

NBP ISLAMIC MONEY MARKET 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.**



Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	07
TRUSTEE REPORT TO THE UNIT HOLDERS	13
FUND MANAGER REPORT	14
STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES	16
REPORT OF THE SHARI'AH SUPERVISORY BOARD	17
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	18
STATEMENT OF ASSETS AND LIABILITIES	21
INCOME STATEMENT	22
STATEMENT OF COMPREHENSIVE INCOME	23
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	24
CASH FLOW STATEMENT	25
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	26
PERFORMANCE TABLE	49



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. Saad Amanullah Khan	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Summit Bank Limited
United Bank Limited



Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan.

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 Third Annual Report of **NBP Islamic Money Market Fund (NIMMF)** for the year ended June 30, 2020.

Fund's Performance

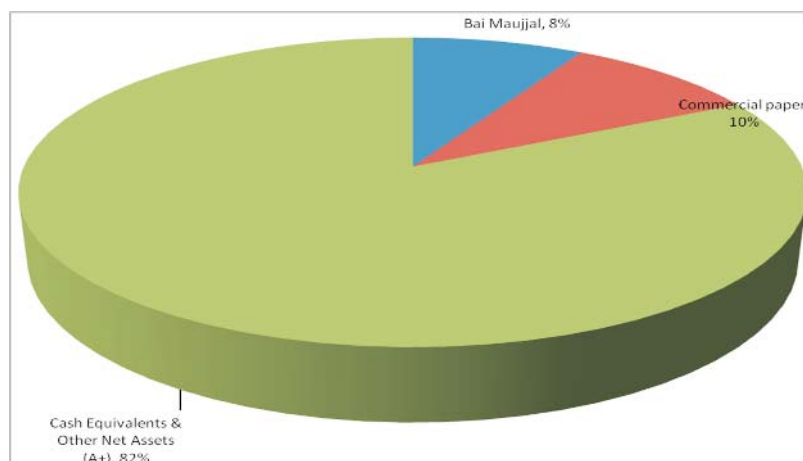
The size of NBP Islamic Money Market Fund has significantly increased from Rs. 750 million to Rs. 5,886 million during the period, i.e. an extraordinary increase of 684%. During the said period, the unit price of the Fund has increased from Rs. 8.9695 (Ex-Div) on June 30, 2019 to Rs. 10.0355 on June 30, 2020 thus posting a return of 11.8% as compared to its Benchmark return of 5.4% for the same period. The return of the Fund is net of management fee and all other expenses.

NIMMF is categorized as a Shariah Compliant Money Market Fund. The Fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days while also providing easy liquidity along with a high-quality credit profile.

During the period under review, the market witnessed a surge in issuance of short-term corporate sukuks and commercial papers to meet the increasing funding need for working capital and also to bridge the fixed capital investments. Building on the ongoing economic stabilization policies and to 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 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. 427.05 million during the year. After deducting total expenses of Rs. 45.55 million, the net income is Rs. 381.51 million.

The asset allocation of NBP Islamic Money Market Fund as on June 30, 2020 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 11.74% of the opening ex-NAV (11.77% 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 Deloitte Yousuf Adil & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2020.

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, as detailed in the listing regulations.
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 26 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 23 to these financial statements.
13. The Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

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



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: **September 17, 2020**

Place: Karachi.

ڈائریکٹرز رپورٹ

این بی پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی اسلامک منی مارکیٹ فنڈ (سابقہ: INAFA) اسلامک منی مارکیٹ فنڈ (NIMMF) کی دوسری سالانہ رپورٹ برائے پختہ سال 30 جون 2019 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

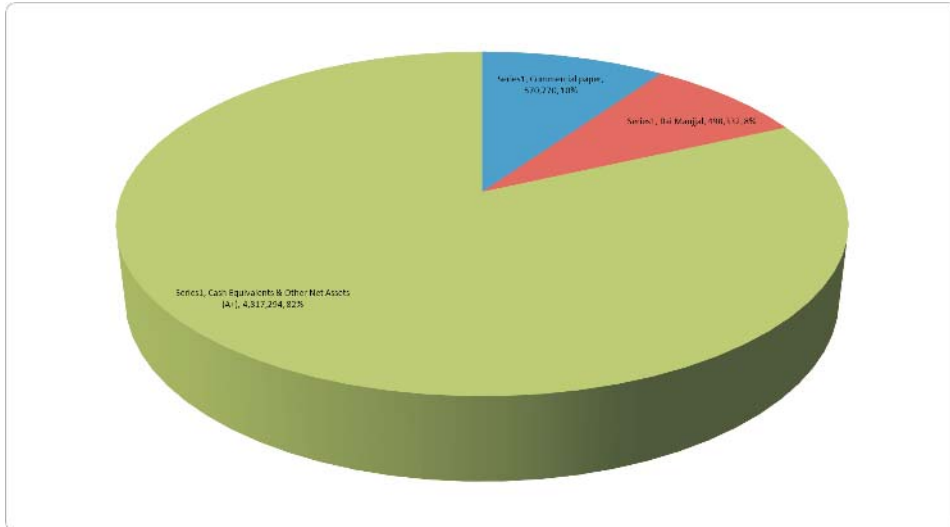
موجودہ مدت کے دوران این بی پی اسلامک منی مارکیٹ فنڈ (NIMMF) کا سائز 1,519 ملین روپے سے کم ہو کر 750 ملین روپے ہو گیا ہے یعنی 51% کی کمی ہوئی۔ زبرد جائزہ مدت کے دوران، فنڈ کے پونٹ کی قیمت 30 جون 2018 کو 9.2673 روپے (EX-Div) سے بڑھ کر 30 جون 2019 کو 10.0226 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 3.4% کے مقابلے میں 8.2% منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIMMF کی درجہ بندی بطور شریعہ مکہلا سٹ منی مارکیٹ فنڈ کی گئی ہے۔ اس فنڈ کا مقصد اسلامی بینکوں / تجارتی بینکوں کی اسلامی وینڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے میں تو اتر سے بہتر منافع فراہم کرنا ہے۔ ریٹنگ کم از کم تقاضا AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد میچورٹی والی سیکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کی نپ تلی اوسط مدت 90 دن سے زائد نہیں ہو سکتی۔

