

## NBP ISLAMIC MAHANA AMDANI 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

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



## **Auditors**

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 4, Scheme 5,  
Clifton, Karachi 75600, Pakistan.

## **Head Office:**

7th Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 021 (111-111-632),  
(Toll Free): 0800-20002,  
Fax: (021) 35825329  
Website: www.nbpfunds.com

## **Lahore Office:**

7-Noon Avenue, Canal Bank,  
Muslim Town, Lahore.  
UAN: 042-111-111-632  
Fax: 92-42-35861095

## **Islamabad Office:**

1st Floor, Ranjha Arcade  
Main Double Road, Gulberg Greens,  
Islamabad.  
UAN: 051-111-111-632  
Fax: 051-4859031

## **Peshawar Office:**

Opposite Gul Haji Plaza, 2nd Floor  
National Bank Building  
University Road Peshawar,  
UAN: 091-111 111 632  
Fax: 091-5703202

## **Multan Office:**

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 Management Limited is pleased to present the Second Annual Report of **NBP Islamic Mahana Amdani Fund (NIMAF)** for the year ended June 30, 2020.

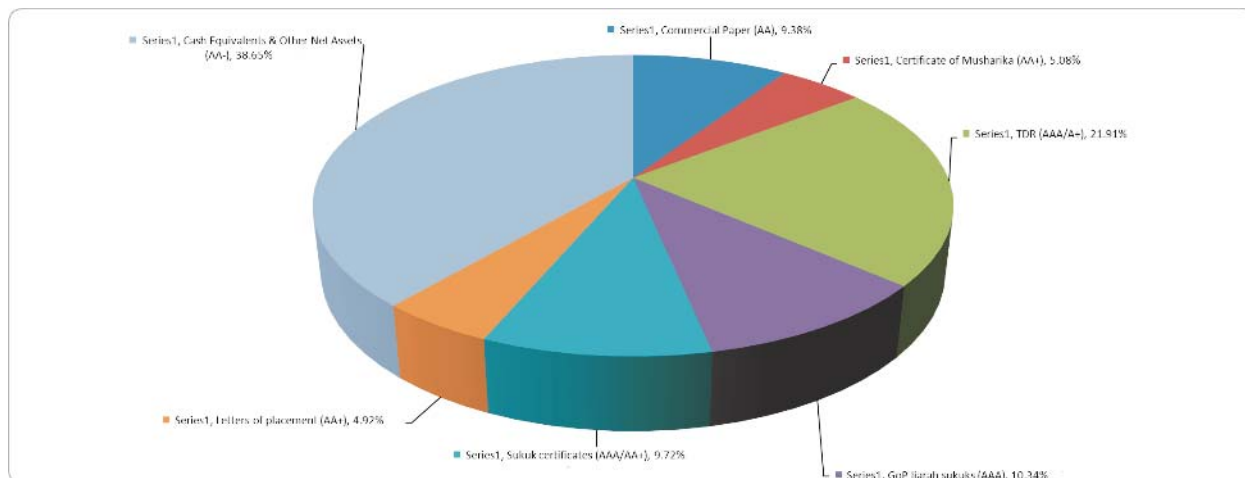
### Fund's Performance

The size of NBP Islamic Mahana Amdani Fund has significantly increased from Rs. 8,556 million to Rs. 20,313 million during the period, i.e. a notable growth of 137%. During the said period, the unit price of the Fund has increased from Rs. 9.0143 (Ex-Div) on June 30, 2019 to Rs. 10.0403 on June 30, 2020 thus posting a return of 11.3% as compared to its Benchmark return of 6.3% for the same period. The return of the Fund is net of management fee and all other expenses.

NIMAF is categorized as a Shariah Compliant Income Fund. The Fund aims to provide monthly income to investors by investing in Shariah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY 2020 compared to Rs. 12 billion in FY 2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and counter the upside risks to inflation from the exchange rate depreciation, increase in utility prices, and other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on an aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time.

The Fund has earned a total income of Rs. 2,193.003 million during the year. After deducting total expenses of Rs. 259.778 million, the net income is Rs.1,933.225 million. The asset allocation of NIMAF as on June 30, 2020 is as follows:







## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 11.08% of the opening ex-NAV (11.11% 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 auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2021.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 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, 2019, the Board included:

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



## Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of  
**NBP Fund Management Limited**

Chief Executive

Director

Date: **September 17, 2020**

Place: Karachi.



## ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز این بی پی اسلامک ماہانہ آمدنی فنڈ (NIMAF) کی دوسری سالانہ رپورٹ برائے نختہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

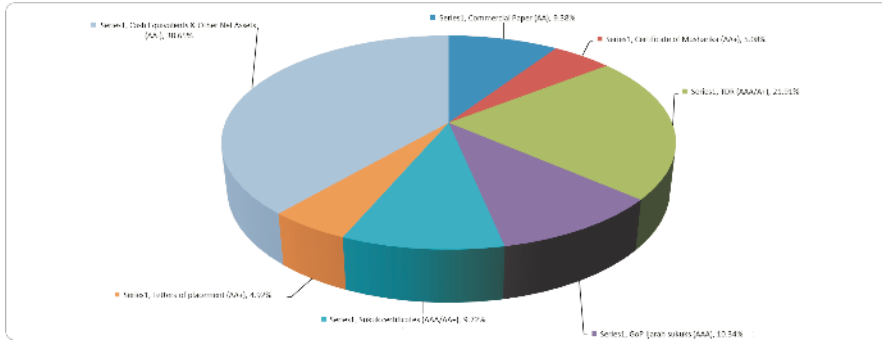
مدت کے دوران NBP اسلامک ماہانہ آمدنی فنڈ کا سائز 8,556 ملین روپے سے بڑھ کر 20,313 ملین روپے ہو گیا، یعنی قابل ذکر 137% کا اضافہ ہوا۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 9.0143 روپے (EX-Div) سے بڑھ کر 30 جون 2020 کو 10.0403 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 6.3% کے مقابلے میں 11.3% منافع درج کیا۔ فنڈ کی یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIMAF شریعت کے مطابق انکم فنڈ کے طور پر درجہ بندی کیا جاتا ہے۔ فنڈ کا مقصد شریعتی مطابقت پذیر منی مارکیٹ اور قرض کی آمد میں سرمایہ کاری کر کے سرمایہ کاروں کو ماہانہ آمدنی فراہم کرنا ہے۔ کم از کم اہل درجہ بندی-A، جبکہ فنڈ اسلامی بینکوں، اسلامی شناختی / روایتی بینکوں کی وند و آسان فراہمی کرنے کے ساتھ سرمایہ کاری کرنے کی اجازت دی جاتی ہے۔ فنڈ شریعت کے مطابق Money Market Instruments اور Debt Securities میں سرمایہ کاری کرنے کی اجازت دیتا ہے جو-A یا اس سے بہتر ہو۔ فنڈ ایکویٹیز میں سرمایہ کاری کرنے کا اختیار نہیں رکھتا۔ فنڈ کی اوسط مچھورتی گورنمنٹ سیکیورٹیز کے علاوہ 4 سال سے زائد نہیں ہے۔

