



NBP FUNDS

Managing Your Savings

AM1
Rated by PACRA

NBP SAVINGS FUND



ANNUAL REPORT
JUNE 2020



MISSION STATEMENT

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



Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	07
TRUSTEE REPORT TO THE UNIT HOLDERS	13
FUND MANAGER REPORT	14
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	17
STATEMENT OF ASSETS AND LIABILITIES	19
INCOME STATEMENT	20
STATEMENT OF COMPREHENSIVE INCOME	21
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	22
CASH FLOW STATEMENT	23
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	24
PERFORMANCE TABLE	54



FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Summit Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Habib Metropolitan Bank Limited
Mobilink Microfinance Bank Limited



Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shaheed Chaudary Aslam Rd,
Civil Lines, Karachi, 75530

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Office



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



Syed Hasan Irtiza Kazmi
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Mr. Saad ur Rehman
Director



Mr. Imran Zaffar
Director

Senior Management



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head Of Operations



Mr. Salman Ahmed, CFA
Head Of Product Development



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



Mr. Shahid Javed
Head Of Operational Risk



Mr. Shahbaz Umer
Head Of Human Resource



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Thirteenth Annual Report of **NBP Savings Fund (NBP-SF)** for the year ended June 30, 2020.

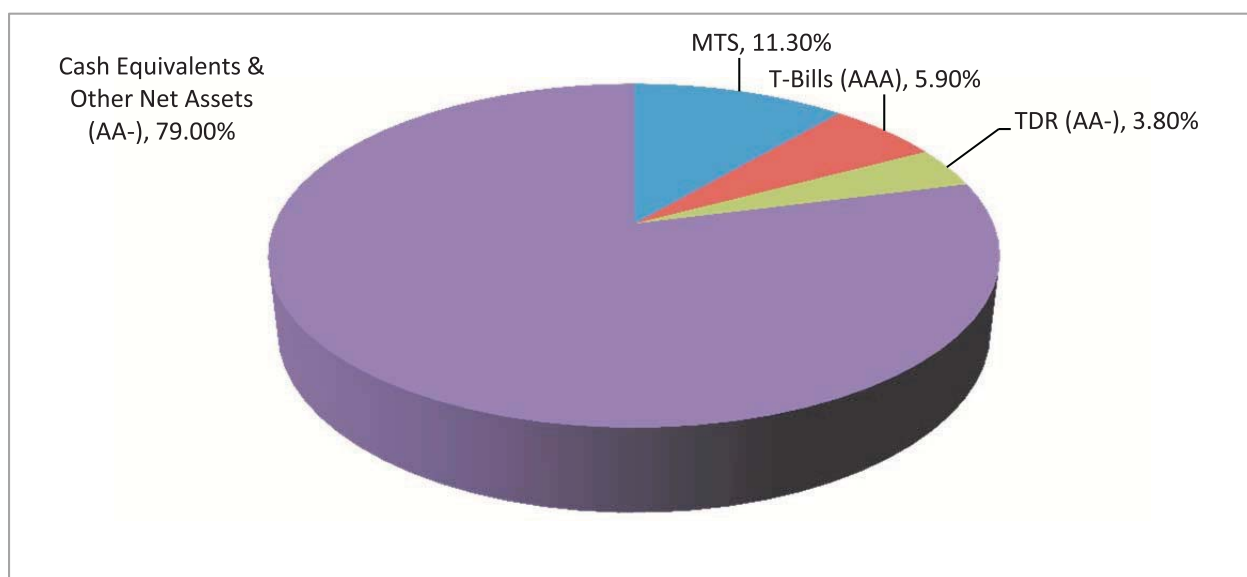
Fund's Performance

The size of NBP Savings Fund has increased from Rs. 1,004 million to Rs. 1,695 million during the period, i.e. a growth of 69%. During the said period, the unit price of NBP Savings Fund has increased from Rs. 8.7334 (Ex-Div) on June 30, 2019 to Rs. 9.7943 on June 30, 2020 thus posting a return of 12.1% 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.

NBP-SF is categorized as an Income Scheme and has been awarded stability rating of 'A (f)' by PACRA. 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 income of Rs. 156.71 million during the year. After accounting for expenses of Rs. 27.58 million, the net income is Rs. 129.13 million.

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





Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 11.94% of the opening ex-NAV (11.67% of the par value) for the period ended June 30, 2020.

Taxation

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

Auditors

The present auditors, Messrs Deloitte KPMG Taseer Hadi & 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 26 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 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

این بی پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی سیونگ فنڈ (NBP-SF) کی تیرہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2020ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

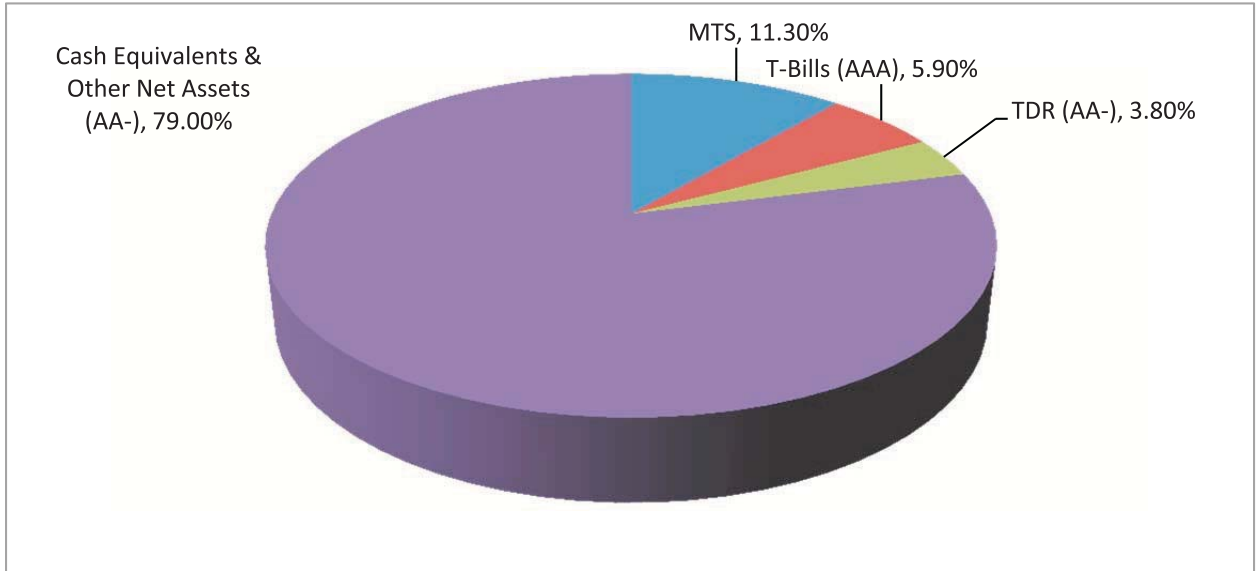
فنڈ کی کارکردگی

این بی پی سیونگ فنڈ کا سائز اس مدت کے دوران 1,004 ملین روپے سے بڑھ کر 1,695 ملین روپے ہو گیا، یعنی 69% اضافہ۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 8.7334 روپے (Ex-Div) سے بڑھ کر 30 جون 2020 کو 9.7943 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 12.2% شیئنگ مارک منافع کے مقابلے میں 12.1% منافع دیا۔ فنڈ کا یہ منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ این بی پی ایک انکم اسکیم ہے اور PACRA کی طرف سے اسے 'A(f)' کی سٹیٹمنٹی ریٹنگ دی گئی ہے۔