مالی سال 2019 کے دوران، بیک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ ماہی پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور درپیش افراط زر کے دباؤ کو دور کرنے کے رجحان SBP نے پالیسی کی شرح 6.50% سے 12.25% تک بڑھادی۔ بجلی اور ایندھن کی قیمتوں میں اضافہ، کرنسی کی قدر کی کمی کے باعث درآمدی افراط زر اور SBP سے بلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پیکل کردہ افراط زر جون 2018 میں 5.2% سے بڑھ کر جون 2019 میں 8.9% ہو گیا۔ حکومت کی طرف سے ضرورت سے زائد قرضہ لینے، ایشیائے خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، یوٹی لیٹیور کے نرخوں میں متوقع اضافی ایڈجسٹمنٹ، بینکوں کا بڑھتا اور کرنسی کی قدر میں کمی کے دوسرے دور جیسے اثرات کی وجہ سے افراط زر میں اضافہ متوقع ہے۔

فنڈ نے موجودہ مدت کے دوران 114.04 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 20.25 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 93.79 ملین روپے ہے۔

30 جون 2019 کو NIMMF کی ایسٹ ایلوکیشن حسب ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کے 7.702% (بنیادی قدر کا 7.702%) عبوری نقد پوڈ پینڈ منظور کیا ہے۔



یکسیشن

درج بالا نقد منافع سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین میں سے 90% ہے، اس لئے فنڈ پر ایک ٹیکس آرڈیننس 2001 کے سیکشن 11 کی شق 99 کے تحت ٹیکس لاکھ نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، مہسز Deloitte یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2020 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرر کے لئے پیش کرتے ہیں۔

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

1. منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شمار یا تو تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاریوں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی دواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو بھی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈوں اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 23 میں کی گئی ہے۔
11. یونٹ ہولڈنگ کا تقصیلی پیرین مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، ہی ای او ای ایف او، کمپنی بیکری 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 20 میں ظاہر کی گئی ہے۔
13. منجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی جو صلا افزائی کرتی ہے۔ منجمنٹ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2019 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں:

نام	کیپنگری
•1 جناب کمال عامر چنائے •2 جناب شہر یار فاروق •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیدھی (چیئرمین) •2 جناب ناصر حسین •3 جناب عبدالہادی پالیگر •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے پیمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اسٹیٹمنٹ 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 رٹرنس کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ ڈرلانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ پیمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ:

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 Money Market 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 Money Market Fund

NBP Islamic Money Market Fund (NIMMF) is an Open-End Shariah Compliant Money Market Fund.

Investment Objective of the Fund

To provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

Benchmark

Three months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

Fund Performance Review

This is the Third Annual report since the launch of the Fund on February 28, 2018. The Fund size increased extraordinarily by 684% during the year and stands at Rs. 5,886 million as of June 30, 2020. Since its inception, the Fund has earned an annualized return of 9.2% versus the benchmark return of 4.1%, thus registering an outperformance of 5.1% p.a. During FY20, the Fund posted an 11.8% return versus the benchmark return of 5.4%, thus registering an outperformance of 6.4% p.a. This outperformance is net of management fee and other expenses.

NIMMF is an Islamic Money Market Scheme with no direct or indirect exposure to the stock market. The Fund aims to consistently provide a better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. The minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months of maturity. The weighted average time to maturity of the Fund cannot exceed 90 days while also providing easy liquidity along with a high-quality credit profile.

During the period under review, the market witnessed a surge in issuance of short-term corporate sukuks and commercial papers to meet the increasing funding need for working capital and also to bridge the fixed capital investments. Building on the ongoing economic stabilization policies and to 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 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
Placements with Banks & DFIs	27.71%	-
Commercial Paper	9.70%	-
Cash, Bank Placements & Other Assets	62.59%	100%
Total	100%	100%



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-20	11.77%	11.1993	10.0226

Unit Holding Pattern of NBP Islamic Money Market Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
1-1000	404
1001-5000	116
5001-10000	54
10001-50000	236
50001-100000	150
100001-500000	307
500001-1000000	64
1000001-5000000	70
5000001-10000000	11
10000001-100000000	9
Total	1,421

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 Money Market 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. 10.20Million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Re. 0.0174/.2%. For details, investors are advised to read note 17 of the Financial Statement of the Scheme for the year ended June 30, 2020.



STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Money Market 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 01, 2019 to June 30, 2020 was the Third year of the operations of NBP Islamic Money Market Fund (NIMMF). 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 NIMMF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIMMF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.