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2019 میں 12 ملین روپے کے مقابلے میں تقریباً 27 ملین روپے کے مجموعی تجارتی قیمت کے ساتھ قابل ذکر 127% زیادہ رہی۔ نئے اجارہ سکوک کے ساتھ بجلی کے شعبے کو حکومت کے گارنٹی شدہ سکوک اور شریعتی کمپلیٹ کمرشل پیپرز کے اجراء نے طویل مدتی اور قلیل مدتی شریعتی کمپلیٹ ڈیٹ آلات کے زیر اثر مارکیٹ کی مدد کی۔ اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر کی وجہ (ii) زرمبادلہ کی شرح گراؤ، (ii) پوٹی لیٹی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 سال میں کئے گئے دیگر اقدامات، کے باعث پیدا ہونے والے خطرات کا مقابلہ کرنے کیلئے اسٹیٹ بینک آف پاکستان نے جولائی 2019 میں پالیسی کی شرح 100bps سے بڑھا کر 13.25 فیصد کر دی۔ طویل وقفے کے بعد، اسٹیٹ بینک آف پاکستان نے 17 مارچ، 2020 کو منعقدہ اپنے MPC اجلاس میں پالیسی کی شرح کو 25bps سے کم کر دیا۔ معیشت کو کورونا وائرس کے اثرات سے نجات دلانے کے لئے، اسٹیٹ بینک آف پاکستان نے جارحانہ مانیٹری پالیسی میں آسانی پیدا کی اور مختصر مدت میں پالیسی کی شرح میں 625bps سے کم کر کے 7 فیصد کر دی۔

فنڈ نے موجودہ مدت کے دوران 2,193,003 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 259,778 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 1,933,225 ملین روپے ہے۔

30 جون 2020 کو این بی پی اسلامک ماہانہ آمدنی فنڈ کی ایٹ بلیویشن حسب ذیل ہے:



### آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 11.08% (بنیادی قدر کا 11.11%) عبوری فنڈ پوڈینڈ منظور کیا 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 شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

### آڈیٹرز

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

## لسٹ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی بیرونی میں ڈائریکٹرز اسٹیٹمنٹ

- 1 مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ 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 بیرونی کی گئی ہے۔ شمار یا تی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی 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 روائ دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیبل / اہم مالیاتی ڈیناس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران مینجمنٹ 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 بیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز سے ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

نام	کمپنی
•1 جناب خالد منصور	غیر جانبدار ڈائریکٹرز
•2 جناب سعدا مان اللہ خان	
•3 جناب ہمایوں بشیر	
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیرمین)	نان ایگزیکٹو ڈائریکٹرز
•2 جناب سعدا رحمان خان	
•3 جناب سید حسن ارتضیٰ کاظمی	
•4 جناب علی سیگل	
•5 جناب عمران ظفر	

### 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**

چیف ایگزیکٹو

ڈائریکٹر

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 Mahana Amdani 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 Mahana Amdani Fund

NBP Islamic Mahana Amdani Fund (NIMAF) is an Open-End Shariah Compliant Income Fund.

### Investment Objective of the Fund

To provide monthly income to investors by investing in Shariah Compliant money market and debt avenues.

### Benchmark

6-month average deposit rates of three A rated Islamic Banks / Islamic windows of conventional banks as selected by MUFAP.

### Fund Performance Review

This is the Second Annual report since the launch of the Fund on October 06, 2018. The Fund size increased significantly by 137% during the year and stands at Rs. 20,313 million as of June 30, 2020. Since its inception, the Fund has earned an annualized return of 10.7% versus the benchmark return of 5.4%, thus registering an outperformance of 5.3% p.a. This outperformance is net of management fee and other expenses.

NIMAF aims to provide monthly income to investors by investing in Shariah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches/windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

Trading activity in Corporate Sukuks witnessed a notable increase of 127% with a cumulative traded value of around Rs. 27 billion in FY 2020 compared to Rs. 12 billion in FY 2019. Fresh issuance of Ijara Sukuk coupled with the issuance of government-guaranteed energy sector Sukuk and Shariah Compliant Commercial Papers helped the undersupplied market for long-term and short-term shariah-compliant debt instruments. Building on the ongoing economic stabilization policies and counter the upside risks to inflation from the exchange rate depreciation, increase in utility prices, and other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on an aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time.

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

Particulars	30-Jun-20	30-Jun-19
Commercial Paper	9.38%	3.35%
Sukuks	9.72%	3.92%
GOP Ijarah Sukuks	10.34%	-
Term Deposit Receipts	21.91%	14.84%
Letter of Placement	4.92%	-
Certificate of Musharika	5.08%	
Cash Equivalents & Other Assets	38.65%	77.89%
<b>Total</b>	<b>100%</b>	<b>100%</b>





## Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
July - 19	0.968%	10.1189	10.0221
June - 20	10.14%	11.0360	10.0221

## Unit Holding Pattern of NBP Islamic Mahana Amdani Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	411
1-1000	1,777
1001-5000	1,388
5001-10000	937
10001-50000	4,088
50001-100000	2,259
100001-500000	3,041
500001-1000000	360
1000001-5000000	189
5000001-10000000	11
10000001-100000000	12
<b>Total</b>	<b>14,473</b>

## During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Mahana Amdani Fund does not have any soft commission arrangement with any broker in the industry.

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 42.99 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.0213 / 0.24%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



## STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

**NBP Islamic Mahana Amdani 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 Second year of the operations of NBP Islamic Mahana Amdani Fund (NIMAF). This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

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

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

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

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

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

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



## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Mahana Amdani Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Islamic Mahana Amdani 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	<b>Net Asset Value</b> (Refer notes 4 and 5 to the annexed financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2020 amounted to Rs. 8,080.669 million and Rs. 12,462.361 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>tested the design and operating effectiveness of the key controls for valuation of investments.</li> <li>obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2020 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.</li> <li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> <li>obtained approval of the Board of Directors of the Management Company in relation to opening of bank accounts.</li> <li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>



## Other Information

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

**A.F. Ferguson & Co.**  
Chartered Accountants  
Karachi  
Date: September 29, 2020





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

	2020	2019
Note	-----Rupees in '000-----	
<b>Assets</b>		
Bank balances	4 <b>8,080,669</b>	6,633,350
Investments	5 <b>12,462,361</b>	1,891,327
Profit receivable	6 <b>157,230</b>	62,027
Deposits, prepayments and other receivables	7 <b>2,979</b>	2,836
Receivable against sale of units	<b>47,125</b>	-
Preliminary expenses and floatation costs	8 <b>656</b>	857
<b>Total assets</b>	<b>20,751,020</b>	8,590,397
<b>Liabilities</b>		
Payable to NBP Fund Management Limited - the Management Company	9 <b>60,796</b>	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	10 <b>1,568</b>	608
Payable to the Securities and Exchange Commission of Pakistan	11 <b>3,788</b>	1,259
Payable against redemption of units	<b>121,571</b>	1,556
Accrued expenses and other liabilities	12 <b>250,023</b>	12,202
<b>Total liabilities</b>	<b>437,746</b>	34,625
<b>NET ASSETS</b>	<b>20,313,274</b>	8,555,772
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>20,313,274</b>	8,555,772
<b>CONTINGENCIES AND COMMITMENTS</b>	13	
	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	14 <b>2,023,181,378</b>	853,643,044
	-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	<b>10.0403</b>	10.0227

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

	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
Note	----- Rupees in '000 -----	
<b>Income</b>		
Profit on savings accounts	1,701,765	165,466
Income on term deposit receipts	245,340	11,878
Income on sukuk certificates	64,207	10,070
Income on commercial papers	223,947	11,751
Income on letters of placement	4,518	-
Income on certificates of musharakah	48,184	-
Loss on sale of investments - net	(58,444)	-
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.7 (36,515)	-
<b>Total income</b>	<b>2,193,002</b>	<b>199,165</b>
<b>Expenses</b>		
Remuneration of NBP Fund Management Limited - the Management Company	9.1 40,012	13,473
Sindh Sales Tax on remuneration of the Management Company	9.2 5,202	1,752
Allocated expenses	9.3 18,940	1,679
Selling and marketing expenses	9.4 130,703	-
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1 14,205	1,819
Sindh Sales Tax on remuneration of the Trustee	10.2 1,847	236
Annual fees to the Securities and Exchange Commission of Pakistan	11.1 3,788	1,259
Amortisation of preliminary expenses and floatation costs	8 201	147
Settlement and bank charges	1,651	527
Auditors' remuneration	15 660	496
Annual rating fee	169	100
Shariah advisory fee	2,776	307
Listing fee	28	20
Printing charges	101	31
Legal and professional charges	40	70
<b>Total operating expenses</b>	<b>220,323</b>	<b>21,916</b>
<b>Net income from operating activities</b>	<b>1,972,679</b>	<b>177,249</b>
Provision against Sindh Workers' Welfare Fund	12.1 (39,454)	(3,545)
<b>Net profit for the year / period before taxation</b>	<b>1,933,225</b>	<b>173,704</b>
Taxation	17 -	-
<b>Net profit for the year / period after taxation</b>	<b>1,933,225</b>	<b>173,704</b>
<b>Earnings per unit</b>	18	
<b>Allocation of net income for the year / period</b>		
Net income for the year / period after taxation	1,933,225	173,704
Income already paid on units redeemed	(1,023,678)	(23,116)
	<b>909,547</b>	<b>150,588</b>
<b>Accounting income available for distribution</b>		
- Relating to capital gains	-	-
- Excluding capital gains	909,547	150,588
	<b>909,547</b>	<b>150,588</b>

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 30 JUNE 2020

	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
	----- Rupees in '000 -----	
<b>Net profit for the year / period after taxation</b>	1,933,225	173,704
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the year / period</b>	<u>1,933,225</u>	<u>173,704</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 30 JUNE 2020

	For the year ended June 30, 2020			For the period from October 07, 2018 to June 30, 2019		
	Capital value	Undistributed profit	Total	Capital value	Undistributed profit	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year / period	8,538,068	17,704	8,555,772	-	-	-
Issuance of 6,213,551,382 units (2019: 1,319,194,788 units)						
- Capital value (at ex-net asset value per unit)	62,272,833	-	62,272,833	13,191,956	-	13,191,956
- Element of income	3,188,935	-	3,188,935	38,313	-	38,313
Total proceeds on issuance of units	65,461,768	-	65,461,768	13,230,269	-	13,230,269
Redemption of 5,044,013,048 units (2019: 465,551,744 units)						
- Capital value (at ex-net asset value per unit)	(50,551,603)	-	(50,551,603)	(4,655,611)	-	(4,655,611)
- Element of loss	(2,151,798)	(1,023,678)	(3,175,476)	(5,902)	(23,116)	(29,018)
Total payments on redemption of units	(52,703,401)	(1,023,678)	(53,727,079)	(4,661,513)	(23,116)	(4,684,629)
Total comprehensive income for the year / period	-	1,933,225	1,933,225	-	173,704	173,704
Distribution for the year ended June 30, 2020						
@ Re. 0.0968 per unit on July 30, 2019	(13,911)	(58,470)	(72,381)	-	-	-
@ Re. 1.0139 per unit on June 26, 2020	(1,024,163)	(813,349)	(1,837,512)	-	-	-
	(1,038,074)	(871,819)	(1,909,893)	-	-	-
Cash distribution for the period from October 07, 2018 to June 30, 2019						
- @ Re. 0.0464 per unit (date of declaration: October 29, 2018)	-	-	-	(110)	(547)	(657)
- @ Re. 0.0627 per unit (date of declaration: on November 28, 2018)	-	-	-	(121)	(891)	(1,012)
- @ Re. 0.0727 per unit (date of declaration: on December 28, 2018)	-	-	-	(576)	(1,367)	(1,943)
- @ Re. 0.0789 per unit (date of declaration: on January 28, 2019)	-	-	-	(2,843)	(3,259)	(6,102)
- @ Re. 0.0756 per unit (date of declaration: on February 26, 2019)	-	-	-	(3,705)	(8,856)	(12,561)
- @ Re. 0.0792 per unit (date of declaration: on March 28, 2019)	-	-	-	(5,479)	(17,548)	(23,027)
- @ Re. 0.0822 per unit (date of declaration: on April 27, 2019)	-	-	-	(5,010)	(26,910)	(31,920)
- @ Re. 0.0864 per unit (date of declaration: on May 28, 2019)	-	-	-	(5,414)	(33,858)	(39,272)
- @ Re. 0.0830 per unit (date of declaration: on June 24, 2019)	-	-	-	(7,430)	(39,648)	(47,078)
- @ Re. 0.0006 per unit (declared on July 19, 2019)	-	(519)	(519)	-	-	-
	-	(519)	(519)	(30,688)	(132,884)	(163,572)
<b>Net assets at the end of the year / period</b>	<b>20,258,361</b>	<b>54,913</b>	<b>20,313,274</b>	<b>8,538,068</b>	<b>17,704</b>	<b>8,555,772</b>
Undistributed income brought forward						
- Realised income		17,704			-	
- Unrealised income		-			-	
		17,704			-	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains	909,547			150,588		
	909,547			150,588		
Total distribution during the year / period		(872,338)			(132,884)	
Undistributed income carried forward		54,913			17,704	
Undistributed income carried forward						
- Realised income		91,428			17,704	
- Unrealised loss		(36,515)			-	
		54,913			17,704	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the period			10.0227			10.0000
Net assets value per unit at the end of the year / period			10.0403			10.0227