مالی سال 2020 کے دوران، سٹاک /TFCs میں تجارتی سرگرمی مالی سال 2019 میں 16 ملین 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 کرڈٹ 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 کی وجہ (i) زر مبادلہ کی شرح گراؤ، (ii) یوٹی لینی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 میں 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 منصفانہ 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 مائیکرو پالیسی میں آسانی پیدا کی اور مختصر مدت میں پالیسی کی شرح 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 سٹاکس (27) T-Bills نیلامیاں منعقد کیں اور کل 14,317 بلین روپے جمع کئے۔

این بی پی سیونگ فنڈ (NBP-SF) کو سال کے دوران 156.71 بلین روپے کی مجموعی آمدنی ہوئی۔ 27.58 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 129.13 بلین روپے ہے۔

این بی پی سیونگ فنڈ کی ایسٹ ایلوکیشن بمطابق 30 جون 2020 درج ذیل ہے:



آمدنی کی تقسیم

میتجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اوپننگ ex-NAV کا 11.94% (بنیادی قدر کا 11.67%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

تعمیرات

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 اکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2021 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. میتجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیمبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران میتجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چارج اسل مشفق ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں کی گئی ہے۔
11. پونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 25 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 22 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

نام	کیٹگری
<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 سیگل •5 جناب عمران ظفر 	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمیٹی 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 فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 17 ستمبر 2020ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Savings 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 Savings Fund

NBP Savings Fund (NBP-SF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP-SF is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

Benchmark

6 Month - KIBOR.

Fund Performance Review

This is the Thirteenth Annual report since the launch of the Fund on March 28, 2008. The Fund size increased by 69% during FY20 and stands at Rs. 1,695 million as of June 30, 2020. The Fund's return since its inception is 5.3% p.a. versus the benchmark return of 10.0% p.a. During FY20, the Fund posted an annualized return of 12.1% as compared to a benchmark return of 12.2%. The return of the Fund is net of management fee and all other expenses.

The weighted average Yield-to-Maturity of the Fund is 9.0% p.a. while the yield does not include potential recovery in fully provided TFCs/Sukuks (Face Value of Rs 305 million), which is a potential upside for the Fund. Weighted average time to maturity of the Fund is 0.03 year.

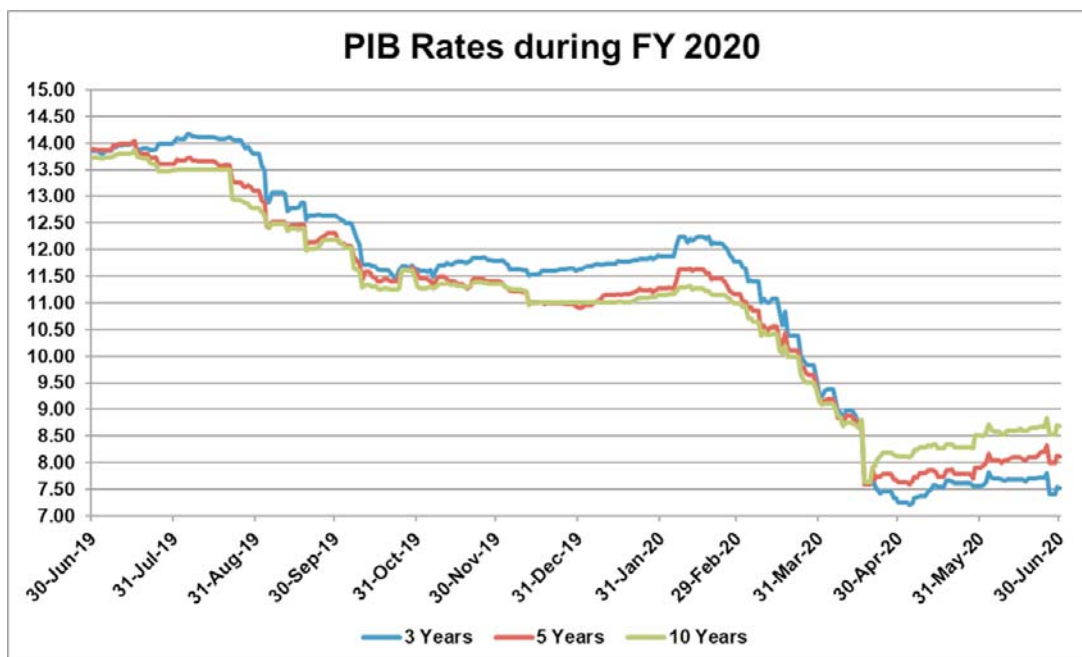
During FY2020, trading activity in TFCs/Sukuks surged by 87% with a cumulative traded value of around Rs. 29 billion compared to Rs. 16 billion in FY2019. The market also witnessed a substantial increase in the primary issuance as the demand for long-term credit rose notably from the Power sector. Building 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
TFCs/Sukuks	-	7.61%
T-Bills	5.88%	0.49%
Term Deposit Receipt	3.84%	-
Commercial Paper	-	9.80%
Money Market Placements	-	9.81%
Margin Trading System (MTS)	11.29%	-
Cash (Cash Equivalents) & Other Assets	78.99%	72.29%
Total	100.00%	100.00%



T-Bills yields during the year are shown in 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-20	11.67%	10.9428	9.7759

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments	Provision held	Value of Investments	% of Net Assets	% of Gross Assets
		before Provision		after Provision		
AgriTech Limited II - Revised II 14-JAN-08 14-JUL-21	TFC	149,875,800	149,875,800	0	0%	0%
AgriTech Limited V 01-JUL-11 01-JAN-20	TFC	22,180,000	22,180,000	0	0%	0%
Saudi Pak Leasing Company Limited - Revised II 13-MAR-08 13-MAR-21	TFC	41,321,115	41,321,115	0	0%	0%
Worldcall RS - III 10-APR-18 20-SEP-26	TFC	23,326,170	23,326,170	0	0%	0%
Eden House Limited - Sukuk Revised 29-MAR-08 29-SEP-25	SUKUK	19,687,500	19,687,500	0	0%	0%
New Allied Electronics Limited II - Sukuk 03-DEC-07 03-DEC-20	SUKUK	49,054,371	49,054,371	0	0%	0%
Total		305,444,956	305,444,956	0	0%	0%



