



# NBP FUNDS

*Managing Your Savings*

**AM1**

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**NBP STOCK FUND**



**ANNUAL REPORT**  
**JUNE 2020**



# **MISSION STATEMENT**

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



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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource Committee

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

### Strategy & Business Planning Committee

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

### Trustee

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

### Bankers to the Fund

MCB Bank Limited  
MCB Islamic Bank Limited  
Summit Bank Limited  
JS Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
United Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Askari Bank Limited  
Habib Metropolitan Bank Limited  
Allied Bank Limited  
Sindh Bank Limited



National Bank of Pakistan  
Samba Bank Limited  
Zarai Taraqati Bank Limited  
Faysal Bank Limited  
Soneri Bank Limited  
The Bank of Punjab  
Albaraka Bank of Pakistan  
Silk Bank Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
U Microfinance Bank Limited  
Telenor Microfinance Bank Limited  
Khushhali Microfinance Bank Limited  
The First Microfinance 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 4, Scheme 5,  
Clifton, Karachi 75600, Pakistan.

#### **Head Office:**

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

#### **Lahore Office:**

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

#### **Islamabad Office:**

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

#### **Peshawar Office:**

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

#### **Multan Office:**

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

## Board of Directors



**Dr. Amjad Waheed, CFA**  
Chief Executive Office



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



**Syed Hasan Irtiza Kazmi**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Saad Amanullah Khan**  
Director



**Mr. Saad ur Rehman**  
Director



**Mr. Imran Zaffar**  
Director

# Senior Management



Mr. Sajjad Anwar, CFA  
Chief Investment Officer



Dr. Amjad Waheed, CFA  
Chief Executive Officer



Mr. Muhammad Murtaza Ali  
Chief Operating Officer &  
Company Secretary



Mr. Khalid Mehmood  
Chief Financial Officer



Mr. Samiuddin Ahmed  
Country Head Corporate Marketing



Mr. Ozair Khan  
Chief Technology Officer



Mr. Salim S Mehdi  
Chief Innovation & Strategy Officer



Mr. Asim Wahab Khan, CFA  
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA  
Head Of Research



Mr. Waheed Abidi  
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA  
Head Of Operations



Mr. Salman Ahmed, CFA  
Head Of Product Development



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



Mr. Shahid Javed  
Head Of Operational Risk



Mr. Shahbaz Umer  
Head Of Human Resource



## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Fourteen Annual Report of NBP Stock Fund for the year ended June 30, 2020.

### Fund's Performance

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KSE-100 Index rose by a meager 1.5% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 28,765 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KSE-100 Index surged by a massive 50% from August 16th, 2019 to its recent peak on January 13th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Corona virus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 37% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.5% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

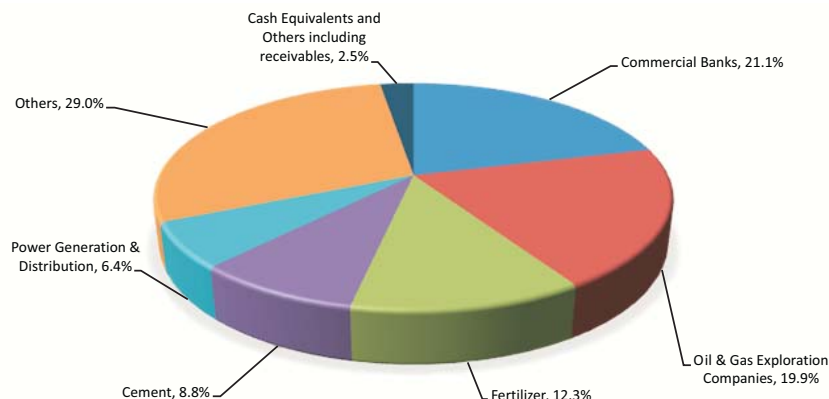
During the fiscal year, NBP Stock Fund decreased by 0.2% as against the KSE-30 Index decrease by 0.5%, outperforming the market by 0.3% during the year. The Fund outperformed on the back of proactive asset allocation. Furthermore, the Fund was overweight in key stocks in Oil & Gas Exploration Companies, Technology & Communication, and Engineering sectors that outperformed the market and was underweight in key stocks in Commercial Banks, Power Generation & Distribution Companies, and Automobile Assembler sectors that underperformed the market, which contributed to the outperformance. Since inception (January 19, 2007), NSF has risen by 339.6%, whereas the KSE-30 Index has increased by 62.9%, thus to date out-performance is 276.7%. This outperformance is net of management fee and all other expenses. The Fund size is 13,702 million as of June 30, 2020.





NBP Stock Fund has earned a total income of Rs. 72.309 million during the year. After deducting total expenses of Rs. 456.579 million, the net loss is Rs. 384.270 million. During the year, the unit price of NBP Stock Fund has decreased from Rs. 11.9914 on June 30, 2019 to Rs. 11.9682 on June 30, 2020. The resultant per unit loss is Rs. 0.0232 (-0.19%).

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



## Income Distribution

Due to net loss for the year, no distribution has been made.

## Taxation

On account of net loss, no provision for taxation was made in the financial statements of the Fund.

## Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retired 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 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.



13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

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

#### **Acknowledgement**

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

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

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

Chief Executive

Director

Date: September 17, 2020  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی اسٹاک فنڈ (NSF) کی چودھویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2020ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

مالی سال 2019-20، اسٹاک مارکیٹ میں انتہائی اتار چڑھاؤ کے باعث ماپوس کن سال رہا جیسا کہ KSE-100 انڈیکس میں سالانہ بنیادوں پر 1.5% کا معمولی اضافہ ہوا۔ IMF کے ساتھ 6 بلین ڈالر کی توسیعی فنڈ سہولت (EFF) معاہدہ، 3.3 بلین امریکی ڈالر مالیت کی سعودی تیل کی سہولت کا آغاز، اور قطر سے 500 بلین امریکی ڈالر کی آمد جیسی مثبت خبروں کے باوجود مارکیٹ کا آغاز منفی خطوط سے ہوا۔ بھارت کے مقبوضہ کشمیر میں آرٹیکل 370 کی منسوخی پر پاک بھارت تعلقات میں کشیدگی پیدا ہونے سے مارکیٹ کے جذبات میں انتشار پیدا ہوا جو پریشانی کے باعث فروخت کا حامل بنا اور انڈیکس کو 16 اگست کو کم ترین سطح 28,765 پر لے آیا جس نے مارکیٹ کے وسیع حصے میں حصص کی مالیت کو واضح کر دیا۔ پرکشش مالیت، کرنٹ اکاؤنٹ خسارہ (CAD) میں بہتری اور اسٹیٹ بینک کی مانیٹری میں آسانی کی توقع کی بنا پر اسٹاک مارکیٹ میں تیزی سے بہتری واقع ہوئی۔ کرنٹ اکاؤنٹ بیلنس اکتوبر 2019 میں سرپلس میں تبدیل ہوا اور مالی سال 20 کے لئے کرنٹ اکاؤنٹ خسارہ (CAD) 3 ارب ڈالر رہ گیا، جو سالانہ بنیادوں پر 78 فیصد کم ہوا۔ اسی طرح، کثیرالجہتی ایجنسیوں سے سرمائے کی آمد اور سرکاری سیکورٹیز میں پورٹ فولیو کی آمد نے بھی سرمایہ کاروں میں اعتماد پیدا کیا۔ اس کے نتیجے میں، KSE-100 انڈیکس میں 16 اگست، 2019 سے خلیفہ 50 فیصد اضافے کے ساتھ سے 13 جنوری 2020 کی بلند ترین سطح پر پہنچا۔

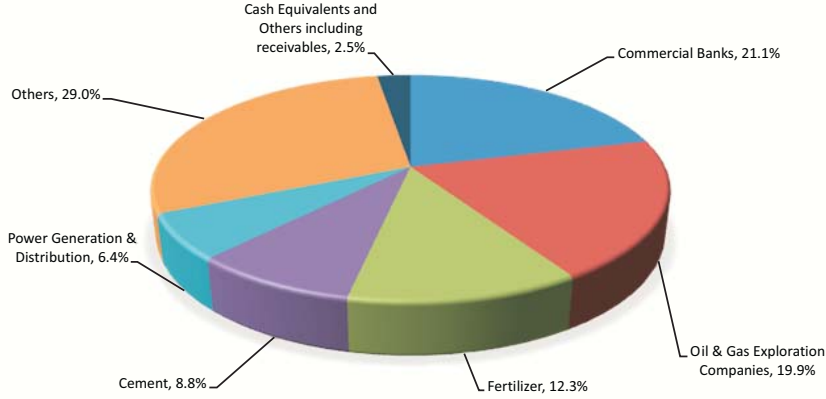
اس کے بعد، EFF کے تحت کارکردگی کے معیار پر عمل پیرا نہ ہونے کے باعث آئی ایم ایف سے تیسری قسط میں تاخیر، متوقع محصولات کی کمی کو پورا کرنے کے لئے منی بجٹ کے اندیشہ، اور T-Bills سے ہاٹ منی کے اخراج کے خدشہ کے باعث مارکیٹ کے جذبات معدوم ہو گئے۔ تاہم، کورونا وائرس کے پھیلاؤ اور کاروباری سرگرمیوں میں لاک ڈاؤن/شٹ ڈاؤن کے باعث اسٹاک مارکیٹ میں آزادانہ فروخت ہوئی اور 2 ماہ کے عرصے میں، اسٹاک مارکیٹ اپنے عروج سے 37 فیصد گر گئی۔ معیشت کو کورونا وائرس وبائی مرض کے اثرات سے نجات دلانے کے لئے، پالیسی سازوں نے غیر معمولی مالی اور مالیاتی پالیسی اقدامات اٹھائے۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کیا اور کاروباری اداروں کی مدد اور قرضہ جاری رکھنے کے لئے، قرضوں کی ادائیگی سے متعلق کارپوریٹس/تجارتی بینکوں کے انضباطی ضوابط میں ترمیم کی گئی۔ حکومت نے 1.2 ٹریلین روپے کا امدادی پیکیج دینے کا اعلان کیا، جو بی ڈی پی کے 2.8 فیصد کے برابر ہے، جس میں معاشرے کے تمام طبقوں کے لئے ریلیف شامل ہے۔ جن میں غیر مراعات یافتہ افراد، کاروبار اور صنعتیں شامل ہیں۔ ریپید فنڈنگ انسٹرومنٹ (RFI) کے تحت ملک کو آئی ایم ایف سے 1.39 بلین امریکی ڈالر کا ہنگامی قرض ملا اور G20 ممالک نے قرضوں کی ادائیگی میں ریلیف کا اعلان کیا۔ صحت کی دیکھ بھال کے ناقص اور نا کافی انفراسٹرکچر کے باوجود نسبتاً کم اموات کی شرح اور صحت یابی کی اعلیٰ شرحوں نے امیدوں کو بڑھایا کہ پاکستان کو بدترین خطرہ سے بچایا جاسکتا ہے جبکہ پہلے خدشہ تھا۔ نتیجتاً مارکیٹ نے واضح بہتری دیکھائی اور تقریباً تمام نقصان والے شعبوں کا احاطہ کیا اور سالانہ بنیاد پر 1.5 فیصد کی معمولی اضافے کے ساتھ سال کا اختتام کرنے میں کامیاب رہی۔

