



NBP FUNDS

Managing Your Savings

AM1
Rated by PACRA

NBP MAHANA AMDANI FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

**To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.**



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Saad ur Rahman Khan	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Albaraka Bank of Pakistan
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Faysal Bank Limited



Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Khushhali Bank Limited
MCB Bank Limited
Meezan Bank Limited
Samba Bank Limited
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
The Bank of Punjab
U Microfinance Bank Limited
United Bank Limited
Zarai Taraqiati Bank Limited
Mobilink Microfinance Bank Limited

Multan Office:

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

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

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 Eleventh Annual Report of **NBP Mahana Amdani Fund (NMAF)** for the year ended June 30, 2020.

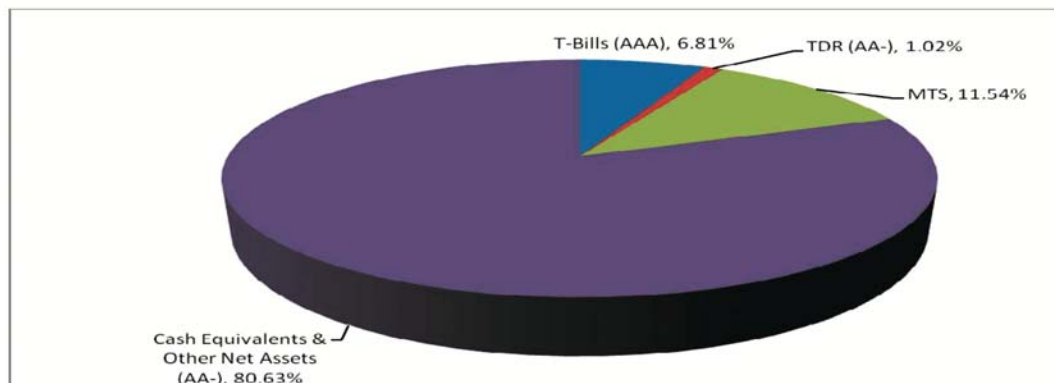
Fund's Performance

The size of NBP Mahana Amdani Fund has significantly increased from Rs. 545 million to Rs. 2,928 million during the period, i.e. an extraordinary increase of 437%. During the said period, the unit price of the Fund has increased from Rs. 9.0102 (Ex-Div) on June 30, 2019 to Rs. 10.1765 on June 30, 2020 thus posting a return of 12.9% as compared to its Benchmark return of 12.2% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund is rated 'AA- (f)' by PACRA, which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund is allowed to invest in MTS. However, internal guidelines permit financing in only fundamentally strong companies. It is pertinent to mention that in this asset class the Fund provides financing at only pre-determined rate of return with no direct exposure to the stock market.

During FY2020, trading activity in TFCs/Sukuks surged by 87% with a cumulative traded value of around Rs. 29 billion compared to Rs. 16 billion in FY2019. The market also witnessed a substantial increase in the primary issuance as the demand for long-term credit rose notably from the Power sector. Building on the ongoing economic stabilization policies and to counter the upside risks to inflation stemming from (i) exchange rate depreciation; (ii) increase in utility prices; and (iii) other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

The Fund has earned a total income of Rs. 248.514 million during the year. After deducting total expenses of Rs. 27.440million, the net income is Rs. 221.074million. The asset allocation of NBP Mahana Amdani 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 12.79% of the opening ex-NAV (13% of the par value) for the period ended June 30, 2020.



Taxation

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

Auditors

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

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held four meetings during the year. The attendance of all directors is disclosed in the note 30 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 26 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 20 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

Category	Names
Independent Directors	<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. 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

NBP فنڈ میجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP ماہانہ آمدنی فنڈ (NMAF) کی گیارہویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2020 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

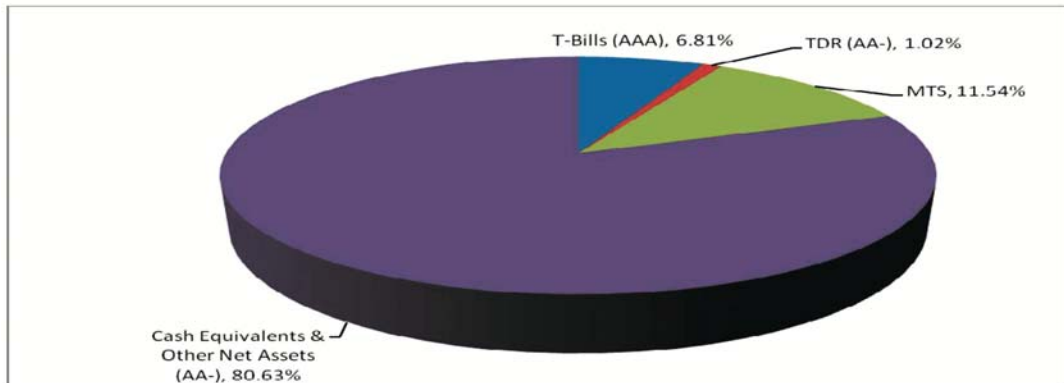
فنڈ کی کارکردگی

اس مدت کے دوران این بی پی ماہانہ آمدنی فنڈ کا ساٹھ سو 545 ملین روپے سے بڑھ کر 2,928 ملین روپے ہو گیا ہے، یعنی 437% کا اضافہ ہوا۔ مذکورہ مدت کے دوران فنڈ کے پورٹ کی قیمت 30 جون 2019 کو 9.0102 روپے (Ex-Div) سے بڑھ کر 30 جون 2020 کو 10.1765 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے بیچ مارک منافع 12.2% کے مقابلے میں 12.9% منافع درج کرایا۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو PACRA کی طرف سے AA-(f) کی ریٹنگ دی گئی ہے جو منافع جات میں متعلقہ استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشاندہی کرتی ہے۔ فنڈ کی میچورٹی کی نجی تلی اوسط مدت ایک سال سے زائد نہیں ہو سکتی۔ فنڈ کو MTS میں سرمایہ کاری کی اجازت ہے، تاہم NBP فنڈ ز کی داخلی ہدایات صرف بنیادی طور پر مستحکم کمپنیوں میں سرمایہ کاری کی اجازت دیتی ہیں۔ یہ یہاں ذکر مناسب ہے کہ اس ایسیٹ کلاس میں فنڈ منافع کی پہلے سے طے شدہ شرح منافع پر فائدہ اٹانگ فراہم کرتا ہے اور اسٹاک مارکیٹ میں براہ راست سرمایہ کاری نہیں کرتا۔