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

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	217
1-1000	841
1001-5000	98
5001-10000	32
10001-50000	111
50001-100000	63
100001-500000	105
500001- 1000000	15
1000001- 5000000	18
5000001- 10000000	1
10000001- 100000000	2
Total	1,503

During the period under question:

There has been no other significant change in the state of affairs of the Fund. NBP Savings 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. 7.126mn. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Re. 0.0412 per unit. For details, investors are advised to read note 14.1 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 the NBP Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **NBP Savings Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2020, income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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 the 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report for 2020, but does not include the financial statements and our auditors' 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 Those Charged with Governance 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: September 30, 2020
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
Assets			
Bank balances	5	1,414,360	728,176
Investments	6	164,709	278,182
Receivable against Margin Trading System	7	191,347	-
Profit receivables	8	10,587	10,736
Receivables from funds under management by Management Company against conversion of units		1,599	-
Advance, deposits and prepayment	9	1,150	1,133
Total assets		1,783,752	1,018,227
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10	5,253	4,189
Payable to Central Depository Company of Pakistan Limited - Trustee	11	89	159
Payable to Securities and Exchange Commission of Pakistan	12	227	698
Payable against redemption of units	13	69,352	-
Accrued expenses and other liabilities	14	14,261	9,255
Total liabilities		89,182	14,301
Net assets		1,694,570	1,003,926
Unit holders' fund (as per statement attached)		1,694,570	1,003,926
Contingency and commitment	15		
		(Number of units)	
Number of units in issue	16	173,015,951	102,693,776
		(Rupees)	
Net assets value per unit		9.7943	9.7759

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
Income			
Income from government securities		7,147	2,346
Income from term deposit receipts		13,720	9,105
Mark-up return from term finance certificates		3,160	9,526
Income from commercial paper		16,197	3,927
Profit on bank deposits		98,168	66,989
Income from Margin Trading System		17,947	7,925
Gain / (loss) on sale of investments at fair value through profit or loss (FVTPL) - net		330	(69)
Reversal of provision on non - performing term finance certificate		-	4,194
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL		41	(1,646)
Total income		156,710	102,297
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	10.1	9,967	6,757
Sindh Sales Tax on remuneration to Management Company	10.2	1,296	878
Remuneration to Central Depository Company of Pakistan Limited - Trustee	11.1	850	1,381
Sindh Sales Tax on remuneration to Trustee	11.2	110	180
Selling and marketing expense	10.4	7,827	3,096
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.3	1,133	931
Annual fee - Securities and Exchange Commission of Pakistan	12	227	698
Settlement and bank charges		2,260	1,731
Auditors' remuneration	17	725	616
Mutual fund rating fee		423	393
Legal and professional charges		73	40
Annual listing fee		28	28
Securities transaction cost		9	-
Printing charges		19	17
Total expenses		24,947	16,746
Net income from operating activities		131,763	85,551
Provision for Sindh Workers' Welfare Fund	14.1	(2,635)	(1,711)
Net income for the year before taxation		129,128	83,840
Taxation	18	-	-
Net income for the year		129,128	83,840
Allocation of net income for the year			
Net income for the year		129,128	83,840
Income already paid on units redeemed		(17,325)	(7,445)
		111,803	76,395
Accounting income available for distribution:			
-Relating to capital gains		309	-
-Excluding capital gains		111,494	76,395
		111,803	76,395

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----- Rupees in '000 -----	
Net income for the year	129,128	83,840
Other comprehensive income	-	-
Total comprehensive income for the year	129,128	83,840

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

For NBP Fund Management Limited
(Management Company)_____
Chief Financial Officer_____
Chief Executive Officer_____
Director



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

	2020			2019		
	Value	Undistributed income	Total	Value	Undistributed income	Total
Note ----- (Rupees in '000) -----						
Net assets at beginning of the year	1,003,542	384	1,003,926	767,782	35,938	803,720
Issuance of 234,450,876 units (2019: 101,142,636 units)						
- Capital value	2,291,973	-	2,291,973	986,626	-	986,626
- Element of income	61,683	-	61,683	37,757	-	37,757
Total proceeds on issuance of units	2,353,656	-	2,353,656	1,024,383	-	1,024,383
Redemption of 164,128,701 units (2019: 76,526,644 units)						
- Capital value	(1,604,509)	-	(1,604,509)	(746,500)	-	(746,500)
- Element of loss	(47,683)	(17,325)	(65,008)	(27,659)	(7,445)	(35,104)
Total payments on redemption of units	(1,652,192)	(17,325)	(1,669,517)	(774,159)	(7,445)	(781,604)
Total comprehensive income for the year	-	129,128	129,128	-	83,840	83,840
Final Distribution for the year ended 30 June 2018	16.2					
- Cash distribution	-	-	-	-	(37,694)	(37,694)
- Refund of capital	-	-	-	(4,390)	-	(4,390)
Total distribution	-	-	-	(4,390)	(37,694)	(42,084)
Interim Distribution for the year ended 30 June 2020	16.3					
- Cash distribution	-	(108,951)	(108,951)	-	(74,255)	(74,255)
- Refund of capital	(13,672)	-	(13,672)	(10,074)	-	(10,074)
Total distribution	(13,672)	(108,951)	(122,623)	(10,074)	(74,255)	(84,329)
Net assets at end of the year	1,691,334	3,236	1,694,570	1,003,542	384	1,003,926
Undistributed income / (loss) brought forward						
- Realised		2,030			37,008	
- Unrealised		(1,646)			(1,070)	
		384			35,938	
Accounting income available for distribution:						
- Relating to capital gains		309			-	
- Excluding capital gains		111,494			76,395	
		111,803			76,395	
Final Distribution for the year ended 30 June 2018	16.2				(37,694)	
- Cash distribution		-			(37,694)	
Interim Distribution for the year ended 30 June 2020	16.3				(74,255)	
- Cash distribution		(108,951)			(74,255)	
Undistributed income carried forward		3,236			384	
Undistributed income carried forward						
- Realised		3,195			2,030	
- Unrealised		41			(1,646)	
		3,236			384	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			9.7759			10.2938
Net assets value per unit at end of the year			9.7943			9.7759

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in '000)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		129,128	83,840
Adjustments:			
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL		(41)	1,646
		129,087	85,486
(Increase) / decrease in assets			
Investments		113,514	(66,554)
Receivable against Margin Trading System		(191,347)	142,690
Profit receivables		149	(7,544)
Advance, deposits and prepayment		(17)	(204)
		(77,701)	68,388
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		1,064	3,219
Payable to Trustee		(70)	82
Payable to Securities and Exchange Commission of Pakistan		(471)	44
Accrued expenses and other liabilities		5,006	2,493
		5,529	5,838
Net cash generated from operating activities		56,915	159,712
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received from issuance of units	19	2,338,385	898,529
Payments against redemption of units		(1,600,165)	(781,604)
Distributions paid		(108,951)	(559)
Net cash from financing activities		629,269	116,366
Net increase in cash and cash equivalents		686,184	276,078
Cash and cash equivalents at beginning of the year		728,176	452,098
Cash and cash equivalents at end of the year	5	1,414,360	728,176

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Savings 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 executed on 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). Subsequently, CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of the CDC on 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL. During the year 2019, CDC is appointed in place of MCBFSL as the Trustee with effect from 19 October 2018. Accordingly the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company and CDC.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of 'A(f)' to the Fund and an asset manager rating of 'AM1' to the Management Company.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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



In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for certain investments which are carried at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupees, except otherwise stated.