زیر جائزہ مالی سال کے دوران شعبہ دارکارکردگی کے لحاظ سے، آٹوموبائل پارٹس اینڈ ایکسیسریز، ہیمنٹ، کیمیکلز، انجینئرنگ، کھاد، دواسازی، کاغذ اور بورڈ، ہینکنا لوجی اور گلاس اینڈ سرامکس کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا جبکہ کمرشل بینک، آئل اینڈ گیس ایکسپلوریشن، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اینڈ ڈسٹری بیوشن، اور نیکیسٹائل کمپوزٹ کے شعبے مارکیٹ سے پیچھے رہے۔ سرمایہ کار کارکردگی کے تناظر میں، انفرادی سرمایہ کار (ریٹیل) 213 بلین امریکی ڈالر کے خالص ان فلو کے ساتھ بڑے خریدار رہے، جبکہ انشورنس کمپنیوں نے 128 بلین امریکی ڈالر کے ساتھ پوزیشن منظم کی دوسری جانب غیر ملکی سرمایہ کار 285 بلین ڈالر کے ساتھ بڑے فروخت کنندہ رہے، اسی طرح، بینک/DFIs اور میوچل فنڈز بھی بالترتیب 55 بلین امریکی ڈالر اور 50 بلین امریکی ڈالر کے خالص آؤٹ فلو کے ساتھ نمایاں فروخت کنندہ رہے۔

مالی سال کے دوران، NBP اسٹاک فنڈ میں KSE-30 انڈیکس کی 0.5% کمی کے مقابلے میں 0.2% کمی ہوئی، لہذا سال کے دوران مارکیٹ سے 0.3% کی بہتر کارکردگی دکھائی۔ فنڈ نے پرو ایکٹیو ایسٹ ایلیوشن کی بنا پر بہتر کارکردگی ظاہر کی۔ اس کے علاوہ، فنڈ نے آئل اینڈ گیس ایکسپلوریشن کمپنیوں، ہینکنا لوجی اینڈ کیوٹیکیشن اور انجینئرنگ سیکٹرز میں کلیدی اسٹاکس کو زیادہ اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی دکھائی اور کمرشل بینکوں، پاور جنریشن اینڈ ڈسٹری بیوشن کمپنیوں اور آٹوموبائل اسمبلر سیکٹرز کو کم اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا، جس کے باعث کارکردگی بہتر رہی۔ فنڈ کے آغاز (19 جنوری 2007) کے بعد سے NSF میں 339.6% کا اضافہ ہوا، جبکہ KSE-30 انڈیکس 62.9% سے بڑھا، لہذا فنڈ کی آج تک 276.7% سے بہتر کارکردگی ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2020 کو فنڈ کا سائز 13,702 ملین روپے ہے۔

NBP اسٹاک فنڈ کو اس مدت کے دوران 72.309 ملین روپے کی آمدنی ہوئی۔ 456.579 ملین روپے کے اخراجات منہا کرنے کے بعد خالص خسارہ 384.270 ملین روپے ہے۔ سال کے دوران NBP اسٹاک فنڈ کے پونٹ کی قیمت 30 جون 2019 کو 11.9914 روپے سے کم ہو کر 30 جون 2020 کو 11.9682 روپے ہو گئی۔ جس کے نتیجے میں فی پونٹ خسارہ 0.0232 روپے (-0.19%) ہے۔

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



## آمدنی کی تقسیم

مذکورہ مالی سال میں فنڈ میں خالص نقصان کے سبب، کوئی آمدنی تقسیم نہیں کی گئی۔

## تقسیم

خالص نقصان کے سبب، فنڈ کے مالیاتی گوشوارے میں ٹیکس کا کوئی پروویژن نہیں رکھا گیا۔

## 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۔

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

1. میٹجمنٹ 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 مصفاہ 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۔ شماراتی 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 ٹیمپل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔

- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیرین مالیاتی گوشواروں کے نوٹ 224 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 21 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
•1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر احمد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•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 کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

**NBP 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 Stock 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 Stock Fund

NBP Stock Fund is an Open-ended Equity Fund

### Investment Objective of the Fund

The objective of NBP Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund is moderate to high.

### Benchmark

The Benchmark of the Fund is KSE-30 Total Return Index.

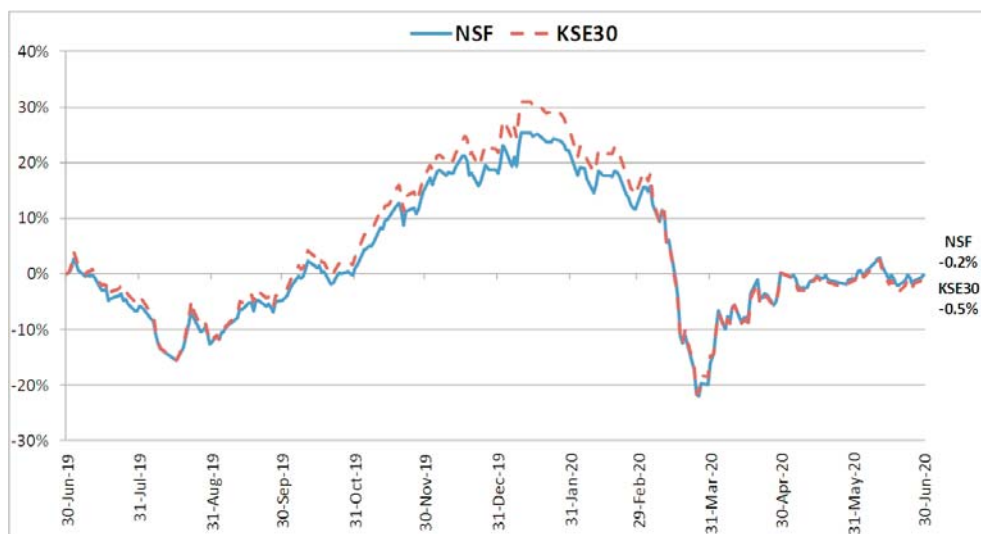
### Fund performance review

This is the fourteenth annual report of the Fund. During the fiscal year, NBP Stock Fund decreased by 0.2% as against the KSE-30 index decrease by 0.5%, outperforming the market by 0.3% during the year. Since inception (January 19, 2007), NSF has risen by 339.6%, whereas the KSE-30 index has increased by 62.9%, thus to date out-performance is 276.7%. This outperformance is net of management fee and all other expenses. Thus, NSF has met its investment objective. During the year, the fund size of NSF increased by 15% to Rs 13,702mn.

NSF outperformed on the back of proactive asset allocation. Furthermore, the Fund was overweight in key stocks in Oil & Gas Exploration Companies, Technology & Communication, and Engineering sectors that outperformed the market and was underweight in key stocks in Commercial Banks, Power Generation & Distribution Companies, and Automobile Assembler sectors that underperformed the market, which contributed to the outperformance.

The chart below shows the performance of NSF against the Benchmark for the year.

**NSF Performance vs. Benchmark during FY20**



At the beginning of the year, NSF was around 94.5% invested in equities. During the year, we proactively adjusted our exposure in equities. At the end of the year, NSF was around 97.5% invested in equities.

Amid high volatility, FY2019-20 remained a lackluster year for the stock market as the benchmark KSE-100 Index rose by a meagre 1.5% on a year-on-year basis. The market started off the year on a negative note despite positive news-flow surrounding the signing of USD 6 billion Extended Fund Facility (EFF) with the IMF, commencement of Saudi oil facility worth USD 3.3 billion, and USD 500 million inflow from Qatar. The market sentiment was soured by deteriorating Pakistan-India relations over the repeal of article 370 in the Indian-occupied Kashmir. The ensuing panic selling sent the Index to a low of 28,765 points on August 16th that in the process opened-up valuation gap in the broader part of the market. Based on attractive valuations, improving Current Account Deficit (CAD), and expectation of monetary easing by the SBP, the stock market rebounded sharply afterwards. The current account balance turned into surplus in Oct-19 and CAD for FY20 clocked in at USD 3 billion, down by 78% on a YoY basis. Likewise, capital flows from the multilateral agencies and portfolio inflows in the government securities also instilled confidence amongst investors. As a result, the KSE-100 Index surged by a massive 50% from August 16th, 2019 to its recent peak on January 13th, 2020.

Subsequently, concerns over delay of 3rd tranche from the IMF over noncompliance of Performance Criteria under EFF, fear of a mini budget to meet expected revenue shortfalls, and some outflow of hot money from T-Bills weighed on the market sentiments. It was, however, the spread of Coronavirus and the ensuing lockdown/shutdown of the business activity that caused indiscriminate selling in the stock market and within a span of 2 months, the stock market tumbled by 37% from its previous peak. To cushion the economy from the impact of the Coronavirus pandemic, policymakers responded with unprecedented fiscal and monetary policy actions. SBP slashed the Policy Rate by a cumulative 6.25% and to support businesses and keep credit flowing, amendments were made in the prudential regulations for corporates / commercial banks related to loan repayments. The government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. The country received an emergency loan of USD 1.39 billion from the IMF under Rapid Financing Instrument (RFI) and the G20 countries announced relief for debt repayment. Notwithstanding poor and inadequate healthcare infrastructure, relatively low fatality rates and higher recovery rates raised hopes that Pakistan may be spared from the worst as earlier feared. As a result, the market staged a sharp rebound thenceforth and covered almost all the lost ground and managed to close the year with a paltry gain of 1.5% on a YoY basis.

In terms of sector-wise performance during the year, Automobile Parts & Accessories, Cements, Chemicals, Engineering, Fertilizers, Pharmaceuticals, Paper & Board, Technology and Glass & Ceramics sectors performed better than the market, while Commercial Banks, Oil & Gas Exploration, Oil & Gas Marketing, Power Generation & Distribution, and Textile Composite sectors lagged behind. Regarding the market participant-wise activity, Individuals remained major buyers with net inflows of USD 213 million, along with Insurance Companies that accumulated positions worth USD 128 million. On the other hand, Foreign investors were major sellers in the market, offloading positions worth USD 285 million. Similarly, Banks/DFIs and Mutual Funds were also sellers with net outflows of USD 55 million, and USD 50 million, respectively.