مالی سال 2020 کے دوران، TFCs/سلوک میں تجارتی سرگرمی مالی سال 2019 میں 16 بلین روپے کے مقابلے میں مالی سال 2020 کے دوران 87 فیصد اضافے کے ساتھ تقریباً 29 بلین روپے کی مجموعی تجارتی قیمت رہی۔ طویل مدتی کریڈٹ کی طلب خاص طور پر پاور سیکٹور کے شعبہ میں قابل ذکر حد تک بڑھ گئی جیسا کہ بنیادی اجراء میں اضافہ دیکھا گیا۔ اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر جسکی وجہ (i) زر مبادلہ کی شرح گراؤ، (ii) یوٹی لینی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 میں کئے گئے دیگر اقدامات، کے باعث پیدا ہونے والے خطرات کا مقابلہ کرنے کیلئے اسٹیٹ بینک آف پاکستان نے جولائی 2019 میں پالیسی کی شرح 100bps سے بڑھا کر 13.25 فیصد کر دی۔ طویل وقفے کے بعد، اسٹیٹ بینک آف پاکستان نے 17 مارچ، 2020 کو منعقدہ اپنے MPC اجلاس میں پالیسی کی شرح کو 25bps سے کم کر دیا۔ معیشت کو کورونا وائرس کے اثرات سے نجات دلانے کے لئے، اسٹیٹ بینک آف پاکستان نے جارحانہ مانیٹری پالیسی میں آسانی پیدا کی اور مختصر مدت میں پالیسی کی شرح میں 625bps سے کم کر کے 7 فیصد کر دی۔ پالیسی کی شرح میں کمی کے اثرات گورنمنٹ بانڈ منافع پر بھی اثر انداز ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ کی T-Bills کے منافع میں بالترتیب 566bps، 580bps اور 608bps کی کمی واقع ہوئی۔ SBP نے زیر جائزہ مدت کے دوران ستائیس (27) T-Bills نیلامیاں منعقد کیں اور کل 14,317 بلین روپے جمع کئے۔

فنڈ کو سال کے دوران 248.514 بلین روپے کی مجموعی آمدنی ہوئی۔ 27.440 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 221.07 بلین روپے ہے۔ 30 جون 2020 کو این بی پی ماہانہ آمدنی فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والی مدت کے لئے اوپننگ ex.NAV کا 12.79% (بنیادی قدر کا 13%) عبوری نقد ڈیویڈنڈ منظور دی ہے۔

ٹیکسیشن

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

آڈیٹرز

موجودہ آڈیٹرز، مینسز اے ایف فرگون 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 تقرری کے لئے پیش کرتے ہیں۔

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

1. مینیجمنٹ 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 بیرونی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی دواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 30 میں کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔



13۔ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
<ul style="list-style-type: none"> •1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب ہمایوں بشیر 	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ul style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب سعد الرحمان خان •3 جناب سید حسن ارتضیٰ کاظمی •4 جناب علی سیدگل •5 جناب عمران ظفر 	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP منڈ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

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

Abdul Samad

Chief Operating Officer
Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



FUND MANAGER REPORT

NBP Mahana Amdani Fund

NBP Mahana Amdani Fund (NMAF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP Mahana Amdani Fund is to minimize risk, preserve capital and generate a reasonable return along with a high degree of liquidity from a portfolio primarily constituted of bank deposits and money market instruments.

Benchmark

6-Month KIBOR.

Fund Performance Review

This is the Eleventh Annual report since the launch of the Fund on November 21, 2009. The Fund size increased extraordinarily by 437% during the year and stands at Rs. 2,928 million as of June 30, 2020. Since its inception, the Fund has generated 8.9% p.a. return against the benchmark return of 7.7% p.a. This translates into outperformance of 1.2% p.a. During FY20, the Fund posted a 12.9% return versus the benchmark return of 12.2%. The return of the Fund is net of management fee and all other expenses.

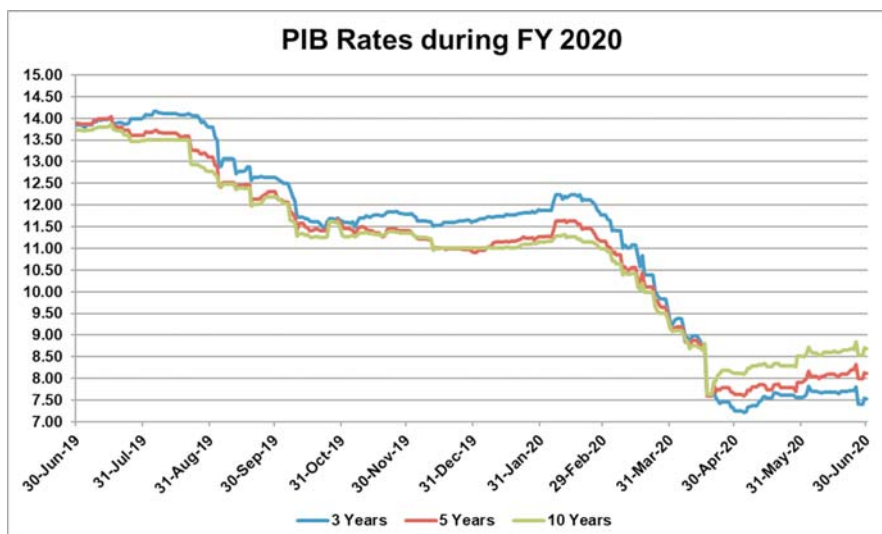
During FY2020, trading activity in TFCs/Sukuks surged by 87% with a cumulative traded value of around Rs. 29 billion compared to Rs. 16 billion in FY2019. The market also witnessed a substantial increase in the primary issuance as the demand for long-term credit rose notably from the Power sector. Building 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. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-20	30-Jun-19
T-Bills	6.81%	0.91%
Placements with Banks	1.02%	9.17%
Money Market Placements	-	-
Margin Trading System (MTS)	-	-
Cash (Cash Equivalents) & Other Assets	80.63%	89.92%
Total	100.00%	100.00%



PIB yields during the year are shown in the below graph:



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June 26, 2020	13.00%	11.4631	10.1629

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

Size of Unit Holding (Units)	# of Unit Holders
1-1000	1,011
1001-5000	319
5001-10000	192
10001-50000	621
50001-100000	354
100001-500000	386
500001-1000000	52
1000001-5000000	28
5000001-10000000	3
10000001-100000000	3
Total	2,969

During the period under question

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 6.645 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.023. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Mahana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the annexed financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2020 amounted to Rs. 2,300.436 million and Rs. 229.418 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • tested the design and operating effectiveness of the key controls for valuation of investments. • obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2020 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed. • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies. • obtained approval of the Board of Directors of the Management Company in relation to opening of bank accounts. • obtained bank reconciliation statements and tested reconciling items on a sample basis.



