5,723	0.89%	0.86%	0.05%
Nishat Mills Limited [note 5.1.1]	478,100	443,000	-	624,700	296,400	23,121	3.59%	3.48%	0.08%
						28,844	4.48%	4.34%	
TRANSPORT									
Pakistan National Shipping Corporation	110,500	-	-	3,000	107,500	8,123	1.26%	1.22%	0.08%
						8,123	1.26%	1.22%	
MISCELLANEOUS									
Synthetic Products Limited [note 5.1.2]	363,750	-	10,030	369,450	4,330	180	0.03%	0.01%	0.00%
						180	0.03%	0.01%	
Total						643,918	100%	95%	
Carrying value as June 30, 2020						624,151			
Market value as at June 30, 2019						1,128,167			
Carrying value as June 30, 2019						1,365,312			



* All shares have a nominal face value of Rs 10 each except for shares of Thal Limited, Agriauto Industries Limited and Dynea Pakistan Limited which have a face value of Rs 5. each and K-Electric Limited which have a face value of Rs 3.5 each.

** These represent transactions in shares of related parties.

5.1.1 Investments include shares with market value of Rs 98.097 (2019: 88.534) million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the Sindh High Court, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Sindh High Court (SHC) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the current year, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Sindh High Court. In this regard, on July 15, 2019, the Sindh High Court has issued notices to the relevant parties and has ordered that no third party interest on bonus shares, issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 which required every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2020, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the company	2020		2019	
	-----Bonus shares-----			
	Number of shares withheld	Market value as at June 30, 2020	Number of shares withheld	Market value as at June 30, 2019
	Rupees in '000		Rupees in '000	
Al Shaheer Corporation Limited	9,289	106	9,289	117
Kohinoor Textile Mills Limited	522	19	522	13
Pakistan State Oil Company Limited	3,301	522	2,751	467
The Searle Company Limited	1,354	270	1,354	198
Synthetic Products Limited	4,330	180	4,163	92
		<u>1,097</u>		<u>887</u>



5.2	Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	2020	2019
			Rupees in '000	
	Market value of investments	5.1	643,918	1,128,167
	Carrying value of investments	5.1	<u>(624,151)</u>	<u>(1,365,312)</u>
			<u>19,767</u>	<u>(237,145)</u>

6 DIVIDEND AND PROFIT RECEIVABLE

	Profit accrued on bank balances	6.1	234	1,474
	Dividend receivable		-	358
			<u>234</u>	<u>1,832</u>

6.1 This includes amount of Rs 0.17 million (2019: Rs 1.334 million) due from BankIslami Pakistan Limited (a related party).

7	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2020	2019
			Rupees in '000	
	Security deposit with Central Depository Company of Pakistan Limited*		100	100
	Security deposit with National Clearing Company of Pakistan Limited*		2,500	2,500
	Advance tax	7.1	9,009	9,009
	Prepaid mutual fund rating fee		122	111
	Other receivables		-	298
			<u>11,731</u>	<u>12,018</u>

* related party

7.1 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 dividend paid to the Fund has been 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 withholder. The tax withheld on dividends amounts to Rs 9.009 million (2019: Rs 9.009 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 Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by 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 judgement of SHC. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as other receivables as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

	At the beginning of the year	8.1	310	510
	Less: amortisation during the year		<u>(200)</u>	<u>(200)</u>
	At the end of the year		<u>110</u>	<u>310</u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed.



9	NUMBER OF UNITS IN ISSUE		2020	2019
			Number of Units	
	Total units in issue at the beginning of the year		130,111,302	166,383,050
	Units issued during the year		105,833,411	290,228,888
	Less: units redeemed during the year		159,733,436	326,500,636
	Total units in issue at the end of the year		<u>76,211,277</u>	<u>130,111,302</u>
10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2020	2019
			Rupees in '000	
	Management fee payable	10.1	858	2,168
	Sindh sales tax payable on remuneration of the Management Company	10.2	112	282
	Federal Excise Duty payable on remuneration of the Management Company	10.3	1,420	1,420
	Allocated expenses payable	10.4	172	1,030
	Selling and marketing expenses payable	10.5	2,476	4,121
			<u>5,038</u>	<u>9,021</u>

10.1 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 remuneration under the following rates:

Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020	2019
2% of average daily net assets	1.5% of average daily net assets	2% of average daily net assets

The remuneration is payable to the Management Company in arrears.