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

Particulars	30-Jun-20	30-Jun-19
Equities / Stocks	97.5%	94.5%
Cash Equivalents	4.1%	5.9%
Other Net Liabilities	(1.6%)	(0.4%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>



**Distribution for the Financial Year 2020**

Due to net loss for the year, no distribution has been made.

**Unit Holding Pattern**

Size of Unit Holding (Units)	# of Unit Holders
1-1000	770
1001-5000	535
5001-10000	338
10001-50000	764
50001-100000	298
100001-500000	315
500001-1000000	38
1000001-5000000	70
5000001-10000000	16
10000001-100000000	16
100000001-1000000000	3
<b>Total</b>	<b>3163</b>

**During the period under question:**

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

**Sindh Workers' Welfare Fund (SWWF)**

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 108.972 Million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.0952 / 0.79%. For details investors are advised to read note 13.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



## INDEPENDENT AUDITORS' REPORT

To the Unit Holders of the NBP Stock Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of the NBP Stock 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 and 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**

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



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

	Note	2020	2019
(Rupees in '000)			
<b>Assets</b>			
Bank balances	5	563,575	702,620
Investments	6	13,362,869	11,245,759
Dividend and profit receivable	7	2,788	30,120
Receivable against sale of investments		46,766	136,329
Receivables from funds under management by Management Company against conversion of units		1,708	-
Advance, deposits and prepayment	8	7,312	7,301
<b>Total assets</b>		<b>13,985,018</b>	<b>12,122,129</b>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	9	71,625	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee	10	1,377	1,264
Payable to Securities and Exchange Commission of Pakistan	11	2,620	14,148
Payable against redemption of units	12	56,816	-
Accrued expenses and other liabilities	13	150,961	149,226
<b>Total liabilities</b>		<b>283,399</b>	<b>226,870</b>
<b>Net assets</b>		<b>13,701,619</b>	<b>11,895,259</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>13,701,619</b>	<b>11,895,259</b>
<b>Contingency and commitment</b>	14		
		(Number of units)	
<b>Number of units in issue</b>	15	<b>1,144,834,476</b>	<b>991,980,340</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>11.9682</b>	<b>11.9914</b>

The annexed notes 1 to 30 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
<b>Income</b>			
Dividend income		610,955	718,546
Gain / (loss) on sale of investments at fair value through profit or loss (FVTPL) - net		54,637	(910,747)
Profit on bank deposits		101,517	147,025
Income from government securities		13,661	25,335
Net unrealised diminution on re-measurement of investments at FVTPL		(708,461)	(2,360,951)
<b>Total income / (loss)</b>		<b>72,309</b>	<b>(2,380,792)</b>
<b>Expenses</b>			
Remuneration to NBP Fund Management Limited - Management Company	9.1	198,289	297,857
Sindh Sales Tax on remuneration to Management Company	9.2	25,778	38,721
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	14,100	15,893
Sindh Sales Tax on remuneration to Trustee	10.2	1,833	2,066
Selling and marketing expenses	9.3	166,326	59,571
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	13,100	14,893
Annual fee - Securities and Exchange Commission of Pakistan		2,620	14,148
Securities transaction cost		30,955	21,006
Settlement and bank charges		2,393	2,728
Auditors' remuneration	16	767	711
Fund rating fee		232	222
Annual listing fee		27	28
Legal and professional fees		67	72
Printing charges		92	13
<b>Total expenses</b>		<b>456,579</b>	<b>467,929</b>
<b>Net loss from operating activities</b>		<b>(384,270)</b>	<b>(2,848,721)</b>
Provision for Sindh Workers' Welfare Fund	13.1	-	-
<b>Net loss for the year before taxation</b>		<b>(384,270)</b>	<b>(2,848,721)</b>
Taxation	17	-	-
<b>Net loss for the year</b>		<b>(384,270)</b>	<b>(2,848,721)</b>

The annexed notes 1 to 30 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 loss for the year	(384,270)	(2,848,721)
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<b>(384,270)</b>	<b>(2,848,721)</b>

The annexed notes 1 to 30 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

Note	2020			2019		
	Value	Accumulated losses	Total	Value	Undistributed income / Accumulated (loss)	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	12,191,631	(296,372)	11,895,259	12,431,591	2,552,349	14,983,940
Issue of 823,439,531 units (2019: 545,757,834 units)						
- Capital value	9,874,193	-	9,874,193	7,980,399	-	7,980,399
- Element of income / (loss)	529,240	-	529,240	(308,013)	-	(308,013)
Total proceeds on issuance of units	10,403,433	-	10,403,433	7,672,386	-	7,672,386
Redemption of 670,585,395 units (2019: 578,485,493 units)						
- Capital value	(8,041,258)	-	(8,041,258)	(8,458,962)	-	(8,458,962)
- Element of income / (loss)	(171,545)	-	(171,545)	546,616	-	546,616
Total payments on redemption of units	(8,212,803)	-	(8,212,803)	(7,912,346)	-	(7,912,346)
Total comprehensive loss for the year	-	(384,270)	(384,270)	-	(2,848,721)	(2,848,721)
<b>Net assets at end of the year</b>	<b>14,382,261</b>	<b>(680,642)</b>	<b>13,701,619</b>	<b>12,191,631</b>	<b>(296,372)</b>	<b>11,895,259</b>
Accumulated (loss) / Undistributed income brought forward						
- Realised		2,064,579			3,535,171	
- Unrealised		(2,360,951)			(982,822)	
		(296,372)			2,552,349	
Total comprehensive loss for the year		(384,270)			(2,848,721)	
Accumulated losses carried forward		(680,642)			(296,372)	
Accumulated losses carried forward						
- Realised		27,819			2,064,579	
- Unrealised		(708,461)			(2,360,951)	
		(680,642)			(296,372)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			<u>11.9914</u>			<u>14.6226</u>
Net assets value per unit at end of the year			<u>11.9682</u>			<u>11.9914</u>

The annexed notes 1 to 30 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year		(384,270)	(2,848,721)
<b>Adjustments:</b>			
Net unrealised diminution on re-measurement of investments at FVTPL		708,461	2,360,951
		<b>324,191</b>	<b>(487,770)</b>
<b>(Increase) / decrease in assets</b>			
Investments		(2,825,571)	(791,811)
Dividend and profit receivable		27,332	(2,025)
Receivable against sale of investments		89,563	(121,383)
Advance, deposits and prepayment		(11)	(110)
		<b>(2,708,687)</b>	<b>(915,329)</b>
<b>Increase / (decrease) in liabilities</b>			
Payable to NBP Fund Management Limited - Management Company		9,393	(9,125)
Payable to Central Depository Company of Pakistan Limited - Trustee		113	(304)
Payable to Securities and Exchange Commission of Pakistan		(11,528)	(836)
Accrued expenses and other liabilities		1,735	(3,433)
		<b>(287)</b>	<b>(13,698)</b>
<b>Net cash (used in) operating activities</b>		<b>(2,384,783)</b>	<b>(1,416,797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	18		
Amount received against issuance of units		10,401,725	7,672,386
Amount paid on redemption of units		(8,155,987)	(7,912,346)
<b>Net cash from / (used in) financing activities</b>		<b>2,245,738</b>	<b>(239,960)</b>
<b>Net (decrease) in cash and cash equivalents during the year</b>		<b>(139,045)</b>	<b>(1,656,757)</b>
Cash and cash equivalents at beginning of the year		702,620	2,359,377
<b>Cash and cash equivalents at end of the year</b>	5	<b>563,575</b>	<b>702,620</b>

The annexed notes 1 to 30 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 The NBP Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 06 December 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 01 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 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 Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as an "equity scheme" by the Management Company as per the criteria for categorization 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 core objective of the Fund, is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and performance rating of '4-Star' to the Fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- provisions of and directives issued under the Companies Act, 2017 along with part and the requirements VIIIA 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).

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

#### 2.2 Accounting convention

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



## 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 4.6)
- (c) Element of income (Note 4.9)
- (d) Classification and Impairment of financial assets (Note 4.2.1 and Note 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 principle accounting policies applied in the 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 equity securities and government 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 as incurred 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) Equity securities**

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

##### **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 amortised 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.

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 where 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.

## 4.3 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.

## 4.4 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.

## 4.5 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.

## 4.6 Provisions

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

## 4.7 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.

#### **4.8 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 if applicable, 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.

#### **4.9 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.

#### **4.10 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.

#### **4.11 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.

## 4.12 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes 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.
- Profit on bank deposits is recognised using the effective yield method.
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.

## 4.13 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	<b>BANK BALANCES</b>	2020	2019
		(Rupees in '000)	
	In current accounts	25,456	28,600
	In savings accounts	538,119	674,020
	5.1 & 5.2	563,575	702,620

5.1 These accounts carry profit at rates ranging from 3.00% to 15.50% (2019: 3.00% to 13.00%) per annum.

5.2 These includes cheques amounting to Rs. 2.116 million (30 June 2019: Rs. 81.567 million) issued on account of redemption of units and cheques amounting to Rs. 2.482 million (30 June 2019: Rs. 18.587 million) received on account of issuance of units.

## 6 INVESTMENTS

### At fair value through profit or loss

- Listed equity securities	6.1	13,362,869	11,245,759
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## 6.1 Investment in listed equity securities

\*All shares have a nominal face value of Rs.10 each except for the shares of Thal Limited, Dynea Pakistan Limited, and Agriauto Industries Limited NC which have a face value of Rs.5, K-Electric Limited which have a face value of Rs 3.5 each, and Hum Network Limited which have a face value of Rs. 1 each.

Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales 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 investment	Percentage of the paid up capital of the investee company held
	(Number of shares)				(Rupees in '000)		(%)			
<b>Refinery</b>										
Attock Refinery Limited	2,000	-	-	-	2,000	-	-	-	-	-
	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Oil and Gas Exploration Companies</b>										
Mari Petroleum Company Limited	414,228	266,861	48,317	-	17,500	711,906	880,378	6.43	6.59	0.53
Oil & Gas Development Company Limited (refer note 6.1.1)	6,411,381	6,215,100	-	-	6,075,172	6,551,309	714,093	5.21	5.34	0.15
Pakistan Oilfields Limited (refer note 6.1.1)	937,396	1,322,790	-	-	1,055,032	1,205,154	422,563	3.08	3.16	0.42
Pakistan Petroleum Limited (refer note 6.1.1)	4,635,059	6,345,380	871,872	-	3,648,600	8,203,711	711,918	5.20	5.33	0.30
	<b>12,398,064</b>	<b>14,150,131</b>	<b>920,189</b>	<b>-</b>	<b>10,796,304</b>	<b>16,672,080</b>	<b>2,728,952</b>	<b>19.92</b>	<b>20.42</b>	
<b>Oil and Gas Marketing Companies</b>										
Attock Petroleum Limited	151,010	3,960	-	-	-	154,970	47,297	0.35	0.35	0.16
Hascol Petroleum Limited (refer note 6.1.2)	17,635	-	-	-	13,562	4,073	55	-	-	-
Pakistan State Oil Company Limited (refer note 6.1.1)	1,182,740	2,461,731	235,448	-	2,075,700	1,804,219	285,355	2.08	2.14	0.38
Shell Pakistan Limited	148,200	-	-	-	96,300	51,900	9,476	0.07	0.07	0.05
Sui Northern Gas Pipelines Limited	2,338,700	4,716,300	-	-	3,402,500	3,652,500	199,426	1.46	1.49	0.58
Sui Southern Gas Company Limited	2,000	-	-	-	2,000	-	-	-	-	-
	<b>3,840,285</b>	<b>7,181,991</b>	<b>235,448</b>	<b>-</b>	<b>5,590,062</b>	<b>5,667,662</b>	<b>541,609</b>	<b>3.96</b>	<b>4.05</b>	
<b>Investment Banks/ Investment Companies/ Security Companies</b>										
Dawood Hercules Corporation Limited	116,400	-	-	-	3,500	112,900	14,442	0.11	0.11	0.02
<b>Fertilizer</b>										
Engro Corporation Limited (refer note 6.1.1)	2,354,314	1,720,239	-	-	1,822,400	2,252,153	659,700	4.81	4.94	0.39
Engro Fertilizers Limited	5,832,500	8,360,471	-	-	6,896,000	7,296,971	439,861	3.21	3.29	0.55
Fauji Fertilizer Bin Qasim Company Limited	-	10,235,000	-	-	4,024,500	6,210,500	99,120	0.72	0.74	0.66
Fauji Fertilizer Company Limited	7,330,000	2,675,400	-	-	5,762,700	4,242,700	466,655	3.41	3.49	0.33
	<b>15,633,214</b>	<b>22,991,110</b>	<b>-</b>	<b>-</b>	<b>18,505,600</b>	<b>20,115,224</b>	<b>1,679,778</b>	<b>12.15</b>	<b>12.46</b>	
<b>Chemical</b>										
Engro Polymer & Chemicals Limited	5,596,569	14,214,405	-	-	9,083,500	10,727,474	267,972	1.96	2.01	1.18
I.C.I Pakistan Ltd	-	142,050	-	-	-	142,050	98,684	0.72	0.74	0.15
Dynea Pakistan Limited*	-	19,000	-	-	-	19,000	2,049	0.01	0.02	0.10
Ittehad Chemicals Limited	3,000	-	-	-	3,000	-	-	-	-	-
Lotte Chemical Pakistan Limited	3,921,500	-	-	-	3,921,500	-	-	-	-	-
	<b>9,521,069</b>	<b>14,375,455</b>	<b>-</b>	<b>-</b>	<b>13,008,000</b>	<b>10,888,524</b>	<b>368,705</b>	<b>2.69</b>	<b>2.77</b>	
<b>Automobile Parts and Accessories</b>										
Agriauto Industries Limited NC*	-	7,000	-	-	-	7,000	1,274	0.01	0.01	0.02
Baluchistan Wheels Limited	87,000	-	-	-	-	87,000	5,284	0.04	0.04	0.65
Thal Limited*	119,389	307,200	-	-	-	426,589	138,616	1.01	1.04	0.53
	<b>206,389</b>	<b>314,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>520,589</b>	<b>145,174</b>	<b>1.06</b>	<b>1.09</b>	



Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales 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 investment	Percentage of the paid up capital of the investee company held
			(Number of shares)				(Rupees in '000)		(%)	
<b>Cement</b>										
Attock Cement Pakistan Limited	1	820	-	-	821	-	-	-	-	-
Cherat Cement Company Limited	632,700	717,000	-	-	1,349,700	-	-	-	-	-
D.G. Khan Cement Company Limited	575,000	2,606,500	-	-	3,181,500	-	-	-	-	-
Fauji Cement Company Limited	2,000,000	16,196,000	-	-	8,680,000	9,516,000	160,630	1.17	1.20	0.69
Fecto Cement Limited	243,200	-	-	-	-	243,200	5,063	0.04	0.04	0.48
Kohat Cement Company Limited	415,190	1,407,130	-	-	99,000	1,723,320	236,870	1.73	1.77	0.86
Lucky Cement Limited (refer note 6.1.1)	594,533	1,606,000	-	-	827,300	1,373,233	633,857	4.63	4.74	0.42
Maple Leaf Cement Factory Limited	3,875,001	9,991,000	-	850,000	8,295,000	6,421,001	166,818	1.22	1.25	0.58
Pioneer Cement Limited	720,300	1,065,500	-	-	1,785,800	-	-	-	-	-
	<b>9,055,925</b>	<b>33,589,950</b>	<b>-</b>	<b>850,000</b>	<b>24,219,121</b>	<b>19,276,754</b>	<b>1,203,238</b>	<b>8.79</b>	<b>9.00</b>	
<b>Paper and Board</b>										
Roshan Packages Ltd	-	46,000	-	-	-	46,000	1,031	0.01	0.01	0.03
Century Paper and Board Mills Limited	2,867,600	170,000	-	-	106,500	2,931,100	209,779	1.53	1.57	1.99
Cherat Packaging Limited	555,090	-	34,409	-	211,000	378,499	44,341	0.32	0.33	0.89
	<b>3,422,690</b>	<b>216,000</b>	<b>34,409</b>	<b>-</b>	<b>317,500</b>	<b>3,355,599</b>	<b>255,151</b>	<b>1.86</b>	<b>1.91</b>	
<b>Automobile Assembler</b>										
Honda Atlas Cars (Pakistan) Limited	-	790,900	-	-	-	790,900	153,182	1.12	1.15	0.55
Indus Motor Company Limited	19,270	53,160	-	-	16,960	55,470	55,192	0.40	0.41	0.07
Millat Tractors Limited	-	265,950	-	-	41,800	224,150	158,286	1.16	1.18	0.45
Pak Suzuki Motor Company Limited	50	-	-	-	50	-	-	-	-	-
	<b>19,320</b>	<b>1,110,010</b>	<b>-</b>	<b>-</b>	<b>58,810</b>	<b>1,070,520</b>	<b>366,660</b>	<b>2.68</b>	<b>2.74</b>	
<b>Pharmaceuticals</b>										
Abot Laboratories (Pakistan) Limited	29,550	1,150	-	-	26,750	3,950	2,619	0.02	0.02	-
Ferozsons Laboratories Limited	-	108,000	-	-	69,000	39,000	11,717	0.09	0.09	0.13
AGP Limited	385,000	-	-	-	-	385,000	42,250	0.31	0.32	0.14
GlaxoSmithKline (Pakistan) Limited	11,400	238,700	-	-	-	250,100	43,537	0.32	0.33	0.08
GlaxoSmithKline Consumer Healthcare Pakistan Limited	15,600	-	-	-	-	15,600	4,238	0.03	0.03	0.01
The Searle Company Limited (refer note 6.1.2)	47,327	931,250	-	-	-	978,577	194,962	1.42	1.46	0.46
	<b>488,877</b>	<b>1,279,100</b>	<b>-</b>	<b>-</b>	<b>95,750</b>	<b>1,672,227</b>	<b>299,323</b>	<b>2.19</b>	<b>2.25</b>	
<b>Engineering</b>										
International Industries Limited	407,900	50,000	16,590	-	388,600	85,890	7,879	0.06	0.06	0.07
Aisha Steel Ltd	-	2,220,000	-	-	2,220,000	-	-	-	-	-
International Steel Limited	1,477,500	3,199,200	-	-	2,094,000	2,582,700	133,396	0.97	1.00	0.59
Amreli Steels Limited	-	4,989,000	-	-	106,500	4,882,500	159,365	1.16	1.19	1.64
Ittefaq Iron Industries Limited	-	2,900,000	-	-	700,500	2,199,500	15,199	0.11	0.11	1.52
Mughal Iron and Steel Industries Limited (refer note 6.1.2)	3,828,887	895,500	-	-	692,000	4,032,387	160,812	1.17	1.20	1.60
	<b>5,714,287</b>	<b>14,253,700</b>	<b>16,590</b>	<b>-</b>	<b>6,201,600</b>	<b>13,782,977</b>	<b>476,651</b>	<b>3.47</b>	<b>3.56</b>	
<b>Textile Composite</b>										
Azgard Nine Limited (Non-voting)	806,400	-	-	-	-	806,400	5,645	0.04	0.04	0.16
Gul Ahmed Textile Mills Limited	7,408,200	3,406,460	988,640	-	3,414,500	8,388,800	240,171	1.75	1.80	1.96
Crescent Textile Mills Ltd	-	9,000	-	-	9,000	-	-	-	-	-
Interloop Limited	1,970,328	296,373	-	-	-	2,266,701	99,553	0.73	0.75	0.26
Kohinoor Textile Mills Limited (refer note 6.1.2)	2,315,339	30,180	-	-	450,000	1,895,519	67,310	0.49	0.50	0.63
Nishat Chunian Limited	3,855,300	914,500	-	-	2,822,000	1,947,800	63,206	0.46	0.47	0.81
Nishat Mills Limited	1,919,400	3,698,700	-	-	1,912,900	3,705,200	289,043	2.11	2.16	1.05
Sapphire Fibres Limited	40	-	-	2	42	-	-	-	-	-
	<b>18,275,007</b>	<b>8,355,213</b>	<b>988,640</b>	<b>2</b>	<b>8,608,442</b>	<b>19,010,420</b>	<b>764,928</b>	<b>5.58</b>	<b>5.72</b>	



Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales 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 investment	Percentage of the paid up capital of the investee company held
	(Number of shares)						(Rupees in '000)		(%)	
<b>Food and Personal Care Products</b>										
Matco Foods Limited	-	15,450	-	-	-	15,450	294	-	-	0.01
Al-Shaheer Corporation Limited (refer note 6.1.2)	1,854,288	-	-	745,140	606,500	1,992,928	22,799	0.17	0.17	1.00
	<b>1,854,288</b>	<b>15,450</b>	<b>-</b>	<b>745,140</b>	<b>606,500</b>	<b>2,008,378</b>	<b>23,093</b>	<b>0.17</b>	<b>0.17</b>	
<b>Technology and Communication</b>										
Hum Network Limited*	-	3,408,000	-	-	1,835,000	1,573,000	19,741	0.14	0.15	0.17
Avanceon Limited (refer note 6.1.2)	661,250	-	1,633	-	644,921	17,962	635	-	-	0.01
Netsol Technologies Limited	1,554,900	13,700	-	-	464,000	1,104,600	54,910	0.40	0.41	1.23
System Limited	1,725,900	33,710	-	-	217,000	1,542,610	283,347	2.07	2.12	1.25
	<b>3,942,050</b>	<b>3,455,410</b>	<b>1,633</b>	<b>-</b>	<b>3,160,921</b>	<b>4,238,172</b>	<b>358,633</b>	<b>2.61</b>	<b>2.68</b>	
<b>Power Generation and Distribution</b>										
K-Electric Limited*	7,972,000	6,000,000	-	-	3,808,000	10,164,000	30,594	0.22	0.23	0.04
Nishat Power Ltd.	-	35,000	-	-	-	35,000	793	0.01	0.01	0.01
Lalpir Power Ltd.	-	5,776,500	-	-	-	5,776,500	67,412	0.49	0.50	1.52
Nishat Chunian Power Ltd	-	1,367,000	-	-	-	1,367,000	20,669	0.15	0.15	0.37
Kot Addu Power Company Limited	-	2,551,000	-	-	450,000	2,101,000	42,335	0.31	0.32	0.24
Pakgen Power Limited	739,500	875,000	-	-	-	1,614,500	19,390	0.14	0.15	0.43
Saif Power Limited	470,000	100,000	-	-	-	570,000	9,160	0.07	0.07	0.15
The Hub Power Company Limited (refer note 6.1.1)	8,892,603	4,031,008	-	-	3,378,500	9,545,111	692,028	5.05	5.18	0.74
	<b>18,074,103</b>	<b>20,735,508</b>	<b>-</b>	<b>-</b>	<b>7,636,500</b>	<b>31,173,111</b>	<b>882,381</b>	<b>6.44</b>	<b>6.61</b>	
<b>Commercial Banks</b>										
Allied Bank Limited	3,897,201	268,400	-	-	860,000	3,305,601	253,143	1.85	1.89	0.29
Askari Bank Limited	1,200,000	10,500	-	-	1,210,500	-	-	-	-	-
Bank Al-Falah Limited	16,836,750	8,677,164	-	-	7,332,600	18,181,314	610,347	4.45	4.57	1.02
Bank Al-Habib Limited (refer note 6.1.1)	7,880,150	2,687,798	-	-	1,382,000	9,185,948	480,425	3.51	3.60	0.83
Bank of Punjab	9,934,500	4,000,000	-	-	5,009,000	8,925,500	74,974	0.55	0.56	0.34
Faysal Bank Limited (refer note 6.1.2)	3,831,250	2,931,288	-	-	1,361,500	5,401,038	75,236	0.55	0.56	0.36
National Bank of Pakistan	-	330,000	-	-	-	330,000	9,125	0.07	0.07	0.02
Habib Bank Limited	5,275,633	5,275,200	-	-	3,573,100	6,977,733	675,933	4.93	5.06	0.48
Habib Metropolitan Bank Limited	79,000	-	-	-	79,000	-	-	-	-	-
MCB Bank Limited	2,198,800	1,294,778	-	-	2,092,600	1,400,978	227,056	1.66	1.70	0.12
Meezan Bank Limited	381,217	215,850	-	-	115,500	481,567	33,156	0.24	0.25	0.04
United Bank Limited	5,009,340	3,068,856	-	-	3,759,314	4,318,882	446,400	3.26	3.34	0.35
	<b>56,523,841</b>	<b>28,759,834</b>	<b>-</b>	<b>-</b>	<b>26,775,114</b>	<b>58,508,561</b>	<b>2,885,795</b>	<b>21.07</b>	<b>21.60</b>	
<b>Modarbas</b>										
Sindh Modaraba	1,295,500	-	-	-	1,136,500	159,000	1,305	0.01	0.01	0.35
<b>Glass and Ceramics</b>										
Ghani Value Glass Limited	7,500	-	-	4,125	-	11,625	430	-	-	0.02
Tariq Glass Industries Limited	1,652,200	829,700	1,171,200	-	-	3,653,100	235,698	1.72	1.76	3.32
	<b>1,659,700</b>	<b>829,700</b>	<b>1,171,200</b>	<b>4,125</b>	<b>-</b>	<b>3,664,725</b>	<b>236,128</b>	<b>1.72</b>	<b>1.76</b>	
<b>Cable and Electric Goods</b>										
Pak Elektron Limited	500	3,336,000	-	-	3,336,500	-	-	-	-	-
<b>Sugar and Allied Industries</b>										
Mirpurkhas Sugar Mills Ltd	-	14,500	1,450	-	15,950	-	-	-	-	-



## 6.2 Market Treasury Bills

Name of the Investee Company	As at 1 July 2019	Purchases during the year	Bonus shares issued during the year	Right shares purchased/ subscribed during the year	Sales 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 investment	Percentage of the paid up capital of the investee company held
	(Number of shares)						(Rupees in '000)	(%)		
<b>Miscellaneous</b>										
Tri-Pack Films Limited	1,001	-	-	-	1,001	-	-	-	-	-
TPL Properties Limited	432,032	-	-	-	432,032	-	-	-	-	-
Synthetic Products Limited	174,000	-	6,960	-	-	180,960	7,524	0.05	0.06	0.20
	<b>607,033</b>	<b>-</b>	<b>6,960</b>	<b>-</b>	<b>433,033</b>	<b>180,960</b>	<b>7,524</b>	<b>0.05</b>	<b>0.06</b>	
<b>Insurance</b>										
Adamjee Insurance Co. Ltd	-	2,502,000	-	-	-	2,502,000	82,842	0.60	0.62	0.71
TPL Insurance Ltd	-	2,500,000	-	-	-	2,500,000	55,000	0.40	0.41	2.66
	<b>-</b>	<b>5,002,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,002,000</b>	<b>137,842</b>	<b>1.00</b>	<b>1.03</b>	
<b>Total - 30 June 2020</b>	<b>162,534,142</b>	<b>179,965,262</b>	<b>3,376,519</b>	<b>1,599,267</b>	<b>130,507,707</b>	<b>216,967,483</b>	<b>13,362,869</b>	<b>97.53</b>	<b>100.00</b>	
Carrying value before fair value adjustment as at 30 June 2020							<u>14,071,330</u>			

**6.1.1** Investments include shares with market value of Rs. 185.026 million (30 June 2019: Rs. 190.742 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.

**6.1.2** The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has led a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case.

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

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

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 5.775 million (30 June 2019: 10.598 million) and not deposited in CDC account of department of Income Tax.



## 6.2 Market Treasury Bills

Issue date	Tenor	Face value				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	As at 30 June 2020			
		(Rupees in '000)				(%)		
12 September 2019	6 Months	-	92,600	92,600	-	-	-	-
21 November 2019	3 Months	-	700,000	700,000	-	-	-	-
05 December 2019	3 Months	-	250,000	250,000	-	-	-	-
19 December 2019	3 Months	-	210,000	210,000	-	-	-	-
13 February 2020	3 Months	-	250,000	250,000	-	-	-	-
27 February 2020	3 Months	-	250,000	250,000	-	-	-	-
12 March 2020	3 Months	-	100,000	100,000	-	-	-	-
23 April 2020	3 Months	-	200,000	200,000	-	-	-	-
<b>Total</b>		-	<b>2,052,600</b>	<b>2,052,600</b>	-	-	-	-

## 7 DIVIDEND AND PROFIT RECEIVABLE

	2020	2019
	(Rupees in '000)	
Dividend receivable on Equity Securities	226	18,943
Profit receivable on Savings Deposits	2,562	11,177
	<b>2,788</b>	<b>30,120</b>

## 8 ADVANCE, DEPOSITS AND PREPAYMENT

Advance tax	8.1	4,591	4,591
Security deposits with:			
- National Clearing Company of Pakistan Limited		2,500	2,500
- Central Depository Company of Pakistan Limited		100	100
Prepaid Mutual Fund Rating fee		121	110
		<b>7,312</b>	<b>7,301</b>

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit 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. 4.591 million (2019: Rs. 4.591 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.

<b>9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		<b>2020</b>	<b>2019</b>
		<b>(Rupees in '000)</b>	
Management remuneration	9.1	<b>17,044</b>	20,735
Sindh Sales Tax on management remuneration	9.2	<b>2,216</b>	2,695
Sales load and others		<b>816</b>	4,198
Selling and marketing expenses	9.3	<b>48,194</b>	27,683
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	<b>3,355</b>	6,921
		<b>71,625</b>	62,232

**9.1** 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 2% of average annual net assets. The Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund till 11 July 2019 and with effective from 12 July 2019 the Management Company has charged its remuneration at the rate of 1.5% of the average annual net assets of the Fund.

**9.2** 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 01 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.

**9.3** 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 during the year and charged accordingly as follows:

<b>Period</b>	<b>Rate per annum</b>
1 July 2019 to 11 July 2019	0.4% of net assets or actual expenses whichever is lower.
12 July 2019 to 16 December 2019	1.15% of net assets or actual expenses whichever is lower.
17 December 2019 to 10 May 2020	1.35% of net assets or actual expenses whichever is lower.
11 May 2020 to 30 June 2020	1.5% of net assets or actual expenses whichever is lower.

**9.4** 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.

<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		<b>2020</b>	<b>2019</b>
		<b>(Rupees in '000)</b>	
Trustee remuneration	10.1	<b>1,218</b>	1,119
Sindh Sales Tax on Trustee remuneration	10.2	<b>159</b>	145
		<b>1,377</b>	1,264





- 10.1** 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.

<b>Net assets</b>	<b>Tariff per annum</b>
Upto Rs. 1,000 million	Rs. 0.7 million or 0.20% p.a. of Net assets, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs. 2 million plus 0.10% p.a. of Net assets exceeding Rs. 1,000 million

With effective from 1 July 2019 the Trustee has revised its remuneration which is as follows:

<b>Net assets</b>	<b>Tariff per annum</b>
Upto Rs. 1,000 million	0.20% per annum of net assets,
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

The remuneration is paid to the Trustee monthly in arrears.

- 10.2** 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 2019: 13%) was charged on trustee remuneration.

## **11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP. An amount equal to 0.095 percent per annum of the average 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.

## **12 PAYABLE AGAINST REDEMPTION OF UNITS**

This includes an amount of Rs. 26 million, Rs. 24.640 million, Rs. 4.576 million, Rs. 0.999 million, Rs. 0.297 million, and Rs. 0.099 million payable on account of conversion of units to NBP Islamic Stock Fund, NBP Money Market Fund, NBP Financial Sector Income Fund, NBP Income Opportunity Fund, NBP Mahana Amdani Fund, and NBP Islamic Mahana Amdani Fund respectively, from the Fund.