Other Matter

The financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated September 27, 2019.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020	2019
		----- Rupees in '000 -----	
ASSETS			
Bank balances	4	2,300,436	465,647
Investments	5	229,418	89,710
Receivable against Margin Trading System (MTS)	6	337,740	19
Profit receivable	7	15,424	5,628
Deposits and prepayments	8	614	590
Receivable against transfer of units		104,640	973
Total assets		2,988,272	562,567
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	16,749	12,819
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	249	86
Payable to the Securities and Exchange Commission of Pakistan	11	361	327
Payable against redemption of units		13,891	-
Accrued expenses and other liabilities	12	29,111	4,303
Total liabilities		60,361	17,535
NET ASSETS		2,927,911	545,032
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,927,911	545,032
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	14	287,712,816	53,629,608
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT	15	10.1765	10.1629

The annexed notes 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		
Income on government securities	34,222	1,978
Income on commercial papers	7,904	778
Income on term deposit receipts	7,058	2,156
Profit on bank deposits	160,415	36,556
Income from Margin Trading System (MTS)	30,904	6,129
Gain / (loss) on sale of investments - net	7,930	(34)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.4 <u>81</u>	<u>(7)</u>
Total income	<u>248,514</u>	<u>47,556</u>
EXPENSES		
Remuneration of NBP Fund Management Limited - the Management Company	9.1 <u>4,622</u>	<u>3,164</u>
Sindh sales tax on remuneration of Management Company	9.2 <u>601</u>	<u>411</u>
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1 <u>1,354</u>	<u>741</u>
Sindh sales tax on remuneration of the Trustee	10.2 <u>176</u>	<u>96</u>
Annual fee to the Securities and Exchange Commission of Pakistan	11.1 <u>361</u>	<u>327</u>
Allocated expenses	9.4 <u>1,806</u>	<u>436</u>
Selling and marketing expenses	9.5 <u>8,908</u>	<u>1,369</u>
Settlement and bank charges	<u>3,502</u>	<u>994</u>
Annual listing fee	<u>28</u>	<u>28</u>
Auditors' remuneration	16 <u>616</u>	<u>628</u>
Legal and professional charges	<u>106</u>	<u>33</u>
Mutual fund rating fee	<u>503</u>	<u>433</u>
NCCPL fee	<u>250</u>	<u>275</u>
Printing and other charges	<u>95</u>	<u>4</u>
Total operating expenses	<u>22,928</u>	<u>8,939</u>
Net income from operating activities	<u>225,586</u>	<u>38,617</u>
Provision against Sindh Workers' Welfare Fund	12.1 <u>(4,512)</u>	<u>(772)</u>
Net income for the year before taxation	<u>221,074</u>	<u>37,845</u>
Taxation	17 <u>-</u>	<u>-</u>
Net income for the year after taxation	<u>221,074</u>	<u>37,845</u>
Earnings per unit	18	
Allocation of net income for the year:		
Net income for the year after taxation	<u>221,074</u>	<u>37,845</u>
Income already paid on units redeemed	<u>(132,907)</u>	<u>(1,506)</u>
	<u>88,167</u>	<u>36,339</u>
Accounting income available for distribution:		
- Relating to capital gains	<u>2,037</u>	<u>-</u>
- Excluding capital gains	<u>86,130</u>	<u>36,339</u>
	<u>88,167</u>	<u>36,339</u>

The annexed notes 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 JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Net income for the year after taxation	221,074	37,845
Other comprehensive income for the year	-	-
Total comprehensive income for the year	221,074	37,845

The annexed notes 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 MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in 000)						
Net assets at the beginning of the year	534,778	10,254	545,032	466,867	28,902	495,769
Issuance of 790,002,217 units (2019: 48,266,288 units)						
- Capital value	8,028,714	-	8,028,714	489,525	-	489,525
- Element of income	663,147	-	663,147	1,521	-	1,521
Total proceeds on issuance of units	8,691,861	-	8,691,861	491,046	-	491,046
Redemption of 555,919,009 units (2019: 40,996,267 units)						
- Capital value	(5,649,749)	-	(5,649,749)	(415,788)	-	(415,788)
- Element of loss	(437,743)	(132,907)	(570,650)	(99)	(1,506)	(1,605)
Total payments on redemption of units	(6,087,492)	(132,907)	(6,220,399)	(415,887)	(1,506)	(417,393)
Total comprehensive income for the year	-	221,074	221,074	-	37,845	37,845
Final cash distribution: For the year ended June 30, 2020: Rs. Nil (For the year ended June 30, 2018: Re. 0.5519 per unit declared on July 4, 2018)	-	-	-	(5,878)	(19,708)	(25,586)
Interim cash distributions: For the year ended June 30, 2020: Rs. 1.3002 per unit declared on June 26, 2020	(225,423)	(84,234)	(309,657)	-	-	-
For the year ended June 30, 2019						
- @ Re. 0.1072 per unit declared on August 29, 2018	-	-	-	(218)	(4,644)	(4,862)
- @ Re. 0.0557 per unit declared on September 28, 2018	-	-	-	(74)	(2,370)	(2,444)
- @ Re. 0.0654 per unit declared on October 29, 2018	-	-	-	(26)	(2,616)	(2,642)
- @ Re. 0.0629 per unit declared on November 28, 2018	-	-	-	(39)	(2,427)	(2,466)
- @ Re. 0.0731 per unit declared on December 28, 2018	-	-	-	(115)	(2,860)	(2,975)
- @ Re. 0.0839 per unit declared on January 28, 2019	-	-	-	(7)	(3,275)	(3,282)
- @ Re. 0.0788 per unit declared on February 26, 2019	-	-	-	(82)	(2,976)	(3,058)
- @ Re. 0.0835 per unit declared on March 28, 2019	-	-	-	(62)	(3,267)	(3,329)
- @ Re. 0.0846 per unit declared on April 27, 2019	-	-	-	(137)	(3,394)	(3,531)
- @ Re. 0.0873 per unit declared on May 28, 2019	-	-	-	(353)	(3,723)	(4,076)
- @ Re. 0.0845 per unit declared on June 24, 2019	-	-	-	(257)	(3,727)	(3,984)
	-	-	-	(1,370)	(35,279)	(36,649)
Net assets at the end of the year	2,913,724	14,187	2,927,911	534,778	10,254	545,032
Undistributed income brought forward						
- Realised income		10,261			28,904	
- Unrealised loss		(7)			(2)	
		10,254			28,902	
Accounting income available for distribution:						
- Relating to capital gains		2,037			-	
- Excluding capital gains		86,130			36,339	
		88,167			36,339	
Interim cash distribution for the year ended June 30, 2020		(84,234)			-	
Final cash distribution for the year ended June 30, 2018		-			(19,708)	
Interim cash distributions for the year ended June 30, 2019		-			(35,279)	
Undistributed income carried forward		14,187			10,254	
Undistributed income carried forward						
- Realised income		14,106			10,261	
- Unrealised income / (loss)		81			(7)	
		14,187			10,254	
				(Rupees)		(Rupees)
Net asset value per unit at the beginning of the year				10.1629		10.6940
Net asset value per unit at the end of the year				10.1765		10.1629

The annexed notes 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 JUNE 30, 2020

Note	2020	2019
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	221,074	37,845
Adjustments:		
Profit on bank balances	(160,415)	(36,556)
Income on term deposit receipts	(7,058)	(2,156)
Income from Margin Trading System	(30,904)	(6,129)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(81)	7
	<u>22,616</u>	<u>(6,989)</u>
Decrease / (increase) in assets		
Investments - net	59,791	(14,468)
Receivable against Margin Trading System	(337,721)	89,652
Deposits and prepayments	(24)	(240)
	<u>(277,954)</u>	<u>74,944</u>
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - the Management Company	3,930	988
Payable to Central Depository Company of Pakistan Limited - the Trustee	163	-
Payable to the Securities and Exchange Commission of Pakistan	34	(29)
Accrued expenses and other liabilities	24,808	845
	<u>28,935</u>	<u>1,804</u>
Profit received on term deposit receipts	6,241	31,014
Profit received on bank balances	153,867	2,334
Profit received on Margin Trading System	28,473	6,551
	<u>(37,822)</u>	<u>109,658</u>
Net cash flows (used in) / generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units - net of refund of element	8,362,771	490,073
Net payments against redemption of units	(6,206,508)	(417,408)
Distributions paid	(84,234)	62,235
Net cash flows generated from financing activities	<u>2,072,029</u>	<u>10,480</u>
Net increase in cash and cash equivalents during the year	<u>2,034,207</u>	<u>120,088</u>
Cash and cash equivalents at the beginning of the year	465,647	350,506
Cash and cash equivalents at the end of the year	<u><u>2,499,854</u></u>	<u><u>470,594</u></u>

The annexed notes 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 JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Mahana Amdani Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on October 9, 2009, in accordance with the Non-Banking and 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 by the SECP under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'income scheme' pursuant to the provisions contained in Circular 7 of 2009.

The objectives of the fund are to minimise risk, preserve capital and to provide reasonable return to investors along with a high degree of liquidity from a portfolio primarily constituting of bank deposits and money market investments.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM1 as at June 24, 2020 (2019: AM1) to the Management Company and rating of AA-(f) with stable outlook as at April 17, 2020.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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



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

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

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

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

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

2.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for Federal Excise Duty (note 9.3), provision for SWWF (note 12.1) and provision for taxation (note 3.12 and 17).

2.5 Accounting convention

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

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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



3.2 Financial assets

3.2.1 Classification and subsequent measurement

Debt instruments

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

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

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.2 Impairment

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

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

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

3.2.2.1 Impairment loss on debt securities

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

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP in accordance with the provisioning policy duly approved by the Board of Directors.

3.2.3 Regular way contracts

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

3.2.4 Initial recognition and measurement

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

3.2.5 Derecognition

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



3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

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

3.7 Issuance and redemption of units

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

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

3.8 Distributions to unit holders

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

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

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

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



3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the year in which these arise.
- Profit on bank balances is recognised on an accrual basis using effective interest rate method.

3.11 Expenses

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

3.12 Taxation

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

3.13 Earnings / (loss) per unit

Earnings per unit is calculated by dividing the net income for the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 18.

3.14 Foreign currency translation

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

4 BANK BALANCES

	Note	2020 Rupees in '000	2019
Balances with banks in:			
Current accounts		5,449	2,118
Savings accounts	4.1	2,294,987	463,529
		<u>2,300,436</u>	<u>465,647</u>

4.1 These include balances of Rs 1.75 million (2019: Rs 1.75 million) maintained with National Bank of Pakistan (a related party).

4.2 These include balances amounting to Rs 0.839 million and Rs 7.302 million (2019: Rs 0.323 million and Rs 3.59 million respectively) maintained with BankIslami Pakistan Limited and National Bank of Pakistan (related parties) respectively, that carry profit at the rates 7% and 4.5% per annum respectively (2019: 13.5% and 8% per annum). Other savings accounts of the Fund carry profits at the rates ranging from 6.5% to 15.5% per annum (2019: 7.3% to 14% per annum).

5 INVESTMENTS

	Note	2020 Rupees in '000	2019
Financial assets 'at fair value through profit or loss'			
Government securities - Market Treasury Bills	5.1	199,418	4,947
Term deposit receipts	5.2	30,000	50,000
Commercial papers	5.3	-	34,763
		<u>229,418</u>	<u>89,710</u>



5.1 Government securities - Market Treasury Bills

5.1.1 Investments in government securities

Issue date	Tenor	Face value				Market value as at June 30, 2020	Market value as a percentage of	
		As at July 1, 2019	Purchases during the year	Sold / matured during the year	As at June 30, 2020		net assets	total investments
						(Rupees in '000) ----- (%) -----		
October 24, 2019	12 months	-	93,000	(93,000)	-	-	-	-
July 18, 2019	6 months	-	35,000	(35,000)	-	-	-	-
May 9, 2019	3 months	5,000	-	(5,000)	-	-	-	-
February 27, 2020	3 months	-	750,000	(750,000)	-	-	-	-
October 10, 2019	12 months	-	300,000	(300,000)	-	-	-	-
November 7, 2019	3 months	-	85,000	(85,000)	-	-	-	-
December 5, 2019	3 months	-	1,100,000	(1,100,000)	-	-	-	-
January 2, 2020	12 months	-	100,000	(100,000)	-	-	-	-
April 23, 2020	3 months	-	300,000	(100,000)	200,000	199,418	6.81%	86.92%
Total		5,000	2,763,000	(2,568,000)	200,000	199,418		

Carrying value as at June 30, 2020

199,337

Market value as at June 30, 2019

4,947

Carrying value as at June 30, 2019

4,954

5.1.1 These carry purchase yield of 7.99% (2019: 7.4% to 13.2%) and are due to mature on July 16, 2020.

5.1.2 Investments in Market Treasury Bills with market value of Rs 199.418 million (2019: Rs 4.947 million) have been pledged with National Clearing Company of Pakistan Limited as collateral against margin in accordance with Circular 11 of 2007 by the SECP.