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 30 JUNE 2020

	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
Note ----- Rupees in '000 -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year / period before taxation	1,933,225	173,704
<b>Adjustments for:</b>		
Profit on savings accounts	(1,701,765)	(165,466)
Income on term deposit receipts	(245,340)	(11,878)
Income on sukuk certificates	(64,207)	(10,070)
Income on commercial papers	(223,947)	(11,751)
Income on letters of placement	(4,518)	-
Income on certificates of musharakah	(48,184)	-
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	36,515	-
Amortisation of preliminary expenses and floatation costs	201	147
	8 (2,251,245)	(199,018)
<b>Increase in assets</b>		
Investments	(6,395,776)	(621,327)
Preliminary and floatation costs	-	(1,004)
Deposits, prepayments and other receivables	(143)	(2,836)
	(6,395,919)	(625,167)
<b>Increase in liabilities</b>		
Payable to NBP Fund Management Limited - the Management Company	41,796	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	960	608
Payable to the Securities and Exchange Commission of Pakistan	2,529	1,259
Accrued expenses and other liabilities	237,821	13,758
	283,106	34,625
Profit received	2,192,758	137,138
<b>Net cash (used in) operating activities</b>	<b>(4,238,075)</b>	<b>(478,718)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units - net of refund of element	64,376,569	13,199,581
Net payments against redemption of units	(53,607,064)	(4,684,629)
Distribution paid	(872,338)	(132,884)
<b>Net cash generated from financing activities</b>	<b>9,897,167</b>	<b>8,382,068</b>
<b>Net decrease in cash and cash equivalents</b>	<b>5,659,092</b>	<b>7,903,350</b>
Cash and cash equivalents at the beginning of the year / period	7,903,350	-
<b>Cash and cash equivalents at the end of the year / period</b>	<b>13,562,442</b>	<b>7,903,350</b>
	20	

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 30 JUNE 2020

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Mahana Amdani Fund (the Fund) is an open end mutual fund constituted under a trust deed entered into on October 09, 2018 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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

The Fund has been categorised as an open ended 'Shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs.10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from October 07, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant money market and debt securities.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 to the Management Company as at June 24, 2020. The Fund has been rated A(f) with stable outlook as at April 17, 2020.

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

#### 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 annual 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 to published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

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

The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

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

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the published 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 12.1) and provision for taxation (notes 3.13 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 Pakistan Rupee, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

### 3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts 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 Debt instruments

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

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVTPL) based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

#### 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 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

#### 3.3.5 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.

#### 3.3.6 Derecognition

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



## 3.4 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 expires. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

## 3.5 Offsetting of financial assets and financial liabilities

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

## 3.6 Provisions

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

## 3.7 Net asset value per unit

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

## 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application 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 of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

## 3.9 Distributions to unit holders

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

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

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

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



### 3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the year in which these arise.
- Profit on bank balances, term deposit receipts, certificates of musharakah and letters of placement is recognised on an accrual basis.
- Income from investments in sukuks and commercial papers is recognised on an accrual basis using effective interest rate method.

### 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 Taxation

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.14 Earnings / (loss) per unit

Earnings 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 earnings per unit is not practicable as disclosed in note 18.

### 3.15 Foreign currency translation

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

### 3.16 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.

## 4 BANK BALANCES

	Note	2020	2019
----- Rupees in '000 -----			
Balances with banks in:			
Savings accounts	4.1	8,030,575	6,616,900
Current accounts		50,094	16,450
		<u>8,080,669</u>	<u>6,633,350</u>

- 4.1 These include a balance of Rs 7.567 million (2019: Rs 831 million) maintained with BankIslami Pakistan Limited (a related party) and balances of 7.722 million (2019: Rs 1.063 million) with National Bank of Pakistan Limited (a related party) that carry profit at the rate of 7.25% (2019: 13.50%) per annum and 4.50% (2019: 8%) per annum respectively. Other savings accounts of the Fund carry profit rates ranging from 4.50% to 8.75% per annum (2019: 13% to 13.85%).



## 5 INVESTMENTS

	Note	2020	2019
----- Rupees in '000 -----			
<b>At fair value through profit or loss</b>			
GoP Ijarah sukuku	5.1	2,099,535	-
Sukuk certificates	5.2	1,975,000	335,000
Letters of placement	5.3	1,000,344	-
Commercial paper	5.4	1,905,709	286,327
Term deposit receipts	5.5	4,450,000	1,270,000
Certificates of musharakah	5.6	1,031,773	-
		<b>12,462,361</b>	<b>1,891,327</b>

### 5.1 GoP Ijarah sukuku

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
											Number of certificates	(Rupees in '000)
											----- % -----	----- % -----
GoP Ijarah Sukuk Certificates - XX	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	-	46,715	33,340	13,375	1,337,500	1,297,375	(40,125)	6.39%	10.41%
GoP Ijarah Sukuk Certificates - XXI	Semi-annually	May 25, 2025	Weighted average 6 months T-Bills	-	11,625	3,625	8,000	798,550	802,160	3,610	3.95%	6.44%
<b>Total as at June 30, 2020</b>								<b>2,136,050</b>	<b>2,099,535</b>	<b>(36,515)</b>	<b>10.34%</b>	<b>16.85%</b>
<b>Total as at June 30, 2019</b>								-	-	-	-	-

5.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

### 5.2 Sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
											Number of certificates	(Rupees in '000)
											----- % -----	----- % -----
<b>POWER GENERATION AND DISTRIBUTION</b>												
Hub Power Company Limited (AA+, PACRA, traded) (related party) (Face value of 100,000 per certificate)	Semi-annually	October 2, 2019	6 months KIBOR plus base rate of 1.50%	3,350	-	3,350	-	-	-	-	-	-
Hub Power Company Limited (AA+, PACRA, traded) (related party) (Face value of 100,000 per certificate)	Semi-annually	November 19, 2020	6 months KIBOR plus base rate of 1.50%	-	6,750	-	6,750	675,000	675,000	-	3.32%	5.42%
Pakistan Energy Sukuk-II (Face value of 5,000 per certificate)	Semi-annually / At maturity	May 21, 2030	6 months KIBOR plus base rate of 0.10%	-	260,000	-	260,000	1,300,000	1,300,000	-	6.40%	10.43%
<b>Total as at June 30, 2020</b>								<b>1,975,000</b>	<b>1,975,000</b>	<b>-</b>	<b>9.72%</b>	<b>15.85%</b>
<b>Total as at June 30, 2019</b>								<b>335,000</b>	<b>335,000</b>	<b>-</b>	<b>3.92%</b>	<b>17.71%</b>

5.2.1 Sukuk certificates of Power Holding Limited (Pakistan Energy Sukuk II) are carried at their cost as they are not valued by MUFAP / at PKISRV.



## 5.3 Letters of placement

Name of Investee Company	Amount placed (Rupees in '000)			Rupees in '000		Market value as a percentage of total investments	Market value as a percentage of net assets	
	As at July 01, 2019	Placed during the year	Matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020			Market value as at June 30, 2020
Pak Brunei Investment Company Limited	-	1,000,344	-	1,000,344	1,000,344	1,000,344	8.03%	4.92%
<b>Total as at June 30, 2020</b>					<b>1,000,344</b>	<b>1,000,344</b>	<b>8.03%</b>	<b>4.92%</b>
<b>Total as at June 30, 2019</b>					-	-	-	-

----- Percentage -----

5.3.1 This carries profit at the rate of 7.85% per annum and is due to mature by December 9, 2020.

## 5.4 Commercial paper

Name of Investee Company	Face value (Rupees in '000)			Rupees in '000		Market value as a percentage of total investments	Market value as a percentage of net assets	
	As at July 1, 2019	Purchased during the year	Disposed of / matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020			Market value as at June 30, 2020
Hascol Petroleum Limited CP-A (A-1, VIS)	61,000	-	61,000	-	-	-	-	
K-Electric Limited CP-1 (A-1+, VIS)	230,000	-	230,000	-	-	-	-	
K-Electric Limited CP-A (A-1+, VIS)	-	1,125,000	1,125,000	-	-	-	-	
K-Electric Limited CP-3 (A-1+, VIS)	-	1,175,000	1,175,000	-	-	-	-	
K-Electric Limited CP-5 (A-1+, VIS)	-	432,000	-	432,000	424,895	424,895	3.41%	2.09%
K-Electric Limited CP-6 (A-1+, VIS)	-	644,000	-	644,000	630,519	630,519	5.06%	3.10%
K-Electric Limited CP-7 (A-1+, VIS)	-	350,000	-	350,000	341,311	341,311	2.74%	1.68%
K-Electric Limited CP-8 (A-1+, VIS)	-	525,000	-	525,000	508,984	508,984	4.08%	2.51%
<b>Total as at June 30, 2020</b>					<b>1,905,709</b>	<b>1,905,709</b>	<b>15.29%</b>	<b>9.38%</b>
<b>Total as at June 30, 2019</b>					<b>286,327</b>	<b>286,327</b>	<b>15.14%</b>	<b>3.35%</b>

----- % -----





5.4.1 These carry yield ranging from 12.18% to 14.64% per annum and are due to mature latest by October 6, 2020.

## 5.5 Term deposit receipts

Name of the security	Issue date	Profit rate	As at July 1, 2020	Purchased during the period	Matured during the period	As at June 30, 2020	Carrying value 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
----- Rupees in '000 ----- % -----										
BankIslami Pakistan Limited - a related party	June 3, 2019	13.00%	100,000	-	100,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	June 28, 2019	13.60%	1,170,000	-	1,170,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	July 29, 2019	13.60%	-	1,350,000	1,350,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	August 29, 2019	13.60%	-	1,650,000	1,650,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	September 27, 2019	13.65%	-	1,890,000	1,890,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 3, 2019	13.65%	-	227,000	227,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 17, 2019	13.65%	-	100,000	100,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 22, 2019	13.65%	-	90,000	90,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 23, 2019	13.65%	-	60,000	60,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 24, 2019	13.65%	-	30,000	30,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 25, 2019	13.65%	-	50,000	50,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 28, 2019	13.50%	-	2,176,033	2,176,033	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 29, 2019	13.50%	-	48,000	48,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	October 31, 2019	13.50%	-	22,000	22,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	November 1, 2019	13.25%	-	220,000	220,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	November 26, 2019	13.00%	-	165,000	165,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	November 28, 2019	13.00%	-	2,230,000	2,230,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	December 30, 2019	13.35%	-	1,000,000	1,000,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	December 31, 2019	13.35%	-	250,000	250,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	January 20, 2020	13.35%	-	1,731,000	1,731,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	January 30, 2020	13.35%	-	1,346,500	1,346,500	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 7, 2020	12.75%	-	90,000	90,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 14, 2020	12.75%	-	300,000	300,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 17, 2020	12.75%	-	75,000	75,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 20, 2020	12.75%	-	1,780,000	1,780,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 24, 2020	12.75%	-	45,000	45,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 28, 2020	12.75%	-	80,000	80,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	June 30, 2020	7.00%	-	1,000,000	-	1,000,000	1,000,000	1,000,000	8.02%	4.92%
UBL Ameen Islamic Banking	May 5, 2020	7.75%	-	3,585,000	3,585,000	-	-	-	-	-
UBL Ameen Islamic Banking	June 5, 2020	7.50%	-	2,500,000	-	2,500,000	2,500,000	2,500,000	20.06%	12.31%
UBL Ameen Islamic Banking	June 15, 2020	7.50%	-	950,000	-	950,000	950,000	950,000	7.62%	4.68%
<b>Total as at June 30, 2020</b>							<b>4,450,000</b>	<b>4,450,000</b>	<b>35.70%</b>	<b>21.91%</b>
<b>Total as at June 30, 2019</b>							<b>1,270,000</b>	<b>1,270,000</b>	<b>66.15%</b>	<b>14.84%</b>



5.5.1 These carry profit at the rate of 7.5% per annum and are due to mature latest by July 15, 2020.

## 5.6 Certificates of Musharakah

Name of the investee company	Maturity date	Profit rate	As at July 1, 2019	Placed during the year	Matured during the year	As at June 30, 2020	Percentage in relation to	
							Net assets of the Fund	Total market value of investment
		%	----- (Rupees in '000) -----				----- % -----	
First Habib Modaraba	April 23, 2020	11.1% - 13.35%	-	500,000	500,000	-	-	-
First Habib Modaraba	April 28, 2020	11.1% - 13.35%	-	500,000	500,000	-	-	-
First Habib Modaraba	July 23, 2020	8%-11.10%	-	515,781	-	515,781	2.54%	4.14%
First Habib Modaraba	July 28, 2020	8%-11.10%	-	515,992	-	515,992	2.54%	4.14%
<b>Total as at June 30, 2020</b>			-	<b>2,031,773</b>	<b>1,000,000</b>	<b>1,031,773</b>	<b>5.08%</b>	<b>8.28%</b>

Total as at June 30, 2019

- - -

## 5.7 Net unrealised 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, 5.2, 5.3, 5.4, 5.5 & 5.6	12,462,361	1,891,327
Carrying value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	12,498,876	(1,891,327)
		<u>(36,515)</u>	<u>-</u>

## 6 PROFIT RECEIVABLE

Profit receivable on:

Bank balances	80,022	59,354
Sukuk certificates	11,711	384
GoP Ijarah sukuks	28,226	-
Letters of placement	4,518	-
Certificates of musharakah	16,411	-
Term deposit receipts	16,342	2,289
	<u>157,230</u>	<u>62,027</u>

## 7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	7.1	2,787	2,664
Prepaid mutual fund rating fee		89	69
Security deposit with Central Depository Company of Pakistan Limited *		103	103
		<u>2,979</u>	<u>2,836</u>

\* related party balance

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 profit on bank deposit and debt securities paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on profit on bank deposits amounts to Rs. 2.787 million (2019: 2.664 million).



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

	Note	2020 -----Rupees in '000-----	2019
<b>8 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
At the beginning of the year / period		857	1,004
Less: amortisation during the year / period	8.1	(201)	(147)
At the end of the year / period		<u>656</u>	<u>857</u>

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

	Note	2020 -----Rupees in '000-----	2019
<b>9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>			
Payable against formation cost		1,004	1,004
Remuneration payable to the Management Company	9.1	3,829	5,069
Sindh sales tax payable on remuneration of the Management Company	9.2	498	659
Allocated expense payable	9.3	6,485	1,639
Selling and marketing expense payable	9.4	45,392	-
Sales load payable to management company		2,322	8,438
Transfer load payable		776	891
Other payable to the Management Company		80	80
Sindh sales tax payable on sales load		410	1,220
		<u>60,796</u>	<u>19,000</u>

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration 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
7% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets	1.5% of net income of the Fund subject to floor and capping of 0.2% and 1.5% per annum of average annual net assets	7% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets

The remuneration is payable to the Management Company monthly in arrears.



**9.2** During the year / period, an amount of Rs. 5.202 million (2019: Rs 1.752 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2019: 13%).

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

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

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

**9.4** The SECP has allowed the Asset Management Companies 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 the maximum cap of 0.4% per annum of the 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% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has currently determined a capping of 0.7% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board of Directors of the Management Company.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2020	2019
			-----Rupees in '000-----	
	Trustee fee payable	10.1	1,388	538
	Sindh sales tax payable on trustee fee	10.2	180	70
			<u>1,568</u>	<u>608</u>

**10.1** 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	
- upto Rs 1,000 million	0.17% per annum of net assets	0.075% per annum of net assets
- on an amount from Rs 1,000 million to Rs 5,000 million	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1000 million	
- over 5,000 million	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5,000 million	

**10.2** During the year / period, an amount of Rs 1.847 million (2019: Rs 0.236 million) was charged on account of Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2020	2019
			-----Rupees in '000-----	
	Annual fee payable	11.1	<u>3,788</u>	<u>1,259</u>



- 11.1** In accordance with the NBFC Regulations 2008, 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 income funds was 0.075%. Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% of net assets during the current year.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
			-----Rupees in '000-----	
	Auditors' remuneration		461	366
	Legal fee		110	70
	Settlement and bank charges		196	20
	Printing charges		38	20
	Provision for Sindh Workers' Welfare Fund	12.1	42,999	3,545
	Shariah advisory fee		2,795	307
	Withholding tax payable		203,424	7,874
			<u>250,023</u>	<u>12,202</u>

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh in May 2015 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.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from October 7, 2018 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.021 per unit (2019: Re 0.004).

## 13 CONTINGENCIES AND COMMITMENTS

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

14	NUMBER OF UNITS IN ISSUE	2020	2019
		-----Number of units-----	
	Total units in issue at the beginning of the year / period	853,643,044	-
	Units issued during the year / period	6,213,551,382	1,319,194,788
	Less: units redeemed during the year / period	(5,044,013,048)	(465,551,744)
	Total units in issue at the end of the year / period	<u>2,023,181,378</u>	<u>853,643,044</u>



	2020	2019
	-----Number of units-----	
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	398	270
Half yearly review	125	131
Other certification	81	84
Out of pocket expense	56	11
	660	496

**16 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.37% (2019: 1.49%) which includes 0.27% (2019: 0.39%) representing government levies on the Fund such as provision against SWWF, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Shariah compliant income 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% 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% 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 the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the year.

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.

**18 EARNINGS PER UNIT**

Earnings 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 and the Trust Deed.

**19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

**19.5** Allocated expenses 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 the transactions with related parties / connected persons during the year / period are as follows:



	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
	-----Rupees in '000-----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of NBP Fund Management Limited - the Management Company	40,012	13,473
Sindh Sales Tax on remuneration of the Management Company	5,202	1,752
Allocated expenses	18,940	1,679
Selling and marketing expenses	130,703	-
Amortisation of preliminary expenses and floatation costs	201	147
Sales and transfer load during the year / period	136,712	41,784
Issuance of Nil (2019: 15,326,819) units	-	153,268
Units Redeemed Nil (2019: 15,326,819)	-	153,831
<b>Key management personnel of the Management Company</b>		
Dividend re-investment of 225,825 (2019: Nil) units	2,264	-
Issuance of 52,423,987 (2019: 10,930,659) units	549,348	109,435
Redemption of 49,553,747 (2019: 8,785,496) units	526,653	88,212
<b>Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary</b>		
Dividend re-investment of 1,181 (2019: Nil) units	12	-
Issuance of 288,529 (2019: 423,330) units	3,051	4,236
Redemption of 246,047 (2019: 420,173) units	2,644	4,220
<b>Imran Zaffar - Director</b>		
Dividend re-investment of 13,110 (2019: Nil) units	131	-
Issuance of Nil (2019: 2,066,964) units	-	20,669
Redemption of 2,078,071 (2019: Nil) units	21,608	-
<b>Fauji Fertilizer Company Limited - common directorship *</b>		
Issuance of 12,937,769 (2019: Nil) units	130,000	-
Redemption of 12,937,769 (2019: Nil) units	130,085	-
<b>Portfolio managed by the Management Company</b>		
Dividend re-investment of 388,041 (2019: Nil) units	3,891	-
Units issued / transferred in 67,575,699 (2019: 2,512,826) units	699,011	25,189
Units redeemed / transferred out 31,123,596 (2019: 1,507,087) units	339,123	15,187
<b>Dr Amjad Waheed - Chief Executive Officer *</b>		
Issuance of 1,414,249 (2019: Nil) units	14,929	-
Redemption of 1,414,249 (2019: Nil) units	14,982	-
<b>Khalid Mehmood - Chief Financial Officer</b>		
Dividend Re-invest Units Issued 2,354 (2019: Nil)	24	-
Units Issued / Transferred In 147,735 (2019: 281,720)	1,513	2,817
Units Redeemed / Transferred Out 430,482 (2019: Nil)	4,502	-
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of the Trustee	14,205	1,819
Sindh sales tax on remuneration of the Trustee	1,847	236
Settlement Charges	6	-
<b>Bulk Management Pakistan Private Limited - unit holder with more than 10% holding **</b>		
Units issued Nil (2019: 89,415,527)	-	894,701





	For the year ended June 30, 2020	For the period from October 07, 2018 to June 30, 2019
	-----Rupees in '000-----	
<b>BankIslami Pakistan Limited - common directorship</b>		
Profit on savings account	604,570	50,951
Income from term deposit receipts	205,593	11,878
Placement of Term Deposit Receipts	18,005,533	-
Purchase of GoP Ijarah sukuks	3,637,500	-
<b>National Bank of Pakistan Limited - parent company</b>		
Profit on savings account	419	10
<b>NBP Financial Sector Income Fund</b>		
Purchase of commercial paper (K-Electric Limited)	96,989	-
<b>NBP Riba Free Savings Fund</b>		
Purchase of commercial paper (K-Electric Limited)	388,056	-
<b>NBP Islamic Daily Dividend Fund</b>		
Purchase of commercial paper (K-Electric Limited)	99,147	-
<b>The Hub Power Company Limited - common directorship</b>		
Purchase of sukuk certificates	675,000	-
Profit on sukuk certificates	19,542	-
<b>NBP Islamic Sarmaya Izafa Fund</b>		
Sale of GoP Ijarah sukuks	193,476	-
<b>Pakistan Stock Exchange Limited - common directorship *</b>		
Listing Fee paid	25	-
	<b>2020</b>	<b>2019</b>
	-----Rupees in '000-----	
<b>19.7 Amounts / balances outstanding as at year / period end:</b>		
<b>NBP Fund Management Limited - the Management Company</b>		
Payable against formation cost	1,004	1,004
Remuneration payable to the Management Company	3,829	5,069
Sales load payable to management company	2,322	8,438
Transfer load payable	776	891
Other payable to the Management Company	80	80
Sindh sales tax payable on remuneration of the Management Company	498	659
Sindh sales tax payable on sales load	410	1,220
Allocated expense payable	6,485	1,639
Selling and marketing expense payable	45,392	-
<b>Key management personnel of the Management Company</b>		
Units issued 7,636,562 (2019: 2,145,163)	76,673	21,500
<b>Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary</b>		
Units issued 71,721 (2019: 3,157)	720	32
<b>Imran Zaffar - Director</b>		
Units issued 2,003 (2019: 2,066,964)	20	20,717





	2020	2019
	-----Rupees in '000-----	
<b>Portfolio managed by the Management Company</b>		
Units issued 36,840,143 (2019: 1,005,739)	369,885	10,080
<b>Khalid Mehmood - Chief Financial Officer</b>		
Units issued 1,327 (2019: 281,720)	13	2,824
<b>Bulk Management Pakistan Private Limited - unit holder with more than 10% holding **</b>		
Units issued Nil (2019: 89,415,527)	-	896,185
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration payable	1,388	538
Sindh sales tax on remuneration of the Trustee	180	70
Security deposit	103	103
<b>BankIslami Pakistan Limited - common directorship</b>		
Balance with bank including term deposit receipts	1,007,567	2,100,857
Profit receivable including term deposit receipts	903	17,199
<b>Summit Bank Limited - common directorship **</b>		
Balance with bank	-	3,096
<b>The Hub Power Company Limited - common directorship</b>		
Sukuk certificates	675,000	335,000
Profit receivable on sukuk certificates	7,626	384
<b>National Bank of Pakistan Limited - parent company</b>		
Balance with bank	7,722	1,063
Profit receivable	13	8

\* Prior year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2019.

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

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

20	Note	2020	2019
		-----Rupees in '000-----	
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	4	8,080,669	6,633,350
Term deposit receipts	5.5	4,450,000	1,270,000
Certificates of musharakah	5.6	1,031,773	-
		13,562,442	7,903,350



## 21 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Bank balances	-	8,080,669	8,080,669
Investments	12,462,361	-	12,462,361
Profit receivable	-	157,230	157,230
Deposits	-	103	103
Receivable against sale of units	-	47,125	47,125
	<u>12,462,361</u>	<u>8,285,127</u>	<u>20,747,488</u>

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	8,080,669	8,080,669
12,462,361	-	12,462,361
-	157,230	157,230
-	103	103
-	47,125	47,125
<u>12,462,361</u>	<u>8,285,127</u>	<u>20,747,488</u>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	60,796	60,796
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	1,568	1,568
Payable against redemption of units	-	121,571	121,571
Accrued expenses and other liabilities	-	3,600	3,600
	<u>-</u>	<u>187,535</u>	<u>187,535</u>

June 30, 2020		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	60,796	60,796
-	1,568	1,568
-	121,571	121,571
-	3,600	3,600
<u>-</u>	<u>187,535</u>	<u>187,535</u>

### Financial assets

Bank balances	-	6,633,350	6,633,350
Investments	1,891,327	-	1,891,327
Profit receivable	-	62,027	62,027
Deposits	-	103	103
	<u>1,891,327</u>	<u>6,695,480</u>	<u>8,586,807</u>

June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	6,633,350	6,633,350
1,891,327	-	1,891,327
-	62,027	62,027
-	103	103
<u>1,891,327</u>	<u>6,695,480</u>	<u>8,586,807</u>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	19,000	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	608	608
Payable against redemption of units	-	1,556	1,556
Accrued expenses and other liabilities	-	783	783
	<u>-</u>	<u>21,947</u>	<u>21,947</u>

June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	19,000	19,000
-	608	608
-	1,556	1,556
-	783	783
<u>-</u>	<u>21,947</u>	<u>21,947</u>



## 22 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 the limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 22.1 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: profit rate risk, currency risk, and price risk.

#### (i) Profit rate risk

Profit rate risk is the risk that the future cash flows of financial instruments will fluctuate as a result of changes in market profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks, investment in sukuk certificates, GoP Ijarah sukuks, letters of placement, term deposit receipts, certificates of musharakah and commercial papers. 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 KIBOR based sukuk certificates, certificates of musharakah and 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 for the year / period and net assets of the Fund would have been higher / lower by Rs. 110.373 million (2019: Rs. 69.519 million).

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

Presently, the Fund holds commercial paper, GoP Ijarah sukuk certificates, letters of placement and term deposit receipts which expose the Fund to cash flow interest 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 for the year and net assets of the Fund would have been higher / lower by Rs. 94.556 million (2019: Rs. 15.563 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

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



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

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

### Financial assets

Bank balances	4.50%-8.75%	8,030,575	-	-	50,094	8,080,669
Investments	6.63%-14.64%	6,878,498	3,484,328	2,099,535	-	12,462,361
Profit receivable		-	-	-	157,230	157,230
Deposits		-	-	-	103	103
Receivable against sale of units		-	-	-	47,125	47,125
		14,909,073	3,484,328	2,099,535	254,552	20,747,488

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	60,796	60,796
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	1,568	1,568
Payable against redemption of units		-	-	-	121,571	121,571
Accrued expenses and other liabilities		-	-	-	3,600	3,600
		-	-	-	187,535	187,535

### On-balance sheet gap

14,909,073    3,484,328    2,099,535    67,017

### Total profit rate sensitivity gap

14,909,073    3,484,328    2,099,535

### Cumulative profit rate sensitivity gap

14,909,073    18,393,401    20,492,936

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

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

### Financial assets

Bank balances	8% - 13.85%	6,616,900	-	-	16,450	6,633,350
Investments	11.75%-13.96%	1,556,327	335,000	-	-	1,891,327
Profit receivable		-	-	-	62,027	62,027
Deposits		-	-	-	103	103
		8,173,227	335,000	-	78,580	8,586,807

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	19,000	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	608	608
Payable against redemption of units		-	-	-	1,556	1,556
Accrued expenses and other liabilities		-	-	-	783	783
		-	-	-	21,947	21,947

### On-balance sheet gap

8,173,227    335,000    -    56,633

### Total profit rate sensitivity gap

8,173,227    335,000    -

### Cumulative profit rate sensitivity gap

8,173,227    8,508,227    8,508,227



## (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 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.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2020.

## 22.2 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active or over the counter 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 subject to the maximum limit which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

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

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



June 30, 2020						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial assets

Bank balances	8,080,669	-	-	-	-	-	8,080,669
Investments	5,481,773	1,396,725	2,184,328	2,099,535	1,300,000	-	12,462,361
Profit receivable	157,230	-	-	-	-	-	157,230
Deposits and other receivables	-	-	-	-	-	103	103
Receivable against sale of units	47,125	-	-	-	-	-	47,125
	13,766,797	1,396,725	2,184,328	2,099,535	1,300,000	103	20,747,488

### Financial liabilities

Payable to NBP Fund Management Limited the Management Company	60,796	-	-	-	-	-	60,796
Payable to Central Depository Company of Pakistan Limited - the Trustee	1,568	-	-	-	-	-	1,568
Payable against redemption of units	121,571	-	-	-	-	-	121,571
Accrued expenses and other liabilities	3,139	461	-	-	-	-	3,600
	187,074	461	-	-	-	-	187,535

### Net financial assets

	13,579,723	1,396,264	2,184,328	2,099,535	1,300,000	103	20,559,953
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June 30, 2019						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial assets

Bank balances	6,633,350	-	-	-	-	-	6,633,350
Investments	1,270,000	286,327	335,000	-	-	-	1,891,327
Profit receivable	62,027	-	-	-	-	-	62,027
Deposits and other receivables	-	-	-	-	-	103	103
	7,965,377	286,327	335,000	-	-	103	8,586,807

### Financial liabilities

Payable to NBP Fund Management Limited the Management Company	19,000	-	-	-	-	-	19,000
Payable to Central Depository Company of Pakistan Limited - the Trustee	608	-	-	-	-	-	608
Payable against redemption of units	1,556	-	-	-	-	-	1,556
Accrued expenses and other liabilities	417	366	-	-	-	-	783
	21,581	366	-	-	-	-	21,947

### Net financial assets

	7,943,796	285,961	335,000	-	-	103	8,564,860
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## 22.3 Credit risk

22.3.1 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 -----				
<b>Financial assets</b>				
Bank balances	8,080,669	8,080,669	6,633,350	6,633,350
Investments	12,462,361	10,362,826	1,891,327	1,891,327
Profit receivable	157,230	129,004	62,027	62,027
Deposits	103	103	103	103
Receivable against sale of units	47,125	47,125	-	-
	<u>20,747,488</u>	<u>18,619,727</u>	<u>8,586,807</u>	<u>8,586,807</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. Investment in government securities and its accrued profit, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

### 22.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, term deposit receipts, commercial papers, sukuk certificates, letters of placement, certificates of musharakah and accrued profit thereon. The credit rating profile of balances with banks and investments are as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
<b>Bank balances</b>		
AAA	1.38%	13.42%
AA+	0.18%	0.33%
AA	0.02%	1.95%
AA-	0.04%	-
A+	0.04%	9.85%
A-	37.56%	51.20%
A	0.04%	-
BBB-	0.07%	0.19%
<b>Sukuk certificates</b>		
AA+	3.56%	4.02%
<b>Commercial papers</b>		
A-1+	9.19%	2.63%
A-1	-	0.71%
<b>Letters of placement</b>		
A-1+	4.84%	-
<b>Term deposit receipts</b>		
AAA	16.71%	-
A+	4.82%	14.93%
<b>Certificates of musharakah</b>		
AA+	5.21%	-
	<u>83.66%</u>	<u>99.23%</u>



## 23 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 June 30, 2020 and June 30, 2019, the Fund held the following financial instruments measured at fair values:

### At fair value through profit or loss

----- June 30, 2020 -----		
Level 1	Level 2	Level 3
----- Rupees in '000 -----		
GOP Ijarah sukuks	2,099,535	-
Sukuk certificates	1,975,000	-
Commercial paper *	1,905,709	-
Letters of placement **	1,000,344	-
Term deposit receipts **	4,450,000	-
Certificates of musharakah **	1,031,773	-
-	12,462,361	-

### At fair value through profit or loss

----- June 30, 2019 -----		
Level 1	Level 2	Level 3
----- Rupees in '000 -----		
Sukuk certificates **	335,000	-
Commercial paper	286,327	-
Term deposit receipts **	1,270,000	-
-	1,891,327	-

\* The valuation of commercial papers has been done based on amortisation of commercial paper to its face value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

\*\* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter party which has high credit rating.





## 24 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 22, 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.

## 25 UNIT HOLDING PATTERN OF THE FUND

Category	June 30, 2020			June 30, 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Associated companies and directors	1	20	-	1	20,717	0.24%
Individuals	14,342	16,076,590	79.14%	4,446	6,402,475	74.83%
Insurance companies	7	720,395	3.55%	-	-	-
NBFCs	-	-	0.00%	1	15,264	0.18%
Bank and DFIs	1	510,616	2.51%	-	-	-
Public Limited companies	1	1,480	0.01%	2	72,972	0.85%
Retirement funds	44	1,043,405	5.14%	9	80,998	0.95%
Others	77	1,960,768	9.65%	35	1,963,346	22.95%
	<b>14,473</b>	<b>20,313,274</b>	<b>100.00%</b>	<b>4,494</b>	<b>8,555,772</b>	<b>100.00%</b>

## 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. Muhammad Ali Bhabha	Head of Fixed Income	CFA / MBA / FRM / MS	25
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9



## 27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designa	Qualification	Other funds managed by the Fund Manager
Mr. Muhammad Ali Bhabha	Head of Fixed Income	CFA / FRM / MBA / MS	NAARFSF, NFSIF, NGSLF, NGSSF, NGSF I, NIOF, NIDDF, NIMMF, NBP-ISF, NMAF, NMMF, NRFSF and NBP-SF

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

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

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

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

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

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

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

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

28.8 Mr. Saad Amanullah Khan opted as Director on the Board with effect from October 04, 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) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) 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;
- e) 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
	(Rs. In '000')	(Rs. In '000')
Net assets at the year / period ended (Rs. '000')	20,313,274	8,555,772
Net Income at the year / period ended (Rs. '000')	1,933,225	173,704
Net Asset Value per unit at the year / period ended (Rs.)	10.0403	10.0227
Offer price per unit	10.1538	10.1359
Redemption price per unit	10.0403	10.0227
Ex - Highest offer price per unit (Rs.)	10.1538	10.1359
Ex - Lowest offer price per unit (Rs.)	9.0172	9.3570
Ex - Highest redemption price per unit (Rs.)	10.0403	10.0227
Ex - Lowest redemption price per unit (Rs.)	9.0172	9.3570
Fiscal Year Opening Ex Nav	9.0143	10.0000
Total return of the fund	11.35%	7.11%
Capital growth	0.27%	0.44%
Income distribution as a % of ex nav	11.08%	6.67%
Income distribution as a % of par value	11.11%	6.67%
<b>Distribution</b>		
Interim distribution per unit	1.1107	0.6677
Final distribution per unit		
<b>Distribution dates</b>		
Interim		29-Oct-18
Interim		28-Nov-18
Interim		28-Dec-18
Interim		28-Jan-19
Interim		26-Feb-19
Interim		28-Mar-19
Interim		27-Apr-19
Interim		28-May-19
Interim	30-Jul-19	24-Jun-19
Interim	26-Jun-20	19-Jul-19
<b>Average annual return of the fund (launch date October 06, 2018)</b>		
(Since inception to June 30, 2020)	10.71%	
(Since inception to June 30, 2019)		9.73%
Weighted average portfolio duration	46 Days	3 Days

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

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