## **13 ACCRUED EXPENSES AND OTHER LIABILITIES**

		<b>2020</b>	<b>2019</b>
		<b>(Rupees in '000)</b>	
Provision for Sindh Workers' Welfare Fund	13.1	<b>108,972</b>	108,972
Federal Excise Duty on management remuneration	13.2	<b>32,183</b>	32,183
Federal Excise Duty on sales load		<b>3,904</b>	3,904
Brokerage fee		<b>1,351</b>	684
Auditors' remuneration		<b>556</b>	535
Settlement charges		<b>246</b>	345
Withholding tax		<b>278</b>	285
Printing charges		<b>67</b>	58
Capital gain tax		<b>1,006</b>	55
Bank charges		<b>194</b>	47
Legal fees		<b>71</b>	25
Time barred cheques		<b>917</b>	917
Others		<b>1,216</b>	1,216
		<b>150,961</b>	149,226



- 13.1** 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. 45.575 million and a provision for SWWF of Rs. 107.215 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. 0.0952 per unit (2019: Rs 0.1099).

- 13.2** 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 Sind 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. 32.713 million out of which Rs. 0.530 million have been paid to the Management Company (30 June 2019: Rs. 32.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0286 (30 June 2019: Rs. 0.0330) per unit.



## 14 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2020 (2019: Nil).

## 15 NUMBER OF UNITS IN ISSUE

	2020	2019
	(Number of units)	
Total units in issue at beginning of the year	991,980,340	1,024,707,999
Add: Units issued	823,439,531	545,757,834
Less: Units redeemed	(670,585,395)	(578,485,493)
Total units in issue at end of the year	<u>1,144,834,476</u>	<u>991,980,340</u>

## 16 AUDITORS' REMUNERATION

Statutory audit fee	410	390
Half yearly review fee	164	156
Out of pocket expenses and others including government levy	193	165
	<u>767</u>	<u>711</u>

## 17 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required 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.

During the year ended 30 June 2020, the Fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2020.

## 18 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Total
	----- (Rupees in '000) -----		
Balance as at 1 July 2019	-	-	-
Receivable against issuance of units	10,403,433	-	(10,403,433)
Payable against redemption of units	-	8,212,803	8,212,803
	10,403,433	8,212,803	(2,190,630)
Amount received on issuance of units	(10,401,725)	-	10,401,725
Amount paid on redemption of units	-	(8,155,987)	(8,155,987)
	(10,401,725)	(8,155,987)	2,245,738
<b>Balance as at 30 June 2020</b>	<u>1,708</u>	<u>56,816</u>	<u>55,108</u>



## 19 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 3.48% (2019: 3.14%) per annum. Total expense ratio (excluding government levies) is 3.25% (2019: 2.77%) per annum.

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2020		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>Assets</b>			
Bank balances	563,575	-	563,575
Investments	-	13,362,869	13,362,869
Dividend and profit receivable	2,788	-	2,788
Receivable against sale of investments	46,766	-	46,766
Receivables from funds under management by Management Company against conversion of units	1,708	-	1,708
Deposits	2,600	-	2,600
	<u>617,437</u>	<u>13,362,869</u>	<u>13,980,306</u>

	As at 30 June 2020		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	-	71,625	71,625
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,377	1,377
Payable against redemption of units	-	56,816	56,816
Accrued expenses and other liabilities	-	4,618	4,618
	<u>-</u>	<u>134,436</u>	<u>134,436</u>

	As at 30 June 2019		
	At amortised cost	Mandatorily at fair value through profit or loss	Total
	(Rupees in '000)		
<b>Assets</b>			
Bank balances	702,620	-	702,620
Investments	-	11,245,759	11,245,759
Dividend and profit receivable	30,120	-	30,120
Receivable against sale of investments	136,329	-	136,329
Advance, deposits and prepayment	2,600	-	2,600
	<u>871,669</u>	<u>11,245,759</u>	<u>12,117,428</u>



	As at 30 June 2019		
	Mandatorily at fair value through profit or loss	At amortised cost	Total
<b>Liabilities</b>	----- (Rupees in '000) -----		
Payable to NBP Fund Management Limited - Management Company	-	62,232	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,264	1,264
Accrued expenses and other liabilities	-	3,827	3,827
	<u>-</u>	<u>67,323</u>	<u>67,323</u>

## 21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

**21.1** Connected persons include NBP Fund Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP), and its connected persons, and Baltoro Growth Fund being the sponsors and NAFA Pension Fund, 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.

**21.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.

**21.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**21.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

<b>21.5 Details of transactions with connected persons are as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>(Rupees in '000)</b>	
<b>NBP Fund Management Limited - Management Company</b>		
Issue of 27,215,245 units (2019: 34,695,689 units)	<b>335,885</b>	475,460
Redemption of 23,244,060 units (2019: 34,695,689 units)	<b>294,963</b>	478,910
Remuneration of NBP Fund Management Limited - Management Company	<b>198,289</b>	297,857
Sindh Sales Tax on remuneration to Management Company	<b>25,778</b>	38,721
Selling and marketing expenses	<b>166,326</b>	59,571
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>13,100</b>	14,893
Sales load and others	<b>6,064</b>	10,250
<b>Employees of the Management Company</b>		
Issue of 12,716,185 units (2019: 2,251,038 units)	<b>163,428</b>	31,024
Redemption of 11,738,565 units (2019: 2,142,018 units)	<b>150,977</b>	30,430
<b>NBP Fund Management Limited - Management Company (Employee Provident Fund)</b>		
Issue of 382,379 units (2019: Nil units)	<b>4,542</b>	-
Redemption of 317,235 units (2019: Nil units)	<b>3,702</b>	-



	2020	2019
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	14,100	15,893
Sindh Sales Tax on remuneration to Trustee	1,833	2,066
CDS charges	686	1,002
<b>Mr. Khalid Mehmood - Chief Financial Officer</b>		
Issue of 319,916 units (2019: 75,740 units)	3,743	1,126
Redemption of 357,661 units (2019: 10,268 units)	4,459	150
<b>Mr. Amjad Waheed - Chief Executive Officer</b>		
Issue of 1,697,228 units (2019: 41,116 units)	21,979	575
Redemption of 1,842,881 units (2019: 21,913 units)	23,703	300
<b>Mr. Murtaza Ali - Company Secretary / Chief Operating Officer of the Management Company</b>		
Issue of Nil units (2019: 288,773 units)	-	4,006
Redemption of 447 units (2019: 288,326 units)	5	4,222
<b>Mr. Kamal. A. Chinoy - Director*</b>		
Issue of Nil units (2019: 206,356 units)	-	2,590
Redemption of Nil units (2019: 408,980 units)	-	5,090
<b>Mr. Humayun Bashir - Director</b>		
Issue of 13,183,652 units (2019: 3,279,195 units)	158,832	44,941
Redemption of 12,585,451 units (2019: 4,531,437 units)	156,786	63,098
<b>Cherat Packaging Limited*</b>		
Nil shares purchased (2019: 16,700 shares)	-	2,662
Nil bonus shares received (2019: 70,655)	-	-
Nil shares sold (2019: Nil shares)	-	-
Nil subscription of right shares (2019: Nil shares)	-	-
Dividend received	-	3,737
<b>Management Association of Pakistan</b>		
Issue of Nil units (2019: 230,489 units)	-	3,252
Redemption of Nil units (2019: 446,727 units)	-	5,906
<b>Gul Ahmed Textile Mills Limited</b>		
3,046,460 shares purchased (2019: 5,092,000 shares)	153,618	255,980
988,640 bonus shares received (2019: Nil)	-	-
3,414,500 shares sold (2019: 646,500 shares)	137,450	35,727
Dividend received	12,358	15,772
<b>Fauji Fertilizer Company Limited**</b>		
2,675,400 shares purchased (2019 : Nil)	280,754	-
5,762,700 shares sold (2019 : Nil)	544,675	-
Dividend received	57,814	-
<b>The Hub Power Company Limited**</b>		
4,031,008 shares purchased (2019 : Nil)	339,469	-
3,378,500 shares sold (2019 : Nil)	287,111	-



	2020	2019
	(Rupees in '000)	
<b>Pakistan Stock Exchange Limited**</b>		
Listing fee paid	25	-
<b>National Clearing Company of Pakistan Limited</b>		
NCCPL charges	1,277	1,428
<b>NBP Money Market Fund</b>		
Market treasury bills sold	246,315	-
<b>NBP Government Security Liquid Fund</b>		
Market treasury bills sold	342,727	-
<b>Cherat Cement Company Limited*</b>		
Nil shares sold (2019: 610,000 shares)	-	38,798
Dividend received	-	4,971
<b>International Industries Limited*</b>		
Nil shares purchased (2019: 95,100 shares)	-	16,259
Nil bonus shares received (2019: Nil)	-	-
Nil shares sold (2019: 537,500 shares)	-	96,575
Dividend received	-	4,667
<b>International Steel Limited</b>		
3,199,200 shares purchased (2019: 4,105,500 shares)	156,183	351,366
2,094,000 shares sold (2019: 4,195,000 shares)	84,992	287,569
Dividend received	1,325	11,717
<b>Summit Bank Limited*</b>		
Redemption of Nil units (2019: 638,038)	-	9,535
Mark-up on bank balances	-	14
<b>Askari Bank Limited*</b>		
Mark-up on bank balance	-	135
<b>Bank Islami Pakistan Limited</b>		
Mark-up on bank balance	2,461	18
<b>Taurus Securities Limited</b>		
Brokerage charges	1,682	1,410
<b>Sindh Province Pension Fund</b>		
Issue of 50,122,835 units (2019: 7,815,186)	659,000	100,000
<b>CDC Trustee Punjab Pension Fund Trust</b>		
Issue of Nil units (2019: 103,729,418)	-	1,500,000
<b>Haider Amjad</b>		
Issue of 100,959 units (2019: Nil units)	1,245	-
Redemption of 25,493 units (2019: Nil units)	320	-
<b>Rohma Amjad</b>		
Issue of 74,260 units (2019: Nil units)	1,000	-
Redemption of 34,038 units (2019: Nil units)	457	-