5.2 Term deposit receipts

Name of the bank	Issue date	Maturity date	Profit rate (%) / Tenor	As at July 1, 2019	Purchased during the year	Matured during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
----- Rupees in '000 ----- Percentage -----											
Mobilink Microfinance Bank Limited	22-Oct-19	21-Oct-20	15.60% 12 month	-	30,000	-	30,000	30,000	30,000	13.08	1.02
JS Bank Limited	27-Sep-19	27-Dec-19	14.20% 3 month	-	60,000	(60,000)	-	-	-	-	-
JS Bank Limited	27-Jun-19	27-Sep-19	14.20% 3 month	50,000	-	(50,000)	-	-	-	-	-
Total as at June 30, 2020								<u>30,000</u>	<u>30,000</u>		
Total as at June 30, 2019								<u>50,000</u>	<u>50,000</u>		



5.3 Commercial papers

Name of security	Maturity date	Yield	Number of certificates				As at June 30, 2020		Market value as a percentage of	
			As at July 1, 2019	Purchased during the year	Matured during the year	As at June 30, 2020	Carrying value	Market value	Net assets	Total investments

---- (Rupees in '000) ---- ----- (%) -----

Hub Power Company Limited	March 24, 2020	15.40%	-	50,000	50,000	-	-	-	-	-
Hub Power Company Limited	July 22, 2019	12.11%	35,000	-	35,000	-	-	-	-	-
Hub Power Company Limited	March 24, 2020	14.35%	-	200,000	200,000	-	-	-	-	-
K-Electric Limited	February 28, 2020	15.38%	-	50,000	50,000	-	-	-	-	-

Total as at June 30, 2020

- -

Total as at June 30, 2019

34,763 34,763

5.3.1 These carry purchase yield of nil (2019: 12.11%) per annum. There is no outstanding commercial paper as at June 30, 2020.

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

Note **2020** **2019**
----- (Rupees in '000) -----

Market value of investments	5.1, 5.2 & 5.3	229,418	89,710
Less: carrying value of investments	5.1, 5.2 & 5.3	(229,337)	(89,717)
		<u>81</u>	<u>(7)</u>

6 RECEIVABLE AGAINST MARGIN TRADING SYSTEM (MTS)

Receivable against MTS	6.1	<u>337,740</u>	<u>19</u>
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6.1 This carried average profit rate of 10.05% per annum (2019: Nil per annum).

7 PROFIT RECEIVABLE

Profit receivable on:

- Savings accounts		12,104	5,556
- Margin trading system		2,431	-
- Term deposit receipts		889	72
		<u>15,424</u>	<u>5,628</u>

8 DEPOSITS AND PREPAYMENTS

Prepaid rating fee		264	240
Deposit with Central Depository Company of Pakistan Limited		100	100
Deposit with National Clearing Company of Pakistan Limited		250	250
		<u>614</u>	<u>590</u>



9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY	Note	2020	2019
			------(Rupees in '000)-----	
	Remuneration payable to the Management Company	9.1	352	357
	Sindh sales tax on remuneration of the Management Company	9.2	45	46
	Provision for Federal Excise Duty on remuneration of the Management Company	9.3	10,620	10,620
	Provision for Federal Excise Duty on sales load	9.3	292	292
	Allocated expenses payable	9.4	636	213
	Selling and marketing expenses payable	9.5	2,546	853
	Sales and transfer load payable		1,743	133
	Sindh sales tax on sales load		227	17
	Others		288	288
			<u>16,749</u>	<u>12,819</u>

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration under the following rates:

2020				2019	
Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to November 26, 2019	Rate applicable from November 27, 2019 to December 12, 2019	Rate applicable from December 13, 2019 to June 30, 2020	Rate applicable from July 1, 2018 to September 9, 2018	Rate applicable from September 10, 2018 to June 30, 2019
7% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets	6% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets	3% of net income of the Fund subject to floor and capping of 0.4% and 1% per annum of average annual net assets	1% of net income of the Fund subject to floor and capping of 0.15% and 1% per annum of average annual net assets	10% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets	7% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets

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

9.2 During the year, an amount of Rs 0.601 million (2019: Rs 0.411 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011.

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

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



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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 10.912 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2020 would have been higher by Re 0.038 per unit (2019: Re 0.203 per unit).

- 9.4** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

Accordingly, the Management Company has currently fixed a maximum capping of 0.1% per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.

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

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

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

Effective dates	Applicable rates
From July 1, 2019 till July 11, 2019	0.4% per annum of average daily net assets
From July 12, 2019 till January 19, 2020	0.7% per annum of average daily net assets
From January 20, 2020 till June 30, 2020	0.4% per annum of average daily net assets



10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE	Note	2020	2019
			----- Rupees in '000 -----	
	Remuneration payable to the Trustee	10.1	175	71
	Sindh sales tax payable on Trustee remuneration	10.2	23	9
	Settlement charges payable		51	6
			<u>249</u>	<u>86</u>

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

2019		2020
Net assets	Fee	0.075% per annum of average annual net assets
- up to Rs 1 billion	0.17% per annum of net assets	
- Rs 1 billion to Rs 5 billion	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1 billion	
- Above Rs 5 billion	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5 billion	

10.2 During the year, an amount of Rs 0.176 million (2019: Rs 0.096 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2020	2019
			----- Rupees in '000 -----	
	Annual fee payable	11.1	<u>361</u>	<u>327</u>

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

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019 has revised the rate of annual fee (applicable to all categories of CISs) to 0.02% per annum of average annual net assets of the Fund. Previously, the rate of annual fee applicable to income funds was 0.075% per annum of average annual net assets. Accordingly, the Fund has charged the SECP fee at the rate of 0.02% per annum of the average annual net assets during the year.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020	2019
			----- Rupees in '000 -----	
	Provision against Sindh Workers' Welfare Fund	12.1	6,645	2,133
	Auditors' remuneration		456	484
	Printing charges payable		50	38
	Bank charges payable		145	18
	Withholding tax payable		17,683	543
	Capital gains tax payable		2,529	48
	Legal and professional charges payable		85	-
	Laga and levy charges payable		513	34
	Others		1,005	1,005
			<u>29,111</u>	<u>4,303</u>



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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Re 0.023 per unit (2019: Re 0.040 per unit).