10.2 During the year, an amount of Rs 1.993 million (2019: Rs 4.734 million) was charged on account of sales tax on management fee levied through the Sindh sales tax on services Act, 2011 @ 13% (2019: 13%).

10.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration



of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from January 18, 2016 till June 30, 2016 amounting to Rs 1.42 million (2019: Rs 1.42 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.0186 per unit (2019: Re 0.0109 per unit).

- 10.4** In accordance with Regulation 60 of the NBFC Regulations, an asset 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% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%.

The Management Company has currently fixed a maximum capping of 0.1% (2019: 0.1%) per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.

- 10.5** The SECP had allowed an asset management company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to maximum cap of 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% has been removed and now an asset management company is required to set a maximum limit for charging of such expenses to the Fund and the same should be approved by the Board of Directors of the Management Company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has charged selling and marketing expenses at the below mentioned rates duly approved by Board of Directors of the Management Company:

Effective dates	Applicable rates
From July 1, 2019 till July 11, 2019	0.4% per annum of average daily net assets
From July 12, 2019 till December 16, 2019	1.15% per annum of average daily net assets
From December 17, 2019 till May 10, 2020	1.35% per annum of average daily net assets
From May 11, 2020 till June 30, 2020	1.5% per annum of average daily net assets

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY LIMITED - THE TRUSTEE - RELATED PARTY	Note	2020	2019
			Rupees in '000	
	Trustee fee payable	11.1	114	190
	Sindh sales tax payable on trustee fee	11.2	15	25
			<u>129</u>	<u>215</u>

- 11.1** 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:

2019		2020
Net assets (Rs)	Fee	
- up to Rs 1 billion	Rs 0.7 million or 0.20% per annum of net assets, whichever is higher	0.20% per annum of net assets
- exceeding Rs 1 billion	Rs 2.0 million plus 0.10% per annum of net assets, exceeding Rs 1 billion million	Rs 2 million plus 0.10% per annum of net assets exceeding Rs 1 billion



11.2 During the year, an amount of Rs 0.247 million (2019: Rs 0.367 million) was charged on account of sales tax on remuneration of the trustee levied through the Sindh sales tax on Services Act, 2011 @ 13% (2019: 13%).

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2020	2019
		Rupees in '000	
Annual fee payable	12.1	<u>202</u>	<u>1,730</u>

12.1 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 June 28, 2019, 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 equity funds was 0.095%. Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% of net assets during the current year.

13 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
		Rupees in '000	
Auditors' remuneration payable		439	414
Brokerage payable		54	1,196
Charity payable	13.1	2,625	2,378
Legal and professional charges payable		63	20
Shariah advisor fee payable		148	311
Withholding tax payable		58	30
Provision against Sindh Workers' Welfare Fund	13.2	31,533	29,057
Settlement charges payable		54	116
Bank charges payable		11	27
		<u>34,985</u>	<u>33,549</u>

13.1 According to the instructions of the Shariah advisors, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2020, non Shari'ah compliant income amounting to Rs 1.247 million (June 30, 2019: Rs 1.348 million) was determined by the management. This will be distributed as charity after the approval of the Shariah Advisor. The dividend income is recorded net of amount given as charity.

13.2 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 January 18, 2016 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.4138 (2019: Re. 0.2233) per unit.



14 CONTINGENCIES AND COMMITMENTS

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

15 AUDITORS' REMUNERATION

	2020	2019
	Rupees in '000	
Annual audit fee	338	313
Other certification	81	67
Half yearly review fee	156	125
Out of pocket expenses	59	44
	634	549

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 4.1% (2019: 3.56%) which includes 0.48% (2019: 0.37%) representing government levies on the Fund such as sales taxes, annual fee to SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

17 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 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in cash, no provision for taxation has been made in these financial statements during the year.