2.4 Critical accounting estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year relates to;

- (a) Valuation of investment (Note 4.2.4)
- (b) Provisions (Note 4.4)
- (c) Element of income (Note 4.7)
- (d) Classification and impairment of financial assets (Note 4.2.1 and 4.2.5)

3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The application of amendments are not likely to have an impact on Fund's financial statements.



- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. The application of amendments are not likely to have an impact on Fund's financial statements.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The application of amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021 and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The application of amendments are not likely to have an impact on Fund's financial statements.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required,



instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The application of amendments are not likely to have an impact on Fund's financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The application of amendments are not likely to have an impact on Fund's financial statements.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The application of above amendments are not likely to have an impact on Fund's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of these financial statements have been consistently applied to all periods presented.

4.1 New, Amended and Revised Standards and Interpretations of IFRSs

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 but are considered not to be relevant or do not have any significant effect on the Funds' financial statements and are therefore not stated in these financial statements.

4.2 Financial assets

4.2.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- and



- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other "basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).



The Fund has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

Reclassifications

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

4.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.2.3 Initial recognition and measurement

Financial assets 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 expensed in the income statement.

4.2.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates,

MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.



4.2.5 Impairment of financial assets

Financial assets at amortised cost

The Fund applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortized costs other than debts securities. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund Manager.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the income statement. The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

4.2.6 Derecognition

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

4.2.7 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.

4.2.8 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.2.9 Receivable against Margin Trading System (MTS)

Securities purchased under an agreement to resell (Reverse repo) are included as receivable against MTS transactions at fair value of the consideration given. All purchases and sale of securities that require delivery within the time frame established by the regulations or market convention are recognised at the trade date.

Trade date is the date at which the Fund commits to purchase or sell the assets. The MTS transactions are accounted for on the settlement date. The income is accrued at the applicable rate of return specified in the bid on the outstanding Margin Trading Transaction Value after adjustment of MTM losses.

4.2.10 Derivatives

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

4.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.



4.4 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 amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.5 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

4.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators and 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 represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.7 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year.

The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.8 Earnings per unit

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



4.9 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on 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.

4.10 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.

4.11 Distribution

Distributions declared are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

5 BANK BALANCES

	Note	2020 (Rupees in '000)	2019
In current accounts		1,387	633
In savings accounts	5.1 & 5.2	1,412,973	727,543
		<u>1,414,360</u>	<u>728,176</u>

5.1 These saving accounts carry mark-up at rates ranging from 5.5% to 15.5% per annum (2019: 8.25% to 14.5% per annum).

5.2 This includes cheques amounting to Rs. 41.34 million (2019: Rs. 1.970 million) issued on account of redemption of units and cheques amounting to Rs. 217 million (2019: Rs. 2.220 million) received on account of issuance of units as at year end.

6 INVESTMENTS

	Note	2020 (Rupees in '000)	2019
Investments by category			
At fair value through profit or loss			
Term finance certificates - listed	6.1	-	56,427
Term finance certificates - unlisted	6.2	-	20,000
Sukuks	6.3	-	-
Government securities - Market Treasury Bills	6.4	99,709	4,947
Term deposit receipt	6.6	65,000	98,478
Commercial Paper	6.7	-	98,330
		<u>164,709</u>	<u>278,182</u>



6.1 Term finance certificates - listed

All certificates have a face value of Rs. 5,000 each.

Name of the investee companies	Tenor	As at 1 July 2019	Purchases during the year	Disposals/ matured during the year	As at 30 June 2020	Market value / carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
----- (Number of Certificates) -----					(Rupees in '000)	----- (%) -----		
Commercial banks								
Askari Commercial Bank Limited	10 years	7,400	-	7,400	-	-	-	-
JS Bank Limited	5 years	4,660	-	4,660	-	-	-	-
Saudi Pak Leasing Company Limited (Note 6.1.1)	5 years	8,000	-	-	8,000	-	-	-
Worldcall Telecom Limited (Note 6.1.2)	13 years	14,000	-	-	14,000	-	-	-
		34,060	-	12,060	22,000	-	-	-

6.1.1 This represents investment in listed term finance certificates with original term of five years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its terms on 26 December 2011 with new maturity in March 2017. The investee company again defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 30 April 2014. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of said circulars.

6.1.2 This represents investment in listed term finance certificates of Worldcall Telecom Limited. On 07 April 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.2 Term finance certificates - unlisted

All certificates have a face value of Rs. 5,000 each.

Name of the investee companies	Tenor	As at 1 July 2019	Purchases during the year	Disposals during the year	As at 30 June 2020	Market value / Carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
----- (Number of Certificates) -----					(Rupees in '000)	----- (%) -----		
Commercial banks								
Agritech Limited II (Note 6.2.1)	10 years	30,000	-	-	30,000	-	-	-
Agritech Limited V (Note 6.2.2)	5 years	4,436	-	-	4,436	-	-	-
Jahangir Siddiqui and Company Limited	5 years	8,000	-	8,000	-	-	-	-
		42,436	-	8,000	34,436	-	-	-

6.2.1 This represents investment in Privately Placed unlisted Term Finance Certificates (PPTFCs) with a term of seven years. On 14 July 2010 the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing by MUFAP since 02 August 2010. The amount of provision as per circular no.1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.2.2 This represents investment in Privately Placed Term Finance Certificates (PPTFC) of Agritech V received against due markup of Agritech I. The investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 17 January 2012. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.



6.3 Sukuks

All certificates have a face value of Rs. 5,000 each.

Name of the investee companies	Tenor	As at 1	Purchases	Disposals	As at	Market value	Market	Market
		July 2019	during	during	30 June	/ Carrying	value as a	value as a
			the year	the year	2020	value as at	percentage	percentage
						30 June 2020	of net	of total
							assets	investments
Commercial banks								
New Allied Electronics (Private) Limited (Note 6.3.1)	11 years	10,000	-	-	10,000	-	-	-
Eden Housing Limited (Note 6.3.2)	12 years	20,000	-	-	20,000	-	-	-
		30,000	-	-	30,000	-	-	-

6.3.1 This represents investment in privately placed sukuk with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and

accordingly has been classified as non performing asset by MUFAP since 09 January 2009. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.3.2 This represents investment in privately placed sukuk with a term of five years. On 06 May 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

The Sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

6.4 Investments in government securities

Issue date	Tenor	Face value			As at 30 June 2020	Market value / carrying value as at 30 June 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2019	Purchases during the year	Sales / matured during the year				
Market Treasury Bills								
09 May 2019	3 Months	5,000	-	5,000	-	-	-	
02 December 2019	12 months		35,000	35,000				
18 July 2019	6 Months		50,000	50,000				
07 November 2019	3 Months		85,000	85,000				
02 January 2020	3 Months		85,000	85,000	-	-	-	
27 February 2020	3 Months		250,000	250,000	-	-	-	
27 February 2020	3 Months		100,000	100,000	-	-	-	
30 January 2020	3 Months		80,000	80,000	-	-	-	
12 March 2020	3 Months		150,000	150,000	-	-	-	
23 April 2020 (Note 6.4.1)	3 Months		100,000	-	100,000	99,709	5.88	
		5,000	935,000	840,000	100,000	99,709	5.88	
							60.54	

6.4.1 Investments include market treasury bills with market value of Rs 99.709 million (30 June 2019: Rs 4.947 million) which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.



6.5 Significant terms and conditions of term finance certificates outstanding at the year end are as follows:

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate	Issue date	Maturity date	Rating
Secured							
Listed term finance certificates							
Saudi Pak Leasing Company Limited	15,000	Impaired	2,755	6 Month KIBOR ask rate plus 1.50%	13-Mar-2008	13-Mar-2013	Not Rated
Worldcall Telecom Limited	14,000	Impaired	1,881	6 Month KIBOR ask rate plus 1.6%	07-Oct-2008	07-Oct-2021	Not Rated
Unlisted term finance certificates							
Agri-tech Limited II	30,000	Impaired	4,996	6 Month KIBOR ask rate plus 1.75%	14-Jan-2008	14-Jan-2019	Not Rated
Agri-tech Limited V	4,436	Impaired	5,000	11% Fixed rate	01-July-2011	01-July-2017	Not Rated

6.6 These carry profit at the rate of 15.6 % per annum (2019: 13.2% per annum) and have maturity of more than 3 months.

6.7 Commercial Paper

Name of Issuer	Maturity Date	Face value			Carrying value as at 30 June 2020	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
		As at 01 July 2019	Purchases during the year	Sales / matured during the year			
(Rupees in '000)							
Hub Power Company Limited	22 July 2019	99,000		99,000	-	-	-
Hub Power Company Limited	24 March 2020		90,000	90,000	-	-	-
K-Electric Limited	27-Feb-20		100,000	100,000	-	-	-
TPL Corp Limited	11-Jan-20		25,000	25,000	-	-	-
		<u>99,000</u>	<u>215,000</u>	<u>314,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

These are matured at the option of finance subject to maximum period of 60 days.

8 PROFIT RECEIVABLES

	2020	2019
	(Rupees in '000)	
Profit receivables on savings accounts	9,695	8,408
Margin Trading System	892	-
Accrued Markup on Term finance certificates and sukuks	191,693	194,021
Less: Income suspended over non-performing term finance certificates and sukuks	(191,693)	(191,693)
	-	2,328
	<u>10,587</u>	<u>10,736</u>

8.1 This represents total income suspended to date in relation to non-performing term finance certificates and sukuks as disclosed in note 8. Income is recognised on receipt basis.

9 ADVANCE, DEPOSITS AND PREPAYMENT

Deposit with Central Depository Company of Pakistan Limited		100	100
Deposit with National Clearing Company of Pakistan Limited		250	250
Deposit with MCB Financial Services Limited		100	100
Advance Tax	9.1	479	479
Prepayment		221	204
		<u>1,150</u>	<u>1,133</u>



- 9.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposit and investment paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits as at 30 June 2020 amounts to Rs. 0.479 million (2019: Rs. 0.479 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2020 as in the opinion of the management, the amount of tax deducted at source will be refunded.

10 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2020 (Rupees in '000)	2019
Management remuneration	10.1	867	707
Sindh Sales Tax on management remuneration	10.2	113	92
Sales and transfer load payable		1,643	814
SST on sales Load		212	104
Selling and Marketing expense	10.3	2,116	1,978
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	302	494
		<u>5,253</u>	<u>4,189</u>

- 10.1** Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 7% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of average annual net assets of the Fund till 11 July 2019, with effective from 12 July 2019 to 9 January 2020, the Management Company has revised its remuneration to the rate of 6% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of average annual net assets, with effective from 10 January 2020, the Management Company has revised its remuneration to the rate of 8% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets.
- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2019: 13%) was charged on management remuneration and sales load.
- 10.3** As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. Subsequently, the Management Company has revised selling and marketing expenses rate from 0.4% per annum of average net assets of the Fund to 0.7% per annum of average net assets of the Fund or actual expenses whichever is lower and accordingly selling and marketing expense has been charged from 12 July 2019 at the rate of 0.7% per annum of average net assets of the Fund or actual whichever is lower.
- 10.4** In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting,



operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O. 639 (I)/2019, has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. However, the Management Company is charging 0.1% of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2020 (Rupees in '000)	2019
	Trustee remuneration	11.1	69	141
	Sindh Sales Tax on Trustee remuneration	11.2	20	18
			89	159

11.1 Upto 30 June 2019, the Trustee was entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.

Net Assets	Tariff per annum
Up to 1 billion	0.17% per annum of net asset value
Over 1 billion to 5 billion Rs. 1 billion	Rs. 1.7 million plus 0.085% per annum of net assets exceeding
Over 5 billion	Rs. 5.1 million plus 0.07% per annum of net assets value exceeding Rs. 5 billion

With effective from 1 July 2019 the trustee has revised its remuneration and charged remuneration at the rate of 0.075% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

11.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on trustee remuneration.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as Income scheme is required to pay an annual fee to SECP. An amount equal to 0.075 percent of the average annual net assets of the Fund has been charged till 30 June 2019 and with effective from 1 July 2019 SECP has revised its fee rate to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears

13 PAYABLE AGAINST REDEMPTION OF UNITS

This includes an amount of Rs. 2.770 million, Rs. 54.592 million, Rs. 0.345 million, Rs. 0.941 million, Rs. 10.137 million, Rs. 0.105 million payable on account of conversion of units from NBP Islamic Stock Fund, NBP Financial Sector Income Fund, NBP Government Securities Savings Fund, NBP Islamic Mahana Amdani Fund, NBP Income Opportunity Fund, NBP Mahana Amdani Fund respective to the Fund.

14	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020 (Rupees in '000)	2019
	Provision for Sindh Workers' Welfare Fund	14.1	7,126	4,491
	Federal Excise Duty on management remuneration	14.2	2,808	2,808
	Auditors' remuneration		508	447
	Bank charges		82	10
	Printing charges		5	26
	Withholding tax		2,978	1,134
	Capital gains tax		513	296
	Laga and levy charges		101	-
	Legal and professional charges		91	18
	NCCPL charges		30	-
	Others		19	25
			14,261	9,255



- 14.1** The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. The reversal of provision for WWF amounting to Rs. 4.095 million and a provision for SWWF of Rs. 1.645 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs 0.0412 per unit (30 June 2019: Rs 0.0437).

- 14.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 3.019 million out of which Rs. 0.211 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs 0.0174 (30 June 2019: Rs. 0.0294) per unit.



15 CONTINGENCY AND COMMITMENT

There was no contingency and commitment outstanding as at 30 June 2020.

16 NUMBER OF UNITS IN ISSUE

		2020	2019
		(Number of units)	
Total units in issue at beginning of the year		102,693,776	78,077,784
Add: units issued against			
- Sale	16.1	233,052,335	99,659,784
- Refund of capital at zero value	16.2 & 16.3	1,398,541	1,482,852
		234,450,876	101,142,636
Less: units redeemed		(164,128,701)	(76,526,644)
Total units in issue at end of the year		173,015,951	102,693,776

16.1 This includes units 10,770,744 (2019: 10,393,896 units) issued against Dividend Reinvestment Plan amounting to Rs.105,324,947 (2019: Rs.101,432,922) net of taxation.

16.2 The Management Company on 04 July 2018 declared final distribution of Rs. 0.5390 per unit (for full year) for the year ended 30 June 2018. The aggregate cash distribution amounted to Rs. 37.6934 million was in addition to refund of capital / element of income by issuing 450,083 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

16.3 The Management Company on 24 June 2020 (2019: 24 June 2019) declared interim distribution amounted to Rs. 1.1669 per unit (2019: Rs. 0.0891 per unit) (for full year) for the year ended 30 June 2020. The aggregate cash distribution is Rs. 108.951 million (2019: Rs. 74.255 million) was in addition to refund of capital / element of income by issuing 1,398,541 (2019: 1,032,769) additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

17 AUDITORS' REMUNERATION

	2020	2019	
		(Rupees in '000)	
Annual audit fee	447	421	
Half yearly review	143	147	
Out of pocket expenses and others including government levy	135	48	
	725	616	

18 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 4.11, 16.2 and 16.3), no provision for taxation has been made in these financial statements.



19 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
(Rupees in '000)				
Balance as at 1 July 2019	-	-	-	-
Receivable against issuance of units	2,339,984	-	-	(2,339,984)
Payable against redemption of units	-	1,669,517	-	1,669,517
Dividend Payable	-	-	108,951	108,951
	2,339,984	1,669,517	108,951	(561,516)
Amount received on issuance of units	(2,233,060)	-	-	2,233,060
Amount paid on redemption of units	-	(1,600,165)	-	(1,600,165)
Dividend reinvested	(105,325)	-	(108,073)	(2,748)
Dividend paid	-	-	(878)	(878)
	(2,338,385)	(1,600,165)	(108,951)	629,269
Balance as at 30 June 2020	1,599	69,352	-	67,753

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 2.43% per annum. Total expense ratio (excluding government levies) is 2.06% per annum.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2020		
	Amortised cost	At fair value through profit or loss	Total
(Rupees in '000)			
Assets			
Bank balances	1,414,360	-	1,414,360
Investments	-	164,709	164,709
Receivable against Margin Trading System	191,347	-	191,347
Profit receivables	10,587	-	10,587
Receivables from funds under management by Management Company against conversion of units	1,599	-	1,599
Deposits	450	-	450
	1,618,343	164,709	1,783,052
	30 June 2020		
	At fair value through profit or loss	At amortized cost	Total
(Rupees in '000)			
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	5,253	5,253
Payable to Central Depository Company Limited -Trustee	-	89	89
Payable against redemption of units	-	69,352	69,352
Accrued expenses and other liabilities	-	836	836
	-	75,530	75,530



	30 June 2019			
	Amortised cost	At fair value through profit or loss	Mandatorily at fair value through profit or loss	Total
----- (Rupees in '000) -----				
Assets				
Bank balances	728,176	-	-	728,176
Investments	-	196,808	81,374	278,182
Receivable against Margin Trading System	10,736	-	-	10,736
Profit receivables	450	-	-	450
Deposits	<u>739,362</u>	<u>196,808</u>	<u>81,374</u>	<u>1,017,544</u>
	30 June 2019			
	Mandatorily at fair value through profit or loss	At fair value through profit or loss	At amortized cost	Total
----- (Rupees in '000) -----				
Liabilities				
Payable to NBP Fund Management Limited - Management Company	-	-	4,189	4,189
Payable to MCB Financial Services Limited - Trustee	-	-	159	159
	-	-	526	526
Accrued expenses and other liabilities	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>4,874</u>

22 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 22.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, 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 and unit holders holding ten percent or more units of the Fund.
- 22.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 22.3** Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 22.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:



22.5 Details of the transactions with connected persons are as follows:	2020	2019
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration to the Management company	9,967	6,757
Sindh Sales Tax	1,296	878
Sales and transfer load	1,928	778
Sindh Sales Tax on Sales load	251	101
Selling and marketing expense	7,827	3,096
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,133	931
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	850	1,140
Sindh Sales Tax on Trustee remuneration	110	149
CDS Charges	440	-
Muhammad Murtaza Ali - Company Secretary / COO		
Units issued: 49,597 units (2019: Nil units)	500	-
Units redeemed: 49,597 units (2019: Nil units)	503	-
Fauji Fertilizer Company Limited** - Common Directorship		
Units issued: 25,271,160 units (2019: Nil units)	250,000	-
Units redeemed: 25,271,160 units (2019: Nil units)	250,167	-
MCB Financial Services Limited - Trustee		
Remuneration of the Trustee	-	241
Sindh Sales Tax on Trustee remuneration	-	31
National Bank of Pakistan - Sponsor		
Units redeemed: Nil units (2019: 45,420,602 units)	-	459,420
Employees of the Management Company		
Units issued: 2,058,110 units (2019: Nil units)	20,285	-
Units redeemed: 1,628,550 units (2019: Nil units)	16,119	-
Dividend re-invest: 2,266 units (2019: 874 units)	22	9
NBP Employees Pension Fund (Pension Fund of the parent of the Management Company)		
Dividend re-invest 8,019,059 units (2019: 8,070,378 units)	78,417	78,759
Bankislami Pakistan Limited		
Mark-up on balance	1,785	-
NBP Money Market Fund		
Purchased Treasury Bills	34,370	-
NBP Financial Sector Income Fund		
Sold Term Finance Certificate	75,484	-
NBP Income Opportunity Fund		
Purchased Commercial Paper	23,182	-
The Hub Power Company Limited		
Purchased Commercial Paper	83,647	-



	2020	2019
	(Rupees in '000)	
Portfolios managed by the Management Company		
Purchased Treasury Bills	110,167	-
National Clearing Company of Pakistan Limited (NCCPL)		
NCCPL Charges	306	-
Pakistan Stock Exchange Limited		
Annual Listing Fee Paid	25	-
22.6 Balances outstanding as at year end	2020	2019
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Management remuneration payable	867	707
Sindh Sales Tax payable	113	92
Sales load payable to Management Company	1,643	814
Sindh Sales Tax payable on Sales load	212	104
Selling and marketing expense	2,116	1,978
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	302	494
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	69	141
Sindh Sales Tax payable	20	18
Security deposit	100	100
CDC charges	47	17
Bankislami Pakistan Limited		
Bank Balance	541	-
Mark- up on balance	23	-
Employees of the Management Company		
Units held: 648,465 units (2019: 7,554 units)	6,351	74
Summit Bank Limited		
Bank balance	-	633
NBP Employees Pension Fund		
Units held: 75,220,001 units (2019: 67,200,942 units)	736,727	656,950
K.T.H CP Fund (M.T.I)		
Units held: 20,945,449 units (2019: Nil units)	205,146	-
National Clearing Company of Pakistan Limited (NCCPL)		
NCCPL Charges payable	13	-
NCCPL Deposit	250	-
Receivables from funds against conversion of units		
NBP Islamic Sarmaya Izafa Fund	740	-
NBP Islamic Mahana Amdani Fund	612	-
NBP Islamic Stock Fund	247	-



23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Qualification	Experience in year
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	32
2	Mr. Sajjad Anwar	CFA / MBA Finance	20
3	Mr. Asim Wahab Khan	CFA	15
4	Mr. Hassan Raza	ACCA, BSC and CFA	9
5	Muhammad Ali Bhabha*	CFA, MBA, FRM and MS	25

*Mr. Muhammad Ali Bhabha is the Fund manager. He is also managing NBP Government Securities Liquid Fund, NBP Mahana Amdani Fund , NBP Money Market Fund, NBP Riba Free Saving Fund, NBP Financial Sector Income Fund, NBP Active Allocation Riba Free Savings Fund , NBP Islamic Money Market Fund , NBP Islamic Savings Fund, NBP Income Opportunity Fund , NBP Government Securities Savings Fund, NBP Islamic Mahana Amdani Fund, NBP Government Securities Plan - I and NBP Islamic Daily Dividend Fund.

24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID/ PAYABLE

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2020:

S. No	Particulars	Percentage (%)
	Bright capital (private) limited	100

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2019:

S. No	Particulars	Percentage (%)
	Icon securities (Private) Limited	100

25 PATTERN OF UNIT HOLDING

Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	1,480	586,488	34.61
Associated companies / Directors	1	736,727	43.48
Insurance Companies	3	12,361	0.73
Retirement Funds	8	152,448	9.00
Public Limited Companies	2	249	0.01
Others	9	206,296	12.17
	1,503	1,694,570	100.00



Category	As at 30 June 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	227	174,422	17.37
Associated companies / Directors	1	656,950	65.44
Public Limited Companies	3	226	0.02
Retirement Funds	10	171,804	17.11
Others	5	524	0.05
	246	1,003,926	100.00

26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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 during tenure of directorship	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [Note 26.2]	3	2	1	74th meeting
Syed Hasan Irtiza Kazmi [Note 26.2]	3	3	-	-
Mr. Nasir Husain [Note 26.1]	1	-	1	72nd meeting
Mr. Abdul Hadi Palekar [Note 26.1]	1	-	1	72nd meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [Note 26.1]	1	1	-	-
Mr. Khalid Mansoor [Note 26.2]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [Note 26.1]	1	1	-	-
Mr. Saad Amanullah Khan [Note 26.2]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

26.1 Mr. Nasir Husain, Mr. Abdul Hadi Palekar, Mr. Kamal Amir Chinoy and Mr. Shehryar Faruque retired from the Board with effect from 04 October 2019.

26.2 Mr. Saad ur Rahman Khan, Mr. Syed Hasan Irtiza Khan, Mr. Khalid Mansoor and Mr. Saad Amanullah Khan opted as director on the Board with effect from 04 October 2019. Mr. Kamal Amir Chinoy retired from the Board with effect from 04 October 2019.

27 FINANCIAL RISK MANAGEMENT

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



The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

27.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

Management of market risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

27.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

27.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

As at 30 June 2020, the Fund holds KIBOR based bank balance exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2020, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 14.130 million (30 June 2019: Rs.8.032 million).

(b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise Market Treasury Bills, Term Deposit Receipts. Except for Market Treasury Bills the Fund's income and net assets are substantially independent of changes in market interest rate.



As at 30 June 2020, the Fund holds Market Treasury Bills which are classified as 'far value through profit and loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan on 30 June 2020, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 0.041 million (2019: Rs 0.004 million). In case of 100 basis points decrease in rates announced by the Financial Markets Association of Pakistan on 30 June 2020, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.0.041 million (2019: Rs.0.004 million).

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

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

Yield / interest rate	As at 30 June 2020			Not exposed to yield/ Interest risk	Total	
	Exposed to yield / interest risk					
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	5.5% - 15.5%	1,412,973	-	-	1,387	1,414,360
Investments	8.21% - 15.9%	164,709	-	-	-	164,709
Profit receivables		-	-	-	10,587	10,587
Receivable against Margin Trading System		-	-	-	191,347	191,347
Receivables from funds under management by Management Company against conversion of units		-	-	-	1,599	1,599
Deposits		-	-	-	450	450
		<u>1,577,682</u>	<u>-</u>	<u>-</u>	<u>205,370</u>	<u>1,783,052</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	5,253	5,253
Payable to Central Depository Company Limited - Trustee		-	-	-	89	89
Payable against redemption of units		-	-	-	69,352	69,352
Accrued expenses and other liabilities		-	-	-	836	836
		<u>-</u>	<u>-</u>	<u>-</u>	<u>75,530</u>	<u>75,530</u>
On-balance sheet gap		<u>1,577,682</u>	<u>-</u>	<u>-</u>	<u>129,840</u>	<u>1,707,522</u>
Off-balance sheet financial instruments						
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest sensitivity		<u>1,577,682</u>	<u>-</u>	<u>-</u>	<u>129,840</u>	<u>1,707,522</u>
Cumulative interest rate sensitivity gap		<u>1,577,682</u>	<u>1,577,682</u>	<u>1,577,682</u>		



As at 30 June 2019

Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield/ Interest risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	8.25% - 14.5%	727,543	-	633	728,176
Investments	8.50% - 14.71%	201,755	-	76,427	278,182
Profit receivables		-	-	10,736	10,736
Deposits		-	-	450	450
		<u>929,298</u>	<u>-</u>	<u>76,427</u>	<u>11,819</u>
					<u>1,017,544</u>
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	4,189	4,189
Payable to Central Depository Company Limited - Trustee		-	-	159	159
Accrued expenses and other liabilities		-	-	526	526
		<u>-</u>	<u>-</u>	<u>4,874</u>	<u>4,874</u>
On-balance sheet gap		<u>929,298</u>	<u>-</u>	<u>76,427</u>	<u>6,945</u>
					<u>1,012,670</u>
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest sensitivity		<u>929,298</u>	<u>-</u>	<u>76,427</u>	<u>6,945</u>
					<u>1,012,670</u>
Cumulative interest rate sensitivity gap		<u>929,298</u>	<u>929,298</u>	<u>1,005,725</u>	

27.1.3 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 yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk as no equity securities are held by the Fund as at 30 June 2020.