	2020	2019
	(Rupees in '000)	
<b>Shabnam Jabbar</b>		
Issue of Nil units (2019: 550,247 units)	-	7,408
Redemption of Nil units (2019: 2,468,296 units)	-	35,520
<b>Service Provident Fund Trust</b>		
Issue of 10,995,664 units (2019: 10,134,331 units)	<b>139,007</b>	137,040
Redemption of 8,988,633 units (2019: 6,518,241 units)	<b>118,312</b>	91,333
<b>Service Sales Corporation Provident Fund Trust</b>		
Issue of Nil units (2019: 219,388 units)	-	3,000
Redemption of Nil units (2019: 1,464,847 units)	-	20,749
<b>Pakistan Mobile Communications Limited Provident Fund</b>		
Issue of Nil units (2019: 223,530 units)	-	3,332
Redemption of Nil units (2019: 1,453,846 units)	-	20,790
<b>Telenor Pakistan Private Limited Employees Provident Fund (Conventional)</b>		
Issue of 2,599,418 units (2019: 803,203 units)	<b>30,648</b>	11,400
Redemption of 2,075,827 units (2019: 1,356,513 units)	<b>28,384</b>	18,101
<b>Gul Ahmed Textile Mills Limited Employees Provident Fund Trust</b>		
Issue of 7,389,328 units (2019: 4,188,339 units)	<b>87,150</b>	53,756
Redemption of 5,460,577 units (2019: 1,415,563 units)	<b>72,500</b>	19,500
<b>Telenor Employees Gratuity Fund</b>		
Issue of 13,916,184 units (2019: 3,179,110 units)	<b>169,117</b>	44,987
Redemption of 13,017,978 units (2019: 6,004,850 units)	<b>165,527</b>	79,696
<b>Bai Virbajji Soparavala (BVS) Parsi High School</b>		
Issue of 3,754,688 units (2019: 1,929,838)	<b>52,857</b>	27,222
Redemption of 1,793,841 units (2019: 5,047,716)	<b>20,975</b>	67,903
<b>Getz Pharma (Private) Limited</b>		
Issue of Nil units (2019: 1,991,754)	-	27,884
Redemption of Nil units (2019: 3,198,981)	-	43,540
<b>Pak American Fertilizers Limited - Provident Fund Trust</b>		
Issue of 1,705,403 units (2019: 290,305)	<b>20,590</b>	4,000
Redemption of 1,212,833 units (2019: Nil units)	<b>15,110</b>	-
<b>Kashif Riaz</b>		
Issue of 149,799 units (2019: 104,164)	<b>2,000</b>	1,500
<b>Aftab Hussain</b>		
Redemption of 193,441 units (2019: Nil units)	<b>2,214</b>	-
<b>Getz Pharma (Pvt) Limited Employees Gratuity Fund</b>		
Redemption of 468,616 units (2019: Nil units)	<b>5,415</b>	-
<b>Agriauto Industries Ltd- Employees Provident Fund</b>		
Redemption of 1,136,410 units (2019: Nil units)	<b>16,276</b>	-





	2020	2019
	(Rupees in '000)	
<b>Bayer Pakistan (Private) Limited Employees Gratuity Fund</b>		
Issue of 3,523,766 units (2019: Nil units)	43,004	-
Redemption of 1,484,026 units (2019: Nil units)	17,005	-
<b>CCL Employees Provident Fund</b>		
Redemption of 146,629 units (2019: Nil units)	1,610	-
<b>The Millat Tractors Limited Employees Gratuity Fund Trust</b>		
Issue of 3,640,897 units (2019: Nil units)	48,555	-
Redemption of 1,516,852 units (2019: Nil units)	18,100	-
<b>Rousch (Pakistan) Power Limited Employees Gratuity Fund</b>		
Issue of 277,262 units (2019: Nil units)	4,000	-
Redemption of 277,262 units (2019: Nil units)	3,360	-
<b>Rousch (Pakistan) Power Limited Employees Provident Fund</b>		
Issue of 589,181 units (2019: Nil units)	8,500	-
Redemption of 589,181 units (2019: Nil units)	7,153	-
<b>Nagina Cotton Mills Limited</b>		
Purchase of equity securities : 1,360,914 shares(2019: Nil)	122,511	-
<b>Prosperity Weaving Mills Limited</b>		
Purchase of equity securities : 1,420,504 shares(2019: Nil)	128,234	-
<b>CDC Trustee NBP Balanced Fund</b>		
Purchase of equity securities : 400,770 shares (2019: Nil shares)	20,500	-
<b>CDC Trustee Islamic Sarmaya Izafa Fund</b>		
Purchase of equity securities : 1,447,000 shares (2019: Nil shares)	184,426	-
<b>CDC Trustee NBP Sarmaya Izafa Fund</b>		
Purchase of equity securities : 401,018 shares (2019: Nil shares)	18,961	-
<b>21.6 Balances at year end</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Units held: 3,971,185 units (2019: Nil units)	47,528	-
Management remuneration payable	17,044	20,735
Sindh Sales tax payable	2,216	2,695
Allocation of expenses related to registrar services, accounting, operation and valuation services	3,355	6,921
Selling and marketing expenses	48,194	27,683
Sales load payable	816	4,198
<b>National Bank of Pakistan</b>		
Units held: 31,347,445 units (2019: 31,347,445 units)	375,172	375,900
Bank Balance	5,031	6,188



	2020	2019
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration Payable	1,218	1,119
Sindh Sales Tax on Trustee remuneration	159	145
CDS charges	130	200
Security deposit	100	100
<b>National Clearing Company Of Pakistan Limited</b>		
Units held: 2,580,238 (2019: 2,580,238 units)	30,881	30,941
NCCPL charges payable	116	145
<b>Employees of the Management Company</b>		
Units held: 1,764,826 (2019: 397,299 units)	21,122	4,764
<b>National Fullerton Asset Management Ltd- Emp. Provident Fund</b>		
Units held: 153,119 (2019: Nil units)	1,833	-
<b>Dr. Amjad Waheed - Chief Executive Officer</b>		
Units held: 172,641 (2019: 318,294 units)	2,066	3,817
<b>Mr. Khalid Mehmood - Chief Financial Officer</b>		
Units held: 93,124 (2019: 130,870 units)	1,115	1,569
<b>Mr. Murtaza Ali - Company Secretary / Chief Operating Officer of the Management Company</b>		
Units held: Nil (2019: 447 units)	-	5
<b>Mr. Kamal. A. Chinoy - Director*</b>		
Units held: Nil (2019: 1,005,904 units)	-	12,062
<b>Mr. Humayun Bashir - Director</b>		
Units held: 1,362,944 (2019: 764,744 units)	16,312	9,170
<b>Haider Amjad</b>		
Units held: 155,243 (2019: Nil units)	1,858	-
<b>Rohma Amjad</b>		
Units held: 40,222 (2019: Nil units)	481	-
<b>NBP Employees Pension Fund</b>		
Units held: 62,721,184 (2019: 62,721,184 units)	750,660	752,115
<b>First Credit &amp; Investment Bank Ltd</b>		
Units held: 1,622,639 (2019: Nil units)	19,420	-
<b>Bai Virbaiji Soparivala (Bvs) Parsi High School</b>		
Units held: 1,960,846 (2019: Nil units)	23,468	-
<b>Bayer Pakistan (Private) Limited Employees Gratuity Fund</b>		
Units held: 2,502,799 (2019: Nil units)	29,954	-
<b>The Millat Tractors Limited Employees Gratuity Fund Trust</b>		
Units held: 2,124,045 (2019: Nil units)	25,421	-
<b>Service Provident Fund Trust</b>		
Units held: 6,647,833 (2019: 4,640,802 units)	79,563	55,650
<b>Pak American Fertilizers Limited - Provident Fund Trust</b>		
Units held: 782,875 (2019: 290,305 units)	9,370	3,481



	2020	2019
	(Rupees in '000)	
<b>Receivables from funds against conversion of units</b>		
NBP Money Market Fund	500	-
NBP Financial Sector Income Fund	412	-
NBP Islamic Savings Fund	400	-
NBP Islamic Money Market Fund	386	-
NBP Islamic Mahana Amdani Fund	10	-
<b>Telenor Pakistan Private Limited Employees Provident Fund (Conventional)</b>		
Units held: 2,749,919 (2019: 2,226,328 units)	32,912	26,697
<b>Gul Ahmed Textile Mills Limited Employees Provident Fund Trust</b>		
Units held: 7,550,697 (2019: 5,621,946 units)	90,368	67,415
<b>Telenor Employees Gratuity Fund</b>		
Units held: 11,319,785 (2019: 10,421,579 units)	135,477	124,969
<b>Getz Pharma (Private) Limited</b>		
Units held: Nil (2019: 468,616 units)	-	5,619
<b>Kashif Riaz</b>		
Units held: 584,154 (2019: 434,355 units)	6,991	5,209
<b>Pakistan Centre for Philanthropy</b>		
Units held: Nil (2019: 18 units)	-	-
<b>International Industries Limited*</b>		
Shares held: Nil (2019: 407,900 shares)	-	31,437
<b>International Steels Limited</b>		
Shares held: 2,582,700 (2019: 1,477,500 shares)	133,396	58,672
<b>Cherat Packaging Pakistan Limited*</b>		
Shares held: Nil (2019: 555,090 shares)	-	44,762
<b>Gul Ahmed Textile Mills Limited</b>		
Shares held: 8,388,800 (2019: 7,408,200 shares)	240,171	349,074
<b>Cherat Cement Company Limited*</b>		
Shares held: Nil (2019: 632,700 shares)	-	19,588
<b>Fauji Fertilizer Company Limited**</b>		
Shares held: 4,242,700 (2019: Nil shares)	466,655	-
<b>The Hub Power Company Limited**</b>		
Shares held: 9,545,111 (2019: Nil shares)	692,021	-
<b>Taurus Securities Limited</b>		
Brokerage payable	139	81
<b>Summit Bank Limited*</b>		
Bank balance	-	22,571
Mark-up on bank balance	-	1



	2020	2019
	(Rupees in '000)	
<b>Askari Bank Limited*</b>		
Bank balance	-	812
Mark-up on balance	-	3
<b>Bank Islami Pakistan Limited</b>		
Bank balance	79	18
Mark-up on balance	9	4
<b>Sindh Province Pension Fund</b>		
Units held: 149,334,604 (2019: 99,211,769 units)	1,787,266	1,189,688
<b>CDC Trustee Punjab Pension Fund Trust</b>		
Units held: Nil units (2019: 103,729,418)	-	1,243,861

\* Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at the year end.

\*\* Comparative balances with these parties have not been disclosed as these parties were not related parties in the last year.

## 22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	32
2	Mr. Sajjad Anwar	CFA / MBA Finance	20
3	Mr. Hasan Raza	ACCA / BSC / CFA	9
4	Asim Wahab Khan*	CFA	14

\*Asim Wahab Khan is the Fund Manager of the Fund. He is also managing NBP Balanced Fund, NBP Financial Sector Fund, NBP Islamic Energy Fund, NBP Islamic Sarmaya Izafa Fund, NBP Sarmaya Izafa Fund, NBP Islamic Regular Income Fund and NBP Islamic Active Allocation Equity Fund.

## 23 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 (%)
1	Taurus Securities Limited	6.29
2	Arif Habib Securities Limited	6.05
3	Topline Securities (Private) Limited	4.54
4	J.S. Global Capital Limited	4.32
5	Optimus Capital Management Limited	4.07
6	EFG Hermes Pakistan Limited	4.05
7	Intermarket Securities	4.05
8	Foundation Securities	3.95
9	Alfalah Securities (Private) Limited	3.93
10	BMA Capital Management Limited	3.87



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

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	6.63
2	Arif Habib Securities Limited	5.38
3	Alfalah Securities (Private) Limited	4.57
4	Topline Securities (Private) Limited	4.00
5	Foundation Securities	3.52
6	Aqeel Karim Dehdi Securities (Private) Limited	3.51
7	Ismail Iqbal Securities (Private) Limited	3.47
8	Optimus Capital Management Limited	3.45
9	BMA Capital Management Limited	3.40
10	EFG Hermes Pakistan Limited	3.40

## 24 PATTERN OF UNIT HOLDING

Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,017	3,216,783	23.47
Associated Companies and Directors	6	1,193,571	8.71
Banks / DFI's	4	331,183	2.42
Insurance companies	9	737,891	5.39
Retirement funds	68	6,273,548	45.79
Listed companies	8	466,720	3.41
NBFCs	1	73,832	0.54
Others	50	1,408,091	10.27
	<b>3,163</b>	<b>13,701,619</b>	<b>100.00</b>

Category	As at 30 June 2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,166	2,804,446	23.58
Associated Companies and Directors	6	1,154,119	9.70
Banks / DFI's	7	510,861	4.29
Insurance companies	12	339,863	2.86
Retirement funds	86	5,086,661	42.76
Listed companies	6	268,579	2.26
Others	60	1,730,729	14.55
	<b>3,343</b>	<b>11,895,259</b>	<b>100.00</b>



## 25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of Director	Number of Meetings			
	Held during tenure of directorship	Attended	Leave granted	Meetings not attended
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [Note 25.2]	3	2	1	74th meeting
Syed Hasan Irtiza Kazmi [Note 25.2]	3	3	-	-
Mr. Nasir Husain [Note 25.1]	1	-	1	72nd meeting
Mr. Abdul Hadi Palekar [Note 25.1]	1	-	1	72nd meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [Note 25.1]	1	1	-	-
Mr. Khalid Mansoor [Note 25.2]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [Note 25.1]	1	1	-	-
Mr. Saad Amanullah Khan [Note 25.2]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

**25.1** 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.

**25.2** 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.

## 26 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 listed equity securities and government securities. 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.

### 26.1 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).

## 26.1.1 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.

## 26.1.2 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

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 5.381 million (2019: 6.740 million).

### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

Yield / interest rate (%)	As at 30 June 2020				Total	
	Exposed to yield / interest risk			Not exposed to yield / interest risk		
	Upto three months	Over three months and upto one year	Over one year			
----- (Rupees in '000) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	3.00 - 15.50	538,119	-	-	25,456	563,575
Investments		-	-	-	13,362,869	13,362,869
Dividend and profit receivable		-	-	-	2,788	2,788
Receivable against sale of investments		-	-	-	46,766	46,766
Receivables from funds under management by Management Company against conversion of units		-	-	-	1,708	1,708
Advance, deposits and prepayment		-	-	-	2,600	2,600
		538,119	-	-	13,442,187	13,980,306
<b>Financial Liabilities</b>						
Payable to NBP Fund Management Limited - Management Company		-	-	-	71,625	71,625
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,377	1,377
Payable against redemption of units		-	-	-	56,816	56,816
Accrued expenses and other liabilities		-	-	-	4,618	4,618
		-	-	-	134,436	134,436
<b>On-balance sheet gap</b>		<b>538,119</b>	<b>-</b>	<b>-</b>	<b>13,307,751</b>	<b>13,845,870</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap</b>		<b>538,119</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>538,119</b>	<b>538,119</b>	<b>538,119</b>		



As at 30 June 2019						
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
----- (Rupees in '000) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	3.00 - 13.00	674,020	-	-	28,600	702,620
Investments		-	-	-	11,245,759	11,245,759
Dividend and profit receivable		-	-	-	30,120	30,120
Receivable against sale of investments		-	-	-	136,329	136,329
Advance, deposits and prepayment		-	-	-	2,600	2,600
		<u>674,020</u>	<u>-</u>	<u>-</u>	<u>11,443,408</u>	<u>12,117,428</u>
<b>Financial Liabilities</b>						
Payable to NBP Fund Management Limited - Management Company		-	-	-	62,232	62,232
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,264	1,264
Accrued expenses and other liabilities		-	-	-	3,827	3,827
		-	-	-	67,323	67,323
On-balance sheet gap		<u>674,020</u>	<u>-</u>	<u>-</u>	<u>11,376,085</u>	<u>12,050,105</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		<u>674,020</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		<u>674,020</u>	<u>674,020</u>	<u>674,020</u>		

### 26.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities at fair value through profit and loss'.

In case of 5% increase / decrease in PSX 100 index on 30 June 2020, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 668.143 million (2019: Rs. 562.228 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with





the index. This represents management's best estimate of a reasonable possible shift in the PSX 30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 index.

## 26.2 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 is limited as Market Treasury Bill are guaranteed by the Federal Government. 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.

<b>Balances with banks</b>	<b>2020</b>	<b>2019</b>
	<b>(Rupees in '000)</b>	
AAA	<b>214,215</b>	11,957
AA+	<b>62,522</b>	22,792
AA-	<b>260,842</b>	240,617
AA	<b>2,302</b>	303,871
A+	<b>2,361</b>	100,740
A-	<b>281</b>	51
A	<b>456</b>	22,592
<b>Suspended</b>	<b>20,596</b>	-
	<b>563,575</b>	<b>702,620</b>

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 the 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.

## 26.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner 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 an active 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 tenth 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) -----				
<b>Financial liabilities</b>				
Payable to NBP Fund				
Management Limited - Management Company	71,625	71,625	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,377	1,377	-	-
Payable against redemption of units	56,816	56,816	-	-
Accrued expenses and other liabilities	4,618	4,618	-	-
	<u>134,436</u>	<u>134,436</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>13,701,619</u>	<u>13,701,619</u>	<u>-</u>	<u>-</u>
30 June 2019				
	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Payable to NBP Fund				
Management Limited - Management Company	62,232	62,232	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,264	1,264	-	-
Accrued expenses and other liabilities	3,827	3,827	-	-
	<u>67,323</u>	<u>67,323</u>	<u>-</u>	<u>-</u>
Unit holders' fund	<u>11,895,259</u>	<u>11,895,259</u>	<u>-</u>	<u>-</u>

## 27 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 year 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.

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 and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investment								
- Listed equity securities								
		13,362,869	-	13,362,869	13,362,869	-	-	13,362,869
<b>Financial assets not measured at fair value</b>								
	27.1	-	563,575	563,575				
		-	2,788	2,788				
		-	46,766	46,766				
		-	1,708	1,708				
		-	2,600	2,600				
		-	617,437	617,437				
<b>Financial liabilities not measured at fair value</b>								
	27.1	-	71,625	71,625				
		-	1,377	1,377				
		-	56,816	56,816				
		-	4,618	4,618				
		-	134,436	134,436				



	30 June 2019						
	Carrying value			Fair value			
	At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
							(Rupees in '000)
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investment							
- Listed equity securities	11,245,759	-	11,245,759	11,245,759	-	-	11,245,759
<b>Financial assets not measured at fair value</b>							
Bank balances	-	702,620	702,620				
Dividend and profit receivable	-	30,120	30,120				
Receivable against sale of investments		136,329	136,329				
Deposits	-	2,600	2,600				
	-	871,669	871,669				
<b>Financial liabilities not measured at fair value</b>							
Payable to NBP Fund Management Limited - Management Company	-	62,232	62,232				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,264	1,264				
Accrued expenses and other liabilities	-	3,827	3,827				
	-	67,323	67,323				

**27.1** 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.

**27.2** 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.

## 28 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 to meet unexpected losses or opportunities.

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.



## 29 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.

## 30 DATE OF AUTHORISATION FOR ISSUE

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

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')	13,701,619	11,895,259	14,983,940	16,857,752	7,938,880	4,113,851
Net Income (Rs. '000')	(384,270)	(2,848,721)	(1,778,166)	4,393,179	669,253	901,931
Net Asset Value per units (Rs.)	11.9682	11.9914	14.6226	16.2138	13.2076	13.3685
Selling price per unit	12.3739	12.3984	15.1183	16.7634	13.7316	13.9035
Redemption price per unit	11.9682	11.9914	14.6226	16.2138	13.2076	13.3685
Ex - Highest offer price per unit (Rs.)	15.5428	15.6580	16.9385	20.4640	13.8379	13.4008
Ex - Lowest offer price per unit (Rs.)	9.6808	12.2789	13.6426	13.9073	11.1871	9.1070
Ex - Highest redemption price per unit (Rs.)	15.0332	15.1446	16.3831	18.1550	13.3099	12.8852
Ex - Lowest redemption price per unit (Rs.)	9.3634	11.8751	13.1953	12.2155	10.7602	8.7536
Fiscal Year Opening Ex Nav	11.9914	14.6226	16.2017	12.1236	11.8527	9.2837
Total return of the fund	-0.19%	-17.99%	-9.75%	33.74%	11.43%	36.94%
Capital growth	-0.19%	-17.99%	-9.75%	21.70%	4.17%	24.69%
Income distribution as % of Ex-NAV	0.00%	0.00%	0.00%	12.04%	7.26%	12.24%
Income distribution as % of Par Value	0.00%	0.00%	0.00%	14.60%	9.20%	11.37%
<b>Distribution</b>						
Interim Distribution per unit	-	-	-	1.4599	0.9204	0.4524
Final distribution per unit	-	-	-	0.0110	-	0.6842
<b>Distribution dates</b>						
Interim				19-Jun-16	29-Jun-16	29-Jun-15
Interim				-	-	-
Interim				-	-	-
Final				15-Sep-16	-	14-Jul-15
<b>Average annual return (launch date January 19, 2007)</b>						
(Since inception to June 30, 2020)	11.63%					
(Since inception to June 30, 2019)		12.64%				
(Since inception to June 30, 2018)			15.81%			
(Since inception to June 30, 2017)				18.61%		
(Since inception to June 30, 2016)					17.11%	
(Since inception to June 30, 2015)						17.80%
Portfolio Composition (see Fund Manager report)						
Statement of past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.						

## PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Stock Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. [www.nbpfunds.com](http://www.nbpfunds.com). A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

<b>NBP Stock Fund</b>				
	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
<b>Number</b>	<b>10</b>	<b>10</b>	Nil	N/A
<b>(%)</b>	<b>100%</b>	<b>100%</b>	-	-

## 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@nbpffunds.com](mailto:info@nbpffunds.com)

**Website:** [www.nbpffunds.com](http://www.nbpffunds.com)

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