18 EARNINGS / (LOSS) PER UNIT

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

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, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, 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 / related parties 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. The transactions with connected persons / related parties 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 and the Trust Deed.
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 19.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.



19.6 Details of transactions with related parties / connected persons are as follows:

	2020	2019
	----- Rupees in '000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration for the year	15,333	36,417
Sindh sales tax on remuneration of the Management Company	1,993	4,734
Allocated expenses	1,010	1,821
Selling and marketing charges	12,478	7,283
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Trustee	1,899	2,821
Sindh sales tax on remuneration of the Trustee	247	367
Settlement charges	125	130
NAFA Islamic Active Allocation Fund I (Plan I)		
Units issued - 2,500,142 (2019: 15,236,946)	20,889	164,759
Units redeemed - 10,491,164 (2019: 21,725,541)	109,271	225,066
Distribution paid	1,335	-
NAFA Islamic Active Allocation Fund I (Plan II)		
Units issued - 2,198,335 (2019: 10,681,564)	21,864	117,678
Units redeemed - 112,788 (2019: 26,961,515)	1,112	285,692
Distribution paid	1,697	-
NAFA Islamic Active Allocation Fund I (Plan III)		
Units issued - 10,279,242 (2019: 32,293,205)	85,429	353,284
Units redeemed - 23,379,280 (2019: 14,927,985)	245,552	158,632
Distribution paid	9,557	-
NAFA Islamic Active Allocation Fund I (Plan IV)		
Units issued - 7,322,676 (2019: 26,772,644)	60,870	292,753
Units redeemed - 9,310,940 (2019: 29,661,177)	97,433	311,555
Distribution paid	10,107	-
NAFA Islamic Active Allocation Fund I (Plan V)		
Units issued - 7,710,333 (2019: 27,518,352)	64,620	298,457
Units redeemed - 19,585,525 (2019: 41,442,012)	190,030	442,863
Distribution paid	9,822	-
NAFA Islamic Active Allocation Fund II (Plan VI)		
Units issued - 6,634,098 (2019: 17,180,644)	57,158	187,021
Units redeemed - 8,513,443 (2019: 21,964,002)	85,813	233,531
Distribution paid	10,378	-
NAFA Islamic Active Allocation Fund II (Plan VII)		
Units issued - 2,091,611 (2019: 5,952,215)	17,670	64,958
Units redeemed - 3,940,269 (2019: 9,407,714)	34,455	100,418
Distribution paid	2,566	-
NAFA Islamic Active Allocation Fund II (Plan VIII)		
Units issued - 17,332,637 (2019: 23,186,473)	163,426	254,316
Units redeemed - 6,554,958 (2019: 48,505,242)	65,736	500,267
Distribution paid	9,997	-



	2020	2019
	----- Rupees in '000 -----	
NAFA Islamic Capital Preservation Plan I		
Units issued - 22,582,899 (2019: 39,309,967)	208,674	441,491
Units redeemed - 24,792,113 (2019: 45,258,988)	231,712	477,044
Distribution paid	1,478	-
NAFA Islamic Capital Preservation Plan II		
Units issued - 11,232,997 (2019: 26,688,487)	104,917	292,644
Units redeemed - 16,618,656 (2019: 22,935,279)	152,158	234,880
Distribution paid	670	-
NAFA Islamic Capital Preservation Plan III		
Units issued - 9,493,481 (2019: 31,180,552)	89,571	349,607
Units redeemed - 17,954,906 (2019: 21,788,695)	162,694	229,010
Distribution paid	394	-
NAFA Islamic Capital Preservation Plan IV		
Units issued - 3,259,782 (2019: 23,278,586)	32,944	259,416
Units redeemed - 10,356,629 (2019: 16,090,065)	91,174	169,073
Distribution paid	24	-
NBP Islamic Capital Preservation Plan V		
Units issued - 3,195,179 (2019: 10,949,253)	31,196	116,325
Units redeemed - 8,122,764 (2019: 5,832,423)	73,559	59,578
Distribution paid	58	-
BankIslami Pakistan Limited - common directorship		
Profit income	5,997	19,534
Taurus Securities Limited - subsidiary of parent company		
Brokerage expense	190	424
Cherat Packaging Limited - common directorship		
Shares purchased - Nil (2019: 161,900)***	-	27,042
Shares sold - 99,000 (2019: 95,000)***	6,463	14,271
Bonus issue - 4,419 (2019: 10,097)	-	-
Dividend income	111	751
Cherat Cement Limited - common directorship		
Shares purchased - 21,500 (2019: 131,000)***	1,888	8,891
Shares sold - 4,000 (2019: 420,100)***	340	27,790
Dividend income	-	372
Fatima Fertilizer Company Limited - common directorship		
Shares purchased - Nil (2019: 387,000)***	-	14,096
Shares sold - 4,500 (2019: 395,000)***	105	13,157
Dividend income	-	8
International Industries Limited - common directorship*		
Shares purchased - Nil (2019: 52,000)***	8,409	8,409
Shares sold - 51,060 (2019: 38,000)***	5,995	5,995
Bonus issue - 590 (2019: Nil)	-	-
Dividend income	18	331



	2020	2019
	----- Rupees in '000 -----	
International Steels Limited - common directorship		
Shares purchased - 168,000 (2019: 1,301,000)***	8,547	106,842
Shares sold - 207,500 (2019: 1,536,000)***	10,105	107,889
Dividend income	120	1,600
National Clearing Company of Pakistan Limited - common directorship		
NCCPL charges	742	738
Hub Power Company Limited - common directorship**		
Shares purchased - 541,000 (2019: Nil)***	44,846	-
Shares sold - 1,331,500 (2019: Nil)***	115,591	-
19.7 Amounts / balances outstanding as at year end		
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	858	2,168
Sindh sales tax on remuneration of the Management Company	112	282
Federal Excise Duty on remuneration of the Management Company	1,420	1,420
Selling and marketing expense	2,476	4,121
Allocated expenses payable	172	1,030
NAFA Islamic Active Allocation Fund I (Plan I)		
Units held - 1,640,110 (2019: 9,631,132)	14,278	87,472
NAFA Islamic Active Allocation Fund I (Plan II)		
Units held - 2,085,547 (2019: Nil)	18,156	-
NAFA Islamic Active Allocation Fund I (Plan III)		
Units held - 11,743,371 (2019: 24,843,409)	102,234	225,633
NAFA Islamic Active Allocation Fund I (Plan IV)		
Units held - 12,419,093 (2019: 14,407,357)	108,117	130,850
NAFA Islamic Active Allocation Fund I (Plan V)		
Units held - 12,068,948 (2019: 23,944,140)	105,069	217,465
NAFA Islamic Active Allocation Fund II (Plan VI)		
Units held - 12,752,082 (2019: 14,631,427)	111,016	132,886
NAFA Islamic Active Allocation Fund II (Plan VII)		
Units held - 3,153,532 (2019: 5,002,190)	27,454	45,431
NAFA Islamic Active Allocation Fund II (Plan VIII)		
Units held - 10,777,679 (2019: Nil)	93,827	-
Payable against redemption of units	13,107	-
NAFA Islamic Capital Preservation Plan I		
Units held - 5,855,899 (2019: 8,065,113)	50,980	73,249
NAFA Islamic Capital Preservation Plan II		
Units held - 2,503,667 (2019: 7,889,326)	21,796	71,652