27.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills, Term deposit receipts and Term Finance Certificates is limited as Market Treasury Bill are guaranteed by the Federal Government and in case of Term Finance Certificates and Term deposit receipts the counter parties are financial institutions with reasonably high credit ratings. While bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2020 and 30 June 2019.

Bank balances	2020	2019
	(Rupees in '000)	
AAA	3,379	2,077
AA+, AA-, AA	1,030,538	470,485
A+, A, A-	379,056	255,614
Suspended	1,387	-
	<u>1,414,360</u>	<u>728,176</u>



	2020	2019
	(Rupees in '000)	
Term Finance Certificates		
AA+, AA-, AA	-	40,326
A+, A-, A	-	36,101
	<u>-</u>	<u>76,427</u>

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

Concentration of credit risk

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

27.3 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.

Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in the market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

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

Maturity analysis for financial liabilities

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

The maturity profile of the Fund's liabilities based on contractual maturities is given below:



	30 June 2020			
	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
Financial Liabilities				
Payable to NBP Fund Management Limited - Management Company	5,253	5,253	-	-
Payable to Central Depository Company Limited - Trustee	89	89	-	-
Payable against redemption of units	69,352	69,352	-	-
Accrued expenses and other liabilities	836	836	-	-
	<u>75,530</u>	<u>75,530</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>1,694,570</u>	<u>1,694,570</u>	<u>-</u>	<u>-</u>
----- (Rupees in '000) -----				
	30 June 2019			
	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
Financial Liabilities				
Payable to NBP Fund Management Limited - Management Company	4,189	4,189	-	-
Payable to Central Depository Company Limited - Trustee	159	159	-	-
Accrued expenses and other liabilities	526	526	-	-
	<u>4,874</u>	<u>4,874</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>1,003,926</u>	<u>1,003,926</u>	<u>-</u>	<u>-</u>

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).



IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		30 June 2020						
		Carrying value			Fair value			
		At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
		99,709	-	99,709	-	99,709	-	99,709
	- Market Treasury Bills							
28.1	- Term deposit receipt	65,000	-	65,000	-	65,000	-	65,000
		164,709	-	164,709	-	164,709	-	164,709
Financial assets not measured at fair value								
28.1	Bank balances	-	1,414,360	1,414,360				
	Profit receivables	-	10,587	10,587				
	Receivable against Margin Trading System		191,347	191,347				
	Receivables from funds under management by Management Company against conversion of units		1,599	1,599				
	Deposits	-	450	450				
		-	1,618,343	1,618,343				
Financial liabilities not measured at fair value								
28.1	Payable to NBP Fund Management Limited - Management Company	-	5,253	5,253				
	Payable to Central Depository Company Limited - Trustee	-	89	89				
	Payable against redemption of units	-	69,352	69,352				
	Accrued expenses and other liabilities	-	836	836				
		-	75,530	75,530				



30 June 2019

	Carrying value			Fair value				
	At fair value through profit or loss	Loans and receivables	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
- Market Treasury Bills		4,947	-	4,947	-	4,947	-	4,947
- Term Finance Certificates		76,427	-	76,427	-	76,427	-	76,427
- Term deposit receipt	28.1	98,478	-	98,478	-	98,478	-	98,478
- Commercial Paper	28.1	98,330	-	98,330	-	98,330	-	98,330
		<u>278,182</u>	-	<u>278,182</u>	-	<u>278,182</u>	-	<u>278,182</u>
Financial assets not measured at fair value	28.1							
Bank balances		-	728,176	728,176				
Profit receivables		-	10,736	10,736				
Deposits		-	450	450				
		-	<u>739,362</u>	<u>739,362</u>				
Financial liabilities not measured at fair value	28.1							
Payable to NBP Fund Management Limited - Management Company		-	4,189	4,189				
Payable to Central Depository Company Limited - Trustee		-	159	159				
Accrued expenses and other liabilities		-	526	526				
		-	<u>4,874</u>	<u>4,874</u>				

- 28.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 28.2** Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

29 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. The Fund has no restrictions on the subscription and redemption of units.

As at 30 June 2020, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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 unit holders and to maintain a strong base of assets under management.



In accordance with the risk management policies stated in note 27, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

30 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerges as a contagion risk around the globe, including Pakistan. To reduce the impact on the 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 regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Time period to ensure compliance with the minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- c) Time for announcement of daily NAV as per the regulatory requirements is extended from 18:30 pm to the start of the next working day.

Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and securities 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 assessment for Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

31 DATE OF AUTHORISATION FOR ISSUE

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

**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 (Rs. '000')	1,694,570	1,003,926	803,721	922,057	618,907	583,494
Net Income / (loss) (Rs. '000')	129,128	83,840	46,846	40,477	39,882	75,236
Net Asset Value per units (Rs.)	9.7943	9.7759	10.2938	9.7548	9.7377	9.7306
Offer price per unit	9.9050	9.8864	10.4102	9.8650	9.8665	9.8604
Redemption price per unit	9.7943	9.7759	10.2938	9.7548	9.7377	9.7306
Ex - Highest offer price per unit (Rs.)	9.9050	10.7662	10.4101	9.8650	9.8665	9.8604
Ex - Lowest offer price per unit (Rs.)	8.7363	9.8682	9.865	9.2727	9.2329	8.6723
Ex - Highest redemption price per unit (Rs.)	9.7943	10.6459	10.2938	9.7548	9.7377	9.7306
Ex - Lowest redemption price per unit (Rs.)	8.7363	9.7579	9.7564	9.1576	9.109	8.5581
Fiscal Year Opening Ex NAV	8.7337	9.7548	9.7548	9.1577	9.1067	8.5561
Total return of the fund	12.11%	9.30%	5.53%	6.52%	6.93%	13.73%
Capital growth	0.18%	0.16%	0.00%	-0.21%	0.08%	3.33%
Income distribution as % of Ex-NAV	11.94%	9.14%	5.53%	6.73%	6.85%	10.40%
Income distribution as % of Par Value	11.67%	8.91%	5.39%	6.17%	6.67%	8.90%
Interim distribution per unit	1.1669	0.8911		0.6167	0.6667	0.89
Final distribution per unit			0.539	-	0	-
Distribution dates						8.84
Interim	24-Jun-20	24-Jun-18		19-Jun-17	29-Jun-16	29-Jun-15
Final			4-Jul-18			-
Average annual return (launch date 28-03-08)						
(Since inception to June 30, 2020)	5.31%					
(Since inception to June 30, 2019)		4.70%				
(Since inception to June 30, 2018)			4.28%			
(Since inception to June 30, 2017)				4.14%		
(Since inception to June 30, 2016)					3.86%	
(Since inception to June 30, 2015)						3.40%
(Since inception to June 30, 2014)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	12 Days			40	332	171

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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds