

NBP BALANCED FUND

ANNUAL REPORT
2021

AM1
Rated by PACRA



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. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	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
Ms. Mehnaz Salar	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
Mr. Saad Amanullah Khan	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

Allied Bank Limited	MCB Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bank Al Habib Limited	Zarai Taraqati Bank Limited
Bank Islami Pakistan Limited	Dubai Islamic Bank Limited
Faysal Bank Limited	Soneri Bank Limited
Habib Bank Limited	Summit Bank Limited
Habib Metropolitan Bank Limited	United Bank Limited
JS Bank Limited	



Auditors

Grant Thornton Anjum Rahman.
1st & 3rd Floor,
Modern Motors House, Beaumont Road,
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

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 Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



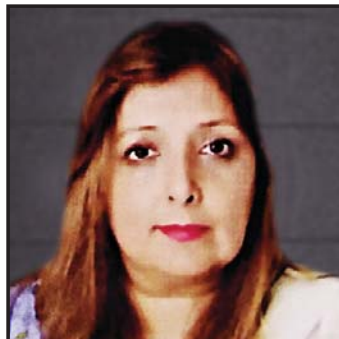
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation &
Strategy Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Salman Ahmed, CFA
Head of Fixed Income



Mr. Zulfiqar Ali, CFA
Head of Business Planning
and Analytics



Mr. Hassan Raza, CFA
Head of Research



Mr. Waheed Abidi
Head of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Muhammad Imran, CFA, ACCA
Head of Portfolio Management



Syed Haseeb Ahmed Shah
Head of Compliance



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Fifteenth Annual Report of **NBP Balanced Fund** for the year ended June 30, 2021.

Fund's Performance

After lackluster performance in FY20, the stock market (KSE-100 Index) delivered robust returns of 37.6% during FY2021, driven by attractive stock market valuations; earlier than expected lifting of business restrictions and the resultant sharp economic recovery; development & deployment of effective vaccines; and well-coordinated decisive policy response by the monetary and fiscal authorities. The rally at the local bourse picked up steam in 1HFY21 as valueable money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The economic growth rate for FY21 stood at 3.9% after GDP contraction of 0.5% during FY20. The frequently released economic data such as cement dispatches, retail fuels sales, electricity consumption and automobile sales volume also corroborated sharp economic rebound. Coronavirus-induced travel restrictions proved beneficial for the external account as workers' remittances registered a hefty 27% growth during FY2021, clocking-in at USD 29.4 billion. Resultantly, the country posted a Current Account Deficit (CAD) of USD 1.8 billion during FY21 versus USD 4.4 billion last year. The Extended Fund Facility (EFF) with the International Monetary Fund (IMF) that was put on hold in April last year, finally resumed. As a result the country secured the IMF tranche of around USD 500 million. The resumption of IMF program allowed the country to borrow USD 2.5 billion by issuing Eurobonds in the international debt market. Furthermore, the Roshan Digital Account (RDA) launched by the central bank to tap the diaspora was a resounding success as the country attracted around USD 1.6 billion during the year.

In terms of sectoral performance, Auto Assemblers, Cements, Chemicals, Engineering, Glass & Ceramics, Oil & Gas Marketing Companies, Paper & Board, Power Generation & Distribution, Refinery, Technology, and Textile Composite sectors performed better than the market. On the contrary, Fertilizers, Food & Personal Care, Insurance, Oil & Gas Exploration, Sugar, Transport and Pharmaceuticals sectors lagged behind. In terms of participants-wise market activity, Individuals, Companies, and Other Organizations stood as main buyers in the market, with net inflows amounting to USD 332 million, USD 138 million and USD 45 million, respectively. On the other hand, Foreign Investors, Banks/DFIs and Broker Proprietary Trading were large sellers with net outflows of around USD 387 million, USD 95 million, and USD 32 million, respectively.

The trading activity in corporate debt securities remained subdued as the cumulative traded value stood at Rs. 21.8 billion. However, market witnessed fresh issuance of TFCs and Sukuks in the Power & Distribution and Banking sectors.