	2020	2019
	----- Rupees in '000 -----	
NAFA Islamic Capital Preservation Plan III		
Units held - 930,431 (2019: 9,391,856)	8,100	85,299
NAFA Islamic Capital Preservation Plan IV		
Units held - 91,674 (2019: 7,188,521)	798	65,288
NBP Islamic Capital Preservation Plan V		
Units held - 189,245 (2019: 5,116,830)	1,648	46,472
Central Depository Company of Pakistan Limited - the trustee		
Trustee fee payable	114	190
Settlement charges payable	13	9
Sindh sales tax payable on remuneration of the Trustee	15	25
Security deposit	100	100
BankIslami Pakistan Limited - common directorship		
Bank balances	35,814	16,574
Profit receivable	167	1,334
Taurus Securities Limited - subsidiary of parent company		
Brokerage payable	3	95
Cherat Packaging Limited - common directorship*		
Shares held - Nil (2019: 129,207)	-	10,419
International Industries Limited - common directorship*		
Shares held - Nil (2019: 50,900)	-	3,923
International Steels Limited - common directorship		
Shares held - 81,100 (2019: 120,600)	4,189	4,789
National Clearing Company of Pakistan Limited - common directorship		
Security Deposit	2,500	2,500
NCCPL charges payable	41	107
Hub Power Company Limited - common directorship**		
Shares held - 552,712 (2019: Nil)	40,072	-

* Current year figure has not been presented as the person has ceased to be a related party / connected person of the Fund as at June 30, 2020.

** Prior year comparative has not been presented as the person was not a related party / connected person of the Fund as at June 30, 2019.

*** These are transactions involving shares of related parties held as part of portfolio of the Fund.



19.8 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

20 FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2020		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
Bank balances	-	46,323
Investments	643,918	643,918
Receivable against sale of investments	-	14,615
Dividend and profit receivable	-	234
Deposits and other receivables	-	2,600
63,772	643,918	707,690

Financial assets

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----		
Payable to NBP Fund Management Limited - the Management Company	5,038	5,038
Payable to Central Depository Company of Pakistan - the Trustee	129	129
Payable against redemption of units	13,107	13,107
Accrued expenses and other liabilities	3,394	3,394
-	21,668	21,668

Financial liabilities

June 30, 2019		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
Bank balances	-	22,721
Investments	1,128,167	1,128,167
Dividend and profit receivable	-	61,167
Receivable against sale of units	-	1,832
Deposits and other receivables	-	2,898
88,618	1,128,167	1,216,785

Financial assets



June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
Payable to NBP Fund Management Limited - the Management company	-	9,021
Payable to Central Depository Company of Pakistan - the Trustee	-	215
Accrued expenses and other liabilities	-	4,462
	13,698	13,698

Financial liabilities

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 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. 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 income / (loss) for the year and net assets of the Fund would have been higher / lower by Rs 0.46323 million (2019: Rs 0.01893 million)

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020 and June 30, 2019, the Fund did 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 and for off-balance sheet instruments is based on the settlement date.

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

----- 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	4.5% -7.25%	46,323	-	-	-	46,323
Investments		-	-	-	643,918	643,918
Receivable against sale of investments		-	-	-	14,615	14,615
Dividend and profit receivable		-	-	-	234	234
Deposits and other receivables		-	-	-	2,600	2,600
		46,323	-	-	661,367	707,690

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	5,038	5,038
Payable to Central Depository Company of Pakistan - the Trustee		-	-	-	129	129
Payable against redemption of units		-	-	-	13,107	13,107
Accrued expenses and other liabilities		-	-	-	3,394	3,394
		-	-	-	21,668	21,668

On-balance sheet gap

46,323 **-** **-** **639,699** **686,022**

Total profit rate sensitivity gap

46,323 **-** **-**

Cumulative profit rate sensitivity gap

46,323 **46,323** **46,323**

----- 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	11.25% -13.5%	22,721	-	-	-	22,721
Investments		-	-	-	1,128,167	1,128,167
Dividend and profit receivable		-	-	-	1,832	1,832
Receivable against sale of investments		-	-	-	61,167	61,167
Deposits and other receivables		-	-	-	2,898	2,898
		22,721	-	-	1,194,064	1,216,785



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 liabilities

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

-	-	-	9,021	9,021
-	-	-	215	215
-	-	-	4,462	4,462
-	-	-	13,698	13,698

On-balance sheet gap

22,721	-	-	1,180,366	1,203,087
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Total profit rate sensitivity gap

22,721	-	-		
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Cumulative profit rate sensitivity gap

22,721	22,721	22,721		
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(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.

The Fund has exposure to equity price risk arising from the Fund's investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 5% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 32.196 million (2019: Rs 56.408 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents the management's best estimate of a reasonable possible shift in the KMI 30 index having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 index is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 index.

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 settlement of equity securities and daily redemptions 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 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, the Fund can borrow in the short-term to ensure settlement to the extent of fifteen percent of the net assets for 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 to 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:

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						
Balances with banks	46,323	-	-	-	-	46,323
Investments	-	-	-	-	643,918	643,918
Dividend and profit receivable	234	-	-	-	-	234
Deposits and other receivables	-	-	-	-	2,600	2,600
Receivable against sale of investments	14,615	-	-	-	-	14,615
	61,172	-	-	-	646,518	707,690
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	5,038	-	-	-	-	5,038
Payable to Central Depository Company of Pakistan Limited - the Trustee	129	-	-	-	-	129
Payable against redemption of units	13,107	-	-	-	-	13,107
Accrued expenses and other liabilities	2,955	439	-	-	-	3,394
	21,229	439	-	-	-	21,668
Net assets	39,943	(439)	-	-	646,518	686,022



----- 2019 -----						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total

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

Financial assets

Balances with banks	22,721	-	-	-	-	22,721
Investments	-	-	-	-	1,128,167	1,128,167
Dividend and profit receivable	1,832	-	-	-	-	1,832
Deposits and other receivables	-	-	-	-	2,898	2,898
Receivable against sale of units	61,167	-	-	-	-	61,167
	85,720	-	-	-	1,131,065	1,216,785

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	9,021	-	-	-	-	9,021
Payable to Central Depository Company of Pakistan Limited - the Trustee	215	-	-	-	-	215
Accrued expenses and other liabilities	4,048	414	-	-	-	4,462
	13,284	414	-	-	-	13,698

Net assets

	72,436	(414)	-	-	1,131,065	1,203,087
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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:

2020		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 -----

Bank balances	46,323	46,323	22,721	22,721
Investments	643,918	-	1,128,167	-
Receivable against sale of investments	14,615	14,615	61,167	61,167
Dividend and profit receivable	234	234	1,832	1,832
Deposits and other receivables	2,600	2,600	2,898	2,898
	<u>707,690</u>	<u>63,772</u>	<u>1,216,785</u>	<u>88,618</u>

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 equity securities 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 (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of bank balances and accrued profit is as follows:

Name of Bank	% of financial assets exposed to credit risk	
	2020	2019
AAA	1.378%	0.035%
AA	0.032%	0.435%
A+	5.084%	1.472%
A	0.001%	-
A-	0.084%	0.047%
	6.580%	1.989%

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.

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 reporting 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 reporting date, the Fund held the following financial instruments measured at fair values:

	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees in '000			Rupees in '000		
Financial assets						
At fair value through profit or loss	643,918	-	-	1,128,167	-	-

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	2020			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
NBFCs	<u>13</u>	<u>663,470</u>	<u>100.00</u>	<u>11</u>	<u>1,181,700</u>	<u>100.00</u>

25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
EFG Hermes Pakistan Limited	6.14%	Taurus Securities Ltd.	6.80%
Taurus Securities Limited	6.04%	Arif Habib Securities Limited	5.23%
Concordaia Securities (Private) Limited	5.83%	Alfalah Securities (Private) Limited	4.32%
Topline Securities Limited	5.70%	Topline Securities (Private) Limited	4.30%
Arif Habib Securities Limited	4.94%	Foundation Securities	3.78%
Optimus Capital Management Limited	3.86%	Next Capital Limited	3.69%
Alfalah Securities (Private) Limited	3.84%	BMA Capital Management Limited	3.61%
J.S. Global Capital Limited	3.77%	Optimus Capital Management Limited	3.61%
Intermarket Securities	3.55%	EFG Hermes Pakistan Ltd	3.50%
Aqeel Karim Dehdi Securities (Private) Limited	3.54%	Aqeel Karim Dehdi Securities (Private) Limited	3.41%