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 NIMMF for the year ended June 30, 2020 are not in compliance with the 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 Money Market Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NBP Islamic Money Market Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the 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 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 and Management Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

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. These matters were 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 these matters.

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Valuation and existence of investment	We performed the following procedures during our audit of investments:
	<p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Shariah Complaint Money market instrument (Islamic Commercial Paper, Bai Maujjal) and term deposits receipts which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> obtained understanding of relevant controls placed by the Management Company applicable to the balance; independently verified existence of investments from Central Depository Company (CDC), bank account statements and other relevant documents; performed test of details on sale, purchase and maturity of investments on a sample basis; tested valuation of investments; and any differences identified during our testing that were over our acceptable threshold were investigated.



Information other than the financial statements and auditor's report thereon

Management Company 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.

Responsibilities of Management Company and Those Charged with Governance for the financial statements

Management Company 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 the Management Company 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 Company 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 Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- 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 Those Charged with Governance of 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 Those Charged with Governance of 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 Those Charged with Governance of 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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Naresh Kumar**.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 30, 2020
Place: Karachi



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

		2020	2019
	Note	----- Rupees in '000 -----	
ASSETS			
Bank balances	5	3,742,608	747,089
Investments	6	2,202,102	-
Preliminary and floatation costs	7	581	802
Deposits, prepayment and other receivable	8	263	198
Profit accrued	9	27,032	8,878
Receivable against transfer of units	10	63,982	-
Total assets		6,036,568	756,967
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	11	10,709	2,233
Payable to Central Depository Company of Pakistan Limited - Trustee	12	298	107
Payable to the Securities and Exchange Commission of Pakistan	13	693	928
Payable against redemption of units		109,581	-
Accrued expenses and other liabilities	14	28,891	3,206
Total liabilities		150,172	6,474
NET ASSETS		5,886,396	750,493
UNIT HOLDERS' FUND (as per statement attached)		5,886,396	750,493
Contingencies and commitments	15		
		----- Number of units -----	
Number of units in issue	21	586,559,970	74,880,236
		----- Rupees in '000 -----	
Net asset value per unit	22	10.0355	10.0226

The annexed notes from 1 to 33 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

		2020	2019
	Note	----- Rupees in '000 -----	
INCOME			
Return / profit on:			
- bank balances		310,873	114,044
- term deposit receipts		30,564	-
- sukuk		41,857	-
- commercial papers		41,891	-
- bai muajjal		1,973	-
Loss on sale of investments		(103)	-
Total income		427,055	114,044
EXPENSES			
Remuneration of NBP Asset Management Limited - Management Company	11.1	4,188	11,485
Sindh Sales Tax on remuneration of the Management Company	11.2	544	1,493
Reimbursement of operational expenses to the Management Company		3,466	1,238
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	12.1	2,253	1,575
Sindh Sales Tax on remuneration of the Trustee	12.2	293	205
Selling and marketing expense - Management Company	11.4	24,106	-
Annual fee to the Securities and Exchange Commission of Pakistan		693	928
Settlement and bank charges		423	127
Auditors' remuneration	16	516	539
Shariah advisor fee		507	224
Preliminary and floatation cost		221	224
Fund rating fee		212	192
Legal and professional charges		113	68
Annual listing fee		28	27
Printing charges		175	15
Brokerage expense		25	-
Total expenses		37,763	18,340
Net income from operating activities		389,292	95,704
Provision for Sindh Workers' Welfare Fund	17	(7,786)	(1,914)
Net income for the year before taxation		381,506	93,790
Taxation	18	-	-
Net income for the year after taxation		381,506	93,790
Earnings per unit	19		
Allocation of net income for the year			
Net income for the year after taxation		381,506	93,790
Income already paid on units redeemed		(311,621)	(28,272)
		69,885	65,518
Accounting income available for distribution:			
- Relating to capital gain		-	-
- Excluding capital gain		69,885	65,518
		69,885	65,518

The annexed notes from 1 to 33 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

	2020	2019
	----- Rupees in '000 -----	
Net income for the year after taxation	381,506	93,790
Total comprehensive income for the year	381,506	93,790

The annexed notes from 1 to 33 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

Note	2020	2019
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	381,506	93,790
Adjustments:		
- return / mark-up on bank balances	(310,873)	(114,044)
- return / mark-up on investments	(116,285)	-
- loss on sale of investments	103	-
- amortization of preliminary expenses and floatation costs	221	224
- provision for Sindh Workers' Welfare Fund	7,786	1,914
	(419,048)	(111,906)
	(37,542)	(18,116)
(Increase) / decrease in assets		
Investments	(1,069,205)	-
Deposits, prepayment and other receivable	(65)	4
	(1,069,270)	4
Increase / (decrease) in liabilities		
Payable to the Management Company	8,476	(994)
Payable to the Trustee	191	(104)
Payable to the Securities and Exchange Commission of Pakistan	(235)	514
Accrued expenses and other liabilities	17,899	75
	26,331	(509)
Return on bank balances received	298,342	114,231
Return on term deposit receipts	26,914	-
Return on commercial papers	41,891	-
Return on sukuk	41,857	-
	(671,477)	95,610
Net cash (used in) / generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	18,196,531	1,042,609
Amounts paid on redemption of units	(13,333,704)	(1,820,723)
Distribution paid	(62,831)	(83,837)
	4,799,996	(861,951)
Net cash generated from / (used in) financing activities		
Net increase / decrease in cash and cash equivalents during the year	4,128,519	(766,341)
Cash and cash equivalents at the beginning of the year	747,089	1,513,430
Cash and cash equivalents at the end of the year	5.3 4,875,608	747,089

The annexed notes from 1 to 33 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

- 1.1 NBP Islamic Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited [formally; NBP Fullerton Asset Management Limited] as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on January 09, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 07, 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund and classified as sharia compliant "money market" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned stability rating AA(f) to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan limited (CDC) as trustee of the Fund.