13 CONTINGENCIES AND COMMITMENTS

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

14 NUMBER OF UNITS IN ISSUE	2020	2019
	(Number of units)	
Total units in issue at beginning of the year	53,629,608	46,359,587
Add: Units issued during the year	790,002,217	48,266,288
Less: Units redeemed during the year	(555,919,009)	(40,996,267)
Total units in issue at end of the year	<u>287,712,816</u>	<u>53,629,608</u>

15 NET ASSET VALUE PER UNIT

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

16 AUDITORS' REMUNERATION	2020	2019
	----- (Rupees in '000) -----	
Annual audit fee	372	420
Fee for half yearly review	147	168
Income certification	50	-
Out of pocket expenses and others including government levy	47	40
	<u>616</u>	<u>628</u>

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.



18 EARNINGS PER UNIT

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

19 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2020 is 1.52% (2019: 2.23%) which includes 0.31% (2019: 0.37%) representing government levies on the Fund such as provision against Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

20.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

20.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

20.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

20.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

20.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

	2020	2019
	----- Rupees in '000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration of NBP Fund Management Limited - the Management Company	4,622	3,164
Sindh sales tax on remuneration of the Management Company	601	411
Sales load	14,490	465
Sindh sales tax on sales load	1,884	60
Allocated expenses	1,806	436
Selling and marketing expenses	8,908	1,369
Dividend reinvestment units issued: 100,415 units (2019: Nil units)	1,021	-
Units issued: 25,102,103 units (2019: Nil units)	270,253	-
Units redeemed: 12,877,800 units (2019: Nil units)	147,000	-
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	1,354	741
Sindh sales tax on remuneration of the Trustee	176	96
Settlement charges	578	156



	2020	2019
	----- Rupees in '000 -----	
NBP Endowment Fund Student Loan Scheme**		
Units issued: Nil units (2019: 1,585 units)	-	16
Key management personnel of the Management Company		
Dividend reinvestment units issued: 18,110 units (2019: Nil units)	184	-
Units issued: 9,432,787 units (2019: 213,678 units)	102,644	1,943
Units redeemed: 6,994,480 units (2019: 663,672 units)	78,420	6,766
NBP Government Securities Saving Fund		
Purchase of Market Treasury Bills	82,978	-
Hub Power Company Limited - common directorship		
Purchase of commercial papers	246,000	-
Askari Bank Limited - common directorship**		
Profit on bank deposits	-	44
BankIslami Pakistan Limited - common directorship		
Profit on bank deposits	278	28
Dr Amjad Waheed - chief executive officer		
Units issued: 83,842 units (2019: Nil units)	900	-
Units redeemed: 83,842 units (2019: Nil units)	908	-
Muhammad Murtaza Ali - Company Secretary / COO		
Units issued: 172,012 units (2019: Nil units)	1,750	-
Ali Saigol - Directors		
Dividend reinvestment - units issued 43 units (2019:Nil units)	-	-
Units issued: 973 units (2019: Nil units)	10	-
Fauji Fertilizers Company Limited - common directorship		
Units issued: 57,224,762 units (2019: Nil units)	619,959	-
Units redeemed: 57,224,762 units (2019: Nil units)	634,116	-
Pakistan Stock Exchange Limited - common directorship*		
Listing fee paid	25	-
National Clearing Company of Pakistan Limited - common directorship		
fee paid	250	275
Portfolio managed by the Management Company		
Purchase of Market Treasury Bills	278,477	-
NBP Income Opportunity Fund		
Purchase of commercial paper	199,529	-
20.7 Amounts / balances outstanding as at year end:		
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	352	357
Sindh sales tax on remuneration of the Management Company	45	46
Federal Excise Duty on remuneration of the Management Company	10,620	10,620
Federal Excise Duty on sales load	292	292
Allocated expenses payable	636	213
Selling and marketing expenses payable	2,546	853
Sales and transfer load payable	1,743	133
Sindh sales tax on sales load	227	17
Others	288	288
Units held: 12,324,718 units (2019: Nil units)	125,422	-



	2020	2019
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable to the Trustee	175	71
Sindh sales tax payable on Trustee remuneration	23	9
Security deposit	100	100
Settlement charges payable	51	6
National Bank of Pakistan - parent company		
Current account	1,751	1,751
Savings account	7,302	3,592
Profit receivable on savings account	10	50
Summit Bank Limited - common directorship**		
Bank balances	-	748
Askari Bank Limited - common directorship**		
Bank balances	-	93
Profit receivable on savings account	-	34
NBP Endowment Fund Student Loan Scheme**		
Units held: Nil units (2019: 16,058 units)	-	163
Key management personnel of the Management Company		
Units held: 2,495,660 units (2019: 15,945 units)	25,397	162
BankIslami Pakistan Limited - common directorship		
Bank balances	839	323
Profit receivable on savings account	5	12
Syed Muhammad Asif Ali - unit holders with more than 10% holding**		
Units held: Nil units (2019: 6,476,677 units)	-	65,822
Muhammad Murtaza Ali - Company Secretary / COO		
Units held: 172,012 units (2019: Nil units)	1,750	-
Ali Saigol - Director		
Units held: 1,016 units (2019: Nil units)	10	-

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

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

21	CASH AND CASH EQUIVALENTS	Note	2020	2019
			----- (Rupees in '000) -----	
	Bank balances	4	2,300,436	465,647
	Government securities:			
	- Market Treasury Bills (original maturity of 3 months or less)	5.1	199,418	4,947
			<u>2,499,854</u>	<u>470,594</u>



22 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Bank balances	2,300,436	-	2,300,436
Investments	-	229,418	229,418
Receivable against Margin Trading System	337,740	-	337,740
Profit receivable	15,424	-	15,424
Deposits	350	-	350
Receivable against transfer of units	104,640	-	104,640
	<u>2,758,590</u>	<u>229,418</u>	<u>2,988,008</u>

2020		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
2,300,436	-	2,300,436
-	229,418	229,418
337,740	-	337,740
15,424	-	15,424
350	-	350
104,640	-	104,640
<u>2,758,590</u>	<u>229,418</u>	<u>2,988,008</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	16,749	16,749
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	249	249
Payable against redemption of units	-	13,891	13,891
Accrued expenses and other liabilities	-	2,254	2,254
	<u>-</u>	<u>33,143</u>	<u>33,143</u>

2020		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
-	16,749	16,749
-	249	249
-	13,891	13,891
-	2,254	2,254
<u>-</u>	<u>33,143</u>	<u>33,143</u>

Financial assets

Bank balances	465,647	-	465,647
Investments	-	89,710	89,710
Receivable against Margin Trading System	19	-	19
Profit receivable	5,628	-	5,628
Deposits	350	-	350
Receivable against transfer of units	973	-	973
	<u>472,617</u>	<u>89,710</u>	<u>562,327</u>

2019		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
465,647	-	465,647
-	89,710	89,710
19	-	19
5,628	-	5,628
350	-	350
973	-	973
<u>472,617</u>	<u>89,710</u>	<u>562,327</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	12,819	12,819
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	86	86
Accrued expenses and other liabilities	-	1,579	1,579
	<u>-</u>	<u>14,484</u>	<u>14,484</u>

2019		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
-	12,819	12,819
-	86	86
-	1,579	1,579
<u>-</u>	<u>14,484</u>	<u>14,484</u>



23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund, the NBFC Regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

23.1 Market risk

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

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

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

23.1.1 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. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

23.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks, investments in term deposit receipts and Market Treasury Bills. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund is exposed to cash flow interest rate risk for balances in savings accounts on which interest rate range between 4.5% to 15.5% per annum. A reasonably possible change of 100 basis points in interest rates on the last repricing date would have increased / decreased the net income for the year and the net assets of the Fund by Rs 22.950 million (2019: Rs 4.635 million). The analysis assumes that all other variables remain constant.

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investment in Market Treasury Bills and term deposit receipts. In case of 100 basis points increase / decrease in rates on June 30, 2020, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 2.294 million (2019: Rs 0.897 million).

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

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

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



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

(Rupees in '000)

On balance sheet financial instruments

Financial assets

Bank balances	4.5% - 15.50%	2,294,987	-	-	5,449	2,300,436
Investments	8.10% - 15.60%	199,418	30,000	-	-	229,418
Receivable against Margin Trading System		337,740	-	-	-	337,740
Profit receivable		-	-	-	15,424	15,424
Deposits		-	-	-	350	350
Receivable against transfer of units		-	-	-	104,640	104,640
		<u>2,832,145</u>	<u>30,000</u>	<u>-</u>	<u>125,863</u>	<u>2,988,008</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	16,749	16,749
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	249	249
Payable against redemption of units		-	-	-	13,891	13,891
Accrued expenses and other liabilities		-	-	-	2,254	2,254
		<u>-</u>	<u>-</u>	<u>-</u>	<u>33,143</u>	<u>33,143</u>

On-balance sheet gap

	<u>2,832,145</u>	<u>30,000</u>	<u>-</u>	<u>92,720</u>	<u>2,954,865</u>
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Total interest rate sensitivity gap

	<u>2,832,145</u>	<u>30,000</u>	<u>-</u>	<u>92,720</u>	<u>2,954,865</u>
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Cumulative interest rate sensitivity gap

	<u>2,832,145</u>	<u>2,862,145</u>	<u>2,862,145</u>
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2019					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in '000)

On balance sheet financial instruments

Financial assets

Bank balances	7.3% - 14%	463,529	-	-	2,118	465,647
Investments	7.40% - 13.20%	89,710	-	-	-	89,710
Receivable against Margin Trading System		19	-	-	-	19
Profit receivables		-	-	-	5,628	5,628
Deposits		-	-	-	350	350
Receivable against transfer of units		-	-	-	973	973
		<u>553,258</u>	<u>-</u>	<u>-</u>	<u>9,069</u>	<u>562,327</u>

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	12,819	12,819
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	86	86
Accrued expenses and other liabilities		-	-	-	1,579	1,579
		<u>-</u>	<u>-</u>	<u>-</u>	<u>14,484</u>	<u>14,484</u>

On-balance sheet gap

	<u>553,258</u>	<u>-</u>	<u>-</u>	<u>(5,415)</u>	<u>547,843</u>
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Total interest rate sensitivity gap

	<u>553,258</u>	<u>-</u>	<u>-</u>	<u>(5,415)</u>	<u>547,843</u>
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Cumulative interest rate sensitivity gap

	<u>553,258</u>	<u>553,258</u>	<u>553,258</u>
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23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from 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 similar financial instruments traded in the market. The Fund does not have any financial instruments which are subject to price risk.

23.2 Credit risk

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

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Bank balances	2,300,436	2,300,436	465,647	465,647
Investments	229,418	30,000	89,710	84,763
Receivable against Margin Trading System	337,740	337,740	19	19
Profit receivable	15,424	15,424	5,628	5,628
Deposits and prepayments	614	614	590	590
Receivable against transfer of units	104,640	104,640	973	973
	2,988,272	2,788,854	562,567	557,620

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

23.2.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon and investments in term deposit receipts and commercial papers. The credit rating profile of balances with banks and investment in debt securities is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
Bank balances and accrued profit		
AAA	4.99%	1.78%
AA+	0.89%	1.36%
AA-	48.46%	56.05%
AA	0.01%	0.09%
A+	12.44%	13.32%
A-	0.00%	0.01%
A	10.48%	11.13%
BBB-	0.12%	0.06%
Term deposit receipt		
AA-	-	8.90%
A	1.03%	-
Commercial papers		
A-1+	-	0.06%



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

As per the NBFC Regulations, 2008, the Fund can borrow in the short term to ensure settlement, the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

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

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

----- 2020 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
Financial assets						
Bank balances	2,300,436	-	-	-	-	2,300,436
Investments	199,418	-	30,000	-	-	229,418
Receivable against MTS	337,740	-	-	-	-	337,740
Profit receivables	14,535	-	889	-	-	15,424
Deposits	-	-	-	-	350	350
Receivable against transfer of units	104,640	-	-	-	-	104,640
	2,956,769	-	30,889	-	350	2,988,008
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	16,749	-	-	-	-	16,749
Payable to Central Depository Company of Pakistan Limited - the Trustee	249	-	-	-	-	249
Payable against redemption of units	13,891	-	-	-	-	13,891
Accrued expenses and other liabilities	2,254	-	-	-	-	2,254
	33,143	-	-	-	-	33,143
Net assets	2,923,626	-	30,889	-	350	2,954,865



----- 2019 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
Financial assets						
Bank balances	465,647	-	-	-	-	465,647
Investments	-	89,710	-	-	-	89,710
Receivable against MTS	19	-	-	-	-	19
Profit receivables	5,556	72	-	-	-	5,628
Deposits	-	-	-	-	350	350
Receivable against transfer of units	973	-	-	-	-	973
	472,195	89,782	-	-	350	562,327
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	12,819	-	-	-	-	12,819
Payable to Central Depository Company of Pakistan Limited - the Trustee	86	-	-	-	-	86
Accrued expenses and other liabilities	1,579	-	-	-	-	1,579
	14,484	-	-	-	-	14,484
Net assets	457,711	89,782	-	-	350	547,843

24 FAIR VALUE MEASUREMENT

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

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

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

24.1 Fair value hierarchy

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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



	2020			
	Level 1	Level 2	Level 3	Total
ASSETS	----- Rupees in '000 -----			
Financial assets - at fair value through profit or loss				
Government securities - Market Treasury Bills	-	199,418	-	199,418
Term deposit receipt**	-	30,000	-	30,000
	-	229,418	-	229,418

	2019			
	Level 1	Level 2	Level 3	Total
ASSETS	----- Rupees in '000 -----			
Financial assets 'at fair value through profit or loss'				
Government securities - Market Treasury Bills	-	4,947	-	4,947
Term deposit receipt**	-	50,000	-	50,000
Commercial papers*	-	34,763	-	34,763
	-	89,710	-	89,710

* The valuation of commercial papers has been done based on amortisation of commercial papers to their face values as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and are placed with counterparties which have high credit rating.

** The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

25 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

26 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	2,941	2,756,833	94.16%	1,272	474,677	87.09%
Associated companies	3	125,434	4.28%	1	163	0.03%
Retirement funds	7	31,168	1.07%	5	19,068	3.50%
Others	18	14,476	0.49%	18	51,124	9.38%
	2,969	2,927,911	100.00%	1,296	545,032	100.00%



27 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2020 -----		-----2019 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Bright Capital (Private) Limited	86.05%	Icon Securities (Private) Limited	100.00%
Invest One Market Limited	13.95%		

27.1 The Fund has traded with only the above mentioned seven brokers / dealers during the year ended June 30, 2020 (2019: two brokers / dealers).

28 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	32
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	20
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	14
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9
Muhammad Ali Bhabha	Head of Fixed Income	CFA, MBA, FRM and MS	25

29 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Ali Bhabha	Fund Manager	CFA, MBA, FRM and MS	NAARFSF, NFSIF, NGSFLF, NGSF I, NIOF, NIDDF, NIMAF, NIMMF, NBP - ISF, NMAF, NMMF, NRFSF, NBP - SF

30 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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



- 30.1 Mr. Saad ur Rahman Khan opted as Director on the Board with effect from October 04, 2019.
- 30.2 Syed Hasan Irtiza Kazmi opted as Director on the Board with effect from October 04, 2019.
- 30.3 Mr. Nasir Husain retired from the Board with effect from October 04, 2019.
- 30.4 Mr. Abdul Hadi Palekar retired from the Board with effect from October 04, 2019.
- 30.5 Mr. Kamal Amir Chinoy retired from the Board with effect from October 04, 2019.
- 30.6 Mr. Khalid Mansoor opted as Director on the Board with effect from October 04, 2019.
- 30.7 Mr. Shehryar Faruque retired from the Board with effect from October 04, 2019.
- 30.8 Mr. Saad Amanullah Khan opted as Director on the Board with effect from October 04, 2019.

31 CORRESPONDING FIGURES

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

32 GENERAL

32.1 Rounding off

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

32.2 Impact of COVID-19

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

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

- a) The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) Time period to ensure compliance with the minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

32.3 Operational risk management

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

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

33 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	for the Year ended June 30, 2020	for the Year ended June 30, 2019	for the Year ended June 30, 2018	for the Year ended June 30, 2017	for the Year ended June 30, 2016	for the Year ended June 30, 2015
Net assets at the year / period ended (Rs '000)	2,927,911	545,032	495,769	441,250	522,797	494,677
Net income for the year / period ended (Rs '000)	221,074	37,845	25,142	26,437	15,377	69,309
Net Asset Value per unit at the year / period ended (Rs)	10.1765	10.1629	10.6940	10.4115	10.1194	10.1148
Offer Price per unit at year end	10.2915	10.2203	10.7544	10.1988	10.1766	10.1823
Redemption Price per unit at year end	10.1765	10.1629	10.6940	10.1415	10.1194	10.1148
Ex - Highest offer price per unit (Rs.)	10.2915	10.2203	10.7544	10.1988	10.8068	10.1823
Ex - Lowest offer price per unit (Rs.)	9.0129	9.3765	10.2004	9.4427	10.1749	9.3743
Ex - Highest redemption price per unit (Rs.)	10.1765	10.1629	10.8152	10.1415	10.7461	10.1148
Ex - Lowest redemption price per unit (Rs.)	9.0129	9.3192	10.1431	9.3822	10.1177	9.3122
Fiscal Year Opening EX Nav	9.0102	9.3144	10.4115	9.3807	10.1148	9.3076
Total return of the fund	12.91%	9.11%	5.40%	8.11%	6.10%	8.67%
Capital growth	0.11%	0.56%	0.10%	-0.38%	-0.14%	0.02%
Income distribution as a % of ex nav	12.79%	8.55%	5.30%	8.50%	6.24%	8.65%
Income distribution as a % of par value	13.00%	8.67%	5.52%	7.97%	6.31%	8.05%
Distribution						
Interim distribution per unit	1.3002	0.7824		0.7969	0.6313	0.8049
Final distribution per unit		0.0845	0.5519	-	-	-
Distribution Dates						
Interim	26-Jun-20			19-Jun-17		
Interim						
Interim		29-Aug-18				
Interim		28-Sep-18				
Interim		29-Oct-18				
Interim		28-Nov-18				
Interim		28-Dec-18				
Interim		28-Jan-19				
Interim		26-Feb-19				
Interim		28-Mar-19				
Interim		27-Apr-19				
Interim		28-May-19				29-Jun-15
Final		24-Jun-19	04-Jul-18			-
Average annual return of the fund (launch date Nov 21, 2009)						
(Since inception to June 30, 2020)	8.93%					
(Since inception to June 30, 2019)		8.53%				
(Since inception to June 30, 2018)			8.50%			
(Since inception to June 30, 2017)				8.86%		
(Since inception to June 30, 2016)					9.00%	
(Since inception to June 30, 2015)						9.50%
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
(Since inception to June 30, 2010)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	9 Days	10 Days 22 Days		27 Days	22 Days	76 Days

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

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