26 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. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	14
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9

27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Asim Wahab Khan	Fund Manager	CFA	NBF, NFSF, NIEF, NIRIF, NISIF, NSIF, NSF

28 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 28.1]	3	2	1	74th Meeting
Syed Hasan Irtiza Kazmi [note 28.2]	3	3	-	-
Mr. Nasir Husain [note 28.3]	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar [note 28.4]	1	-	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [note 28.5]	1	1	-	-
Mr. Khalid Mansoor [note 28.6]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [note 28.7]	1	1	-	-
Mr. Saad Amanullah Khan [note 28.8]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

28.1 Mr. Saad ur Rahman Khan was appointed as the director on the Board with effect from October 4, 2019.

28.2 Syed Hasan Irtiza Kazmi was appointed as the director on the Board with effect from October 4, 2019.

28.3 Mr. Nasir Husain retired from the Board with effect from October 4, 2019.

28.4 Mr. Abdul Hadi Palekar retired from the Board with effect from October 4, 2019.

28.5 Mr. Kamal Amir Chinoy retired from the Board with effect from October 4, 2019.



28.6 Mr. Khalid Mansoor was appointed as the director on the Board with effect from October 4, 2019.

28.7 Mr. Shehryar Faruque retired from the Board with effect from October 4, 2019.

28.8 Mr. Saad Amanullah Khan was appointed as the director on the Board with effect from October 4, 2019.

29 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 17, 2020.

31 GENERAL

31.1 Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

31.2 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Time period to ensure compliance with the minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- c) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

31.3 Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the period ended June 30, 2016
Net assets at the year / period ended (Rs '000)	663,470	1,181,700	1,887,201	4,758,101	1,635,524
Net income for the year / period ended (Rs '000)	121,325	(470,602)	(633,494)	1,174,089	254,789
Net Asset Value per unit at the year / period ended (Rs)	8.7057	9.0822	11.3425	13.4187	11.3756
Offer Price per unit	N/A	N/A	N/A	N/A	N/A
Redemption Price per unit	8.7057	9.0822	11.3425	13.4187	11.3756
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	10.4495	11.8248	13.4325	14.7670	11.5964
Ex - Lowest redemption price per unit (Rs.)	6.4098	8.8814	10.5169	10.5149	9.1825
Opening Nav of Fiscal Year	8.2354	11.3425	13.2099	10.3144	9.5784
Total return of the fund	5.71%	-19.90%	-14.14%	30.10%	18.76%
Capital growth	-4.57%	-19.90%	-14.14%	16.57%	13.30%
Income distribution as % of Ex nav	10.28%	-	-	13.53%	5.46%
Income distribution as % of Par nav	8.98%	-	-	13.96%	5.23%
Distribution					
Interim distribution per unit	0.8978	-	-	1.3955	0.2022
Final distribution per unit	-	-	-	0.1883	0.3212
Distribution Dates					
Interim	24-Jun-20	-	-	19-Jun-17	29-Jun-16
Final	-	-	-	15-Sep-17	23-Sep-16
Average annual return of the fund (launch date January 18, 2016)					
(Since inception to June 30, 2020)	2.64%				
(Since inception to June 30, 2019)		1.77%			
(Since inception to June 30, 2018)			12.23%		
(Since inception to June 30, 2017)				35.01%	
(Since inception to June 30, 2016)					18.76%
Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up					



PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Islamic Active Allocation Equity Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. www.nbpfunds.com. A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND				
	Resolutions	For	Against	Abstain*
Number	4	4	Nil	N/A
(%)	100%	100%	-	-

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