Impact of COVID - 19

- 1.2 A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown.

General economic activities in Pakistan also slowed down during the period from March 20, 2020 to end of May 2020 (which was lock-down period) for the same reasons. However, with the gradual opening up of the local & export Industry, economic activity in the Country is on the uptick, especially from the month of June, 2020. Pakistan Stock Exchange, however, remained open and functional during the lock down period. Activities of the Fund were operational during the aforementioned period as staff of Management Company were working online sitting remotely. Pakistan Stock Exchange showed a mix performance during lock down period with some dips and recoveries during the lock down period, starting from March 20, 2020 to May 09, 2020. NAV per unit of the Fund during this period was Rs. 10.9413 to Rs. 11.0966.

The Management Company is of the view that COVID-19 pandemic has not materially affected the financial performance of the Fund as the activities of the Fund remained continued during the lock down period and the financial markets in the country remained operational during such time.

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:



Amendments

Effective date (accounting periods beginning on or after)

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
IFRS 14 – Regulatory Deferral Accounts	July 01, 2019
Certain annual improvements have also been made to a number of IFRSs, which are also not relevant to the Fund.	

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments

Effective date (accounting periods beginning on or after)

Amendments to References to the Conceptual Framework in IFRS Standards"	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022



Amendments

Effective date (accounting periods beginning on or after)

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business January 01, 2022

Amendments to IFRS 3 Business Combinations - Reference to the conceptual framework January 01, 2022

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

4.2 Financial assets and liabilities

4.2.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.2.2 Classification and measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").



Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss

Business Model Assessment

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

4.2.2.2 Financial liabilities

The fund classifies its financial liabilities in the following categories

- Measured at amortized cost (AC) ;or
- Measured at Fair value through profit or loss (FVTPL) ;or

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.



Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

4.2.3 Impairment of financial assets

The SECP has, through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017, deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

4.2.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.



4.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.2.7 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.3 Impairment of non financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

4.4 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) 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 shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets 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.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the Fund.



4.6 Provisions

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

4.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Markup / return on government securities, sukuk certificates, bank balances and term deposits are recognized on a time proportion basis using the effective interest method.

4.8 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 among the unit holders (excluding distribution made by issuance of bonus units).

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.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.9 Distributions to the unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the 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 period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Expenses

All expenses including remuneration of the Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognized in the Income Statement as and when incurred.

4.11 Preliminary expenses and floatation costs

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 Regulations, 2008.

4.12 Earnings per unit

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



	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
5 BANK BALANCES			
Current accounts	5.1	11,329	2,125
Savings accounts	5.2	3,731,279	744,964
		<u>3,742,608</u>	<u>747,089</u>
5.1	These include bank balances of Rs. 0.198 million (2019: Nil) maintained with Bank Islami Pakistan (related party).		
5.2	These savings accounts carry profit at rates ranging from 2.50% to 14.50% per annum (June 30, 2019: 2.50% to 13.85% per annum).		
5.3 CASH AND CASH EQUIVALENT			
Current accounts		11,329	2,125
Saving accounts		3,731,279	744,964
Term deposit receipts		1,133,000	-
		<u>4,875,608</u>	<u>747,089</u>
6 INVESTMENTS			
At fair value through profit or loss			
Commercial papers	6.1	570,770	-
Term deposit receipts	6.2	1,133,000	-
Bai muajjal	6.3	498,332	-
		<u>2,202,102</u>	<u>-</u>
6.1	This represents two Commercial Papers from K-Electric purchased on February 14, 2020 and on September 10, 2020, having face values of Rs. 35 million and Rs. 550 million, each carries a profit at the rate of 14.64% and 13.64%. These commercial papers will mature on August 14, 2020 and On March 10, 2020 respectively.		
6.2	These represents short term deposits having original maturity period of one months. These carry mark-up rate of 7.35% per annum.		
6.3	This represents the sales of K-Electric Commercial Papers as bai Mujjal to Pak Brunie Invesment Comapny Limited on June 10, 2020 (having face value of Rs. 300 million). and on june 11, 2020, (having face value of Rs. 113 million). These carries profit at the rate of 7.60% and both will mature on September 10, 2020.		
	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
7 PRELIMINARY AND FLOATATION COSTS			
Preliminary expenses and floatation costs incurred	7.1	802	1,026
Less: amortisation during the period		(221)	(224)
Closing balance		<u>581</u>	<u>802</u>
7.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from March 01, 2018 as per the requirements set out in the Trust Deed of the Fund.		



	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
8 DEPOSITS, PREPAYMENT AND OTHER RECEIVABLE			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Mutual fund rating fee		93	98
Advanced tax		70	-
		263	198

9 PROFIT ACCRUED			
Profit accrued on:			
- bank balances		21,409	8,878
- bai muajjal		1,973	-
- term deposit receipts		3,650	-
		27,032	8,878

10 RECEIVABLE AGAINST TRANSFER OF UNITS

This represented amount receivable from other collective investment scheme being managed by the Management Company of the Fund. This amount was received during the period in respect of units issued to various unit holders based on their request for transfer of units from other collective investment scheme to the Fund.

	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
11 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	11.1	406	317
Sindh Sales Tax on remuneration of the Management Company	11.2	53	41
Sales load		1,978	78
Sindh Sales Tax on sales load	11.2	257	10
Operational charges	11.3	981	536
Selling and marketing expense	11.4	6,883	-
Other payable		151	1,251
		10,709	2,233

11.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of a Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

The Management Company has charged management remuneration at the rate of 1% per annum (determined on a daily basis) until April 22, 2019. Thereafter from April 23, 2019, the Management Company has charged management remuneration at the rate of 0.5% per annum (determined on a daily basis) and then revised it again on July 12, 2020 to 1%. The fee is payable to the Management Company on a monthly basis in arrears.

11.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% on remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

11.3 As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme. Accordingly, the Management Company has charged 0.1% of the average annual net assets.



- 11.4** The SECP through its Circular No. SCD/PRDD/Circular/394/2018 (Circular No. 5 of 2018) dated June 04, 2018 allowed to charge selling and marketing expenses to all categories of mutual funds (except fund of funds and money market funds) subject to, cap of 0.4% per annum of net assets or actual whichever is lower and Board approval. In current year, SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now removed cap of 0.4% on all open end funds (except "Fund of Funds"). In addition to the requirement of Board approval, now these expenses to be paid to AMC on reimbursement basis and subject to approval of the Trustee.

In pursuance of above circular, the Board has approved the limits to be charged in respect of these expenses. Accordingly, effective from July 12, 2019, the Fund has charged 0.7% of daily net asset value of the Fund.

	Note	2020 ----- Rupees in '000 -----	2019 -----
12	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration of the Trustee	12.1 264	95
	Sindh Sales Tax on remuneration of the Trustee	12.2 34	12
		298	107

- 12.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per tariff specified therein, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

During the year, Trustee has revised its fee from below mentioned table to 0.065% per annum of net assets.

Tariff structure applicable to the Fund for last year is as follows:

Net asset value	Tariff per annum
Upto Rs. 1 Billion	0.15% per annum of net asset value.
1 Billion Upto 10 Billion	Rs. 1.5 million plus 0.075% per annum of net asset value exceeding Rs. 1 Billion.
Over 10 Billion	Rs. 8.25 million plus 0.06% per annum of net asset value exceeding Rs. 10 Billion.

- 12.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

13 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 13.1** Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "shariah compliant money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the Fund. The fee is paid annually in arrears.



	Note	2020	2019
----- Rupees in '000 -----			
14 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		514	392
Provision for Sindh Workers' Welfare Fund	17	10,203	2,417
Withholding tax		6,930	92
Capital gain tax		10,412	17
Legal and professional charges		104	12
Bank charges		32	12
Printing charges		108	10
Payable to Broker		25	-
Settlement Charges		15	4
Shariah advisor fee		520	222
Others		28	28
		28,891	3,206

15 CONTINGENCIES AND COMMITMENTS

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

	2020	2019
-----Rupees in '000-----		
16 AUDITORS' REMUNERATION		
Annual audit fee	315	300
Review Fee	126	120
Out of pocket expenses and sales tax	75	119
	516	539

17 PROVISION FOR SINDH WORKERS' WELFARE FUND

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the 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, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

As at June 30, 2020, the provision in relation to SWWF amounted to Rs. 10.203 million (2019: 2.417 million). Had the provision not being made, the Net Asset Value per unit as at June 30, 2020 would have been higher by Rs. 0.0174 (2019: Rs. 0.0323) per unit.



18 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety % of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2020 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

19 EARNINGS PER UNIT

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

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset value for the year) is 1.31% per annum including 0.37% representing government levies on Collective Investment Schemes such as sales tax and Securities and Exchange Commission of Pakistan fee for the year.

	2020	2019
	----- Number of Units -----	
21 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	74,880,236	149,594,218
Add: units issued during the year	1,774,087,279	104,401,421
Less: units redeemed during the year	(1,262,407,545)	(179,115,403)
Total units in issue at the end of the year	586,559,970	74,880,236

21.1 These units includes 2,771,617 allocated units which are issued subsequently to unitholders

22 NET ASSET VALUE PER UNIT

The net asset value per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

23 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

23.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

23.2 The transactions with connected persons and related parties are carried at agreed terms.

23.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

23.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.



2020 2019
----- Rupees in '000 -----

23.5 Details of transactions with connected persons are as follows:

NBP FUND Management Company

Remuneration of the Management Company	4,188	11,485
Sindh Sales Tax on Management Company's remuneration	544	1,493
Operational expenses	3,466	1,238
Selling and marketing expense - Management Company	24,106	-
Sales load paid to the Management Company	2,612	69

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	2,253	1,575
Sindh Sales Tax on Remuneration of the Trustee	293	205
CDS charges	7	7

Employees of the Management Company

Dividend re-invest units issued 63,171 units (2019: Nil)	633	-
Units issued / transferred in: 32,288,739 units (2019: 388,826 unit)	338,770	3,907
Units redeemed / transferred out: 25,397,759 units (2019: 388,282 unit)	270,991	3,908

CDC Trustee NAFA Islamic Capital Preservation Plan - I - (Common Management)

Units issued / transferred in: 13,301,995 (2019: 201,37,459,679) units	133,071	372,011
Unit redeemed / transferred out: 67,678,446 (2019: 117,630,431) units	705,795	1,200,611

Hub Power Company (Common Directorship with the Management Company)

Term finance certificate purchased	560,000	-
Term finance certificate income	41,857	-

CDC Trustee NBP Riba Free Savings Fund

Commercial Paper Buy	201,131	-
----------------------	---------	---

CDC Trustee NBP Financial Sector Income Fund

Commercial Paper Buy	305,515	-
----------------------	---------	---

Fauji Fertilizer Company Limited (Portfolio Managed by Management Company)

Units issued / transferred in: 37,525,416 (2019: Nil) units	380,000	-
Unit redeemed / transferred out: 37,525,416 (2019: Nil) units	384,335	-

Byco Petroleum Pakistan limited - Employee Provident Fund (portfolio managed by Management Company)

Units issued / transferred in: 6,314,777 (2019: Nil) units	65,494	-
Unit redeemed / transferred out: 2,276,411 (2019: Nil) units	25,494	-

Reckitt Benckiser Pakistan Limited - Workers Pension Fund (Portfolio managed by Management Company)

Units issued / transferred in 1,893,279 (2019: Nil) units	19,000	-
---	--------	---

Bosch Pharmaceuticals Private Limited - Employees Provident Fund (Portfolio managed by Management Company)

Dividend re-invest units issued 207,440 (2019: Nil) units	2,080	-
Units issued / transferred in: 10,475,942 (2019: Nil) units	105,000	-

Pakistan Stock Exchange (Common Directorship with the Management Company)

Annual listing fee paid	25	25
-------------------------	----	----



2020 2019
----- Rupees in '000 -----

23.6 Amounts outstanding as at year end are as follows:

NBP FUND Management Limited		
Remuneration of the Management Company	406	317
Sindh Sales Tax payable on remuneration of the Management Company	53	41
Operational expenses	981	536
Sales load	1,978	78
Sindh Sales Tax and Federal Excise Duty on sales load	257	10
Other Payable	1,251	1,251
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	264	95
Sindh Sales tax Remuneration payable	34	12
CDC Charges	1	-
Security deposit	100	100
Employees of Management Company		
Investment held in the Fund: 718,454 Units (2019: 573 units)	7,210	6
CDC Trustee NAFA Islamic Capital Preservation Plan - I - (Common Management)		
Investment held in the Fund: 13,186,397 units (2019: 67,562,848 units)	132,332	677,155
Byco Petroleum Pakistan limited - Employee Provident Fund (Portfolio Managed by Management Company)		
Investment held in the Fund: 4,038,366 (2019: Nil) units	40,527	-
Reckitt Benckiser Pakistan Limited - Workers Pension Fund (Portfolio Managed by Management Company)		
Investment held in the Fund: 1,893,279 (2019: Nil) units	19,000	-
Bosch Pharmaceuticals Private Limited - Employees Provident Fund (Portfolio managed by Management)		
Investment held in the Fund: 10,683,382 (2019: Nil) units	107,213	-

24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA & CFA	32
2	Mr. Sajjad Anwar	MBA & CFA	20
3	Mr. 'Muhammad Ali Bhabha	CFA, FRM, MBA & MS(CS)	25
4	Mr. Hassan Raza	ACCA, BSC & CFA	9
5	Mr. Asim Wahab Khan	CFA	14



24.1 Mr. Muhammad Ali Bhabha is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Active Allocation Riba Free Savings Fund
- NBP Financial Sector Income Fund
- NBP Government Securities Liquid Fund
- NBP Government Securities Plan I
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Mahana Amdani Fund
- NBP Money Market Fund
- NBP Islamic Savings Fund
- NBP Mahana Amdani Fund
- NBP Riba Free Savings Fund
- NBP Savings Fund

25 PATTERN OF UNIT HOLDING

Category	As at June 30, 2020		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
Rupees in '000			
Individuals	1,356	3,283,102	55.77%
Insurance companies	5	202,654	3.44%
Non banking finance companies	3	342,722	5.82%
Retirement funds	27	559,626	9.50%
Public listed companies	1	165	0.00%
Others	29	1,498,128	25.45%
	1,421	5,886,396	100%

Category	As at June 30, 2019		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)			
Individuals	410	68,725	9.16%
Non banking finance companies	1	677,155	90.23%
Retirement funds	2	2,204	0.29%
Public listed companies	1	150	0.02%
Others	11	2,259	0.30%
	425	750,493	100%



26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan	3	2	1	74th Meeting
Mr. Syed Hasan Irtiza Kazmi	3	3	-	-
Mr. Nasir Husain	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar	1	-	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy	1	1	-	-
Mr. Khalid Mansoor	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque	1	1	-	-
Mr. Saad Amanullah Khan	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

26.1 Mr. Saad ur Rahman Khan, Mr. Syed Hasan Irtiza Kazmi, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan were appointed as directors on Board, with effect from October 04, 2019.

26.2 Mr. Nasir Husain, Mr. Abdul Hadi Palekar, Mr. Kamal Amir Chinoy and Mr. Shehryar Faruque were retired as directors from Board, with effect from October 04, 2019.

27 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020

	At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----			
Financial assets			
Bank balances	3,742,608	-	3,742,608
Investment	-	2,202,102	2,202,102
Mark-up accrued	27,032	-	27,032
Deposit	100	-	100
Receivable against transfer of units	63,982	-	63,982
	3,833,722	2,202,102	6,035,824

As at June 30, 2020

	At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----			
Financial liabilities			
Payable to the Management Company	10,709	-	10,709
Payable to Central Depository Company of Pakistan Limited - Trustee	298	-	298
Payable against redemption of units	109,581	-	109,581
Accrued expenses and other liabilities	1,346	-	1,346
Net assets attributable to redeemable units	5,886,396	-	5,886,396
	6,008,330	-	6,008,330



As at June 30, 2019			
	At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----			
Financial assets			
Balances with banks	747,089	-	747,089
Mark-up accrued	8,878	-	8,878
Deposits	100	-	100
	756,067	-	756,067
-----Rupees in '000-----			
As at June 30, 2019			
	At fair value through profit or loss	At Amortised cost	Total
-----Rupees in '000-----			
Financial liabilities			
Payable to the Management Company	-	2,233	2,233
Payable to Central Depository Company of Pakistan Limited - Trustee	-	107	107
Accrued expenses and other liabilities	-	680	680
Net assets attributable to redeemable units	-	750,493	750,493
	-	753,513	753,513

28 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

28.1 Market risk

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

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan and Investment Committee.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

28.1.1 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, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

28.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.



(a) Sensitivity analysis for variable rate instruments

As at June 30, 2020, the Fund holds balance in saving accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in bank profit rates as on June 30, 2020, the net assets of the Fund would have been higher / lower by approximately Rs. 37.31 million (2019: 7.45 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is 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.

(b) Sensitivity analysis for fixed rate instruments

The Fund holds commercial paper, bai muajjal and term deposit receipts that expose the Fund to fair value interest rate risk as at June 30, 2020. In case of 100 basis points increase in coupon rate on June 30, 2020, with all other variables held constant, the net assets of the Fund for the year and net income for the year would have been higher by Rs. 0.569 million (2019: Rs. 0 million). In case of 100 basis points decrease in KIBOR on June 30, 2020, with all other variables held constant, the net assets of the Fund for the year and net income for the year would have been lower by Rs. 0.569 million (2019: Rs.0 million).

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

As at June 30, 2020

Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

%

Rupees in '000

On-balance sheet financial instruments

Financial assets

Balances with banks	2.5 - 14.50	3,742,608	3,731,279	-	-	11,329
Investment		2,202,102	2,202,102	-	-	-
Mark up accrued		27,032	-	-	-	27,032
Deposit		100	-	-	-	100
		5,971,842	5,933,381	-	-	38,461

Financial liabilities

Payable to the Management Company		10,709	-	-	-	10,709
Payable to the Trustee		298	-	-	-	298
Accrued expenses and other liabilities		1,346	-	-	-	1,346
Net assets attributable to redeemable units		5,886,396	-	-	-	5,886,396
		5,898,749	-	-	-	5,898,749
On-balance sheet gap		73,093	5,933,381	-	-	(5,860,288)

Off-balance sheet financial instruments

Off-balance sheet gap



As at June 30, 2019

Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
%		----- Rupees in '000 -----				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	2.75 - 13.5	747,089	744,964	-	-	2,125
Profit receivable		8,878	-	-	-	8,878
Deposits		100	-	-	-	100
		<u>756,067</u>	<u>744,964</u>	-	-	<u>11,103</u>
Financial liabilities						
Payable to the Management Company		2,233	-	-	-	2,233
Payable to the Trustee		107	-	-	-	107
Accrued expenses and other liabilities		680	-	-	-	680
Net assets attributable to redeemable units		750,493	-	-	-	750,493
		<u>753,513</u>	-	-	-	<u>753,513</u>
On-balance sheet gap		<u>2,554</u>	<u>744,964</u>	-	-	<u>(742,410)</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

28.1.3 Price risk

Price 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 (other than those arising from interest 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 instruments traded in the market. Presently, the Fund is not exposed to equity price risk as the Fund does not hold any equity securities as at June 30, 2020.

28.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, mark-up accrued receivable on investment, bank balances and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the investment Committee) require the Fund to invest in debt securities that have been rated by a well known rating agency. The risk of default is considered minimal due to inherent systematic measures taken therein. Therefore, the Fund does not expect to incur material credit losses on its financial assets.

The Fund's significant credit risk arises mainly on account of its placements with banks. The credit rating profile of balances with banks is as follow:



23.3.2 Credit quality of financial assets

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

Bank balances by rating category	June 30, 2020	June 30, 2019
AAA	98.11%	99.20%
AA+	0.02%	0.50%
AA-	1.42%	0.10%
AA	0.42%	0.10%
Suspended	0.14%	0.10%

The maximum exposure to credit risk before any credit enhancement is as follows:

	June 30, 2020		June 30, 2019	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
Balances with banks	3,731,279	3,731,279	747,089	747,089
Mark-up accrued	27,032	27,032	8,878	8,878
Deposits	193	193	198	198
	3,758,504	3,758,504	1,503,056	1,503,056

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby, mitigating any significant concentrations of credit risk.

28.3 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 cash 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, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to fifteen % of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

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 significant redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.



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

----- June 30, 2020 -----

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

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

Financial liabilities

Payable to the Management Company	10,709	10,709	-	-
Payable to the Trustee	298	298	-	-
Accrued expenses and other liabilities	1,346	1,346	-	-
Net assets attributable to redeemable units	5,886,396	5,886,396	-	-
	5,898,749	5,898,749	-	-

----- June 30, 2019 -----

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

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

Financial liabilities

Payable to the Management Company	2,233	2,233	-	-
Payable to the Trustee	107	107	-	-
Accrued expenses and other liabilities	680	680	-	-
Net assets attributable to redeemable units	750,493	750,493	-	-
	753,513	753,513	-	-

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Fair value hierarchy

- 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 (that is, as prices) or indirectly (that is, derived from prices)"
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.



	Note	Carrying Value			Fair Value			
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020								
----- Rupees in '000 -----								
Financial assets measured at fair value								
Commercial papers	6	570,770	-	570,770	-	570,770	-	570,770
Term deposit receipts	6	1,133,000	-	1,133,000	-	1,133,000	-	1,133,000
Bai Muajjal	6	498,332	-	498,332	-	498,332	-	498,332
		2,202,102	-	2,202,102	-	2,202,102	-	2,202,102
Financial assets not measured at fair value								
Bank balances	5	-	3,742,608	3,742,608	-	-	-	-
Mark-up accrued	9	-	27,032	27,032	-	-	-	-
Deposit and other receivable	8	-	193	193	-	-	-	-
Receivable against conversion of units		-	63,982	63,982	-	-	-	-
		-	3,833,815	3,833,815	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	10	-	10,709	10,709	-	-	-	-
Remuneration payable to the trustee	11	-	298	298	-	-	-	-
Accrued expenses and other liabilities	12	-	1,321	1,321	-	-	-	-
Net assets attributable to redeemable units		-	5,886,396	5,886,396	-	-	-	-
		-	5,898,724	5,898,724	-	-	-	-

	Note	Carrying Value			Fair Value			
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2019								
----- Rupees in '000 -----								
Financial assets measured at fair value								
-								
Financial assets not measured at fair value								
Bank balances	5	-	747,089	747,089	-	-	-	-
Mark-up accrued	9	-	8,878	8,878	-	-	-	-
Deposits and other receivables	8	-	100	100	-	-	-	-
		-	756,067	756,067	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	10	-	2,233	2,233	-	-	-	-
Remuneration payable to the trustee	11	-	107	107	-	-	-	-
Net assets attributable to redeemable units		-	750,493	750,493	-	-	-	-
		-	752,833	752,833	-	-	-	-

29.1 The Fund has not disclosed the fair values for these financial assets (other than investment) and for financial liabilities, as these are either short term in nature or are repriced periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

30 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions 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 in the statement of movement in unit holders' fund.

The Fund has no restrictions on the issuance 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' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 25, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

31 INTERIM DISTRIBUTIONS MADE LAST YEAR

Distribution	Rate per unit	Declaration date	Cash distribution		
			Capital value	Undistributed income	Total
----- For the year ended June 30, 2019 -----					
----- Rupees in '000 -----					
For the month of January	0.4028	January 29, 2019	(20,376)	(28,975)	(49,351)
For the month of February	0.0677	February 27, 2019	(202)	(8,079)	(8,281)
For the month of March	0.0732	March 29, 2019	(14)	(7,752)	(7,766)
For the month of April	0.0699	April 26, 2019	(247)	(7,283)	(7,530)
For the month of May	0.0865	May 29, 2019	(98)	(6,525)	(6,623)
For the month of June	0.0701	June 24, 2019	(95)	(5,222)	(5,317)
			<u>(21,032)</u>	<u>(63,836)</u>	<u>(84,868)</u>

32 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**.

33 GENERAL

33.1 Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018
Net assets at the year / period ended (Rs '000)	5,886,396	750,493	1,518,654
Net income for the year / period ended (Rs '000)	381,506	93,790	24,663
Net Asset Value per unit at the year / period ended (Rs)	10.0355	10.0226	10.1518
Offer Price per unit at year end	10.0922	10.0792	10.2092
Redemption Price per unit at year end	10.0355	10.0226	10.1518
Ex - Highest offer price per unit (Rs.)	10.0922	10.0792	10.2092
Ex - Lowest offer price per unit (Rs.)	8.9728	9.3269	10.0000
Ex - Highest redemption price per unit (Rs.)	10.0355	10.0226	10.1518
Ex - Lowest redemption price per unit (Rs.)	8.9728	9.2716	10.0000
Fiscal Year Opening Ex Nav	8.9695	10.0000	10.0000
Total return of the fund	11.85%	8.15%	1.52%
Capital growth	0.11%	0.45%	0.00%
Income distribution as a % of ex nav	11.74%	7.70%	1.52%
Income distribution as a % of par value	11.77%	7.70%	1.52%
Distribution			
Interim distribution per unit	1.1767	0.7702	-
Final distribution per unit	-	-	0.1518
Distribution Dates			
Interim	-	29-Jan-19	-
Interim	-	27-Feb-19	-
Interim	-	29-Mar-19	-
Interim	-	26-Apr-19	-
Interim	-	30-May-19	-
Interim	24-Jun-20	24-Jun-19	-
Final	-	-	4-Jul-18
Average annual return of the fund (launch date February 28, 2019)			
(Since inception to June 30, 2020)	9.20%	-	-
(Since inception to June 30, 2019)	-	7.25%	-
(Since inception to June 30, 2018)	-	-	4.50%
Portfolio Composition (Please see Fund Manager Report)			
Weighted average portfolio duration	24 Days	1 Days	1 Days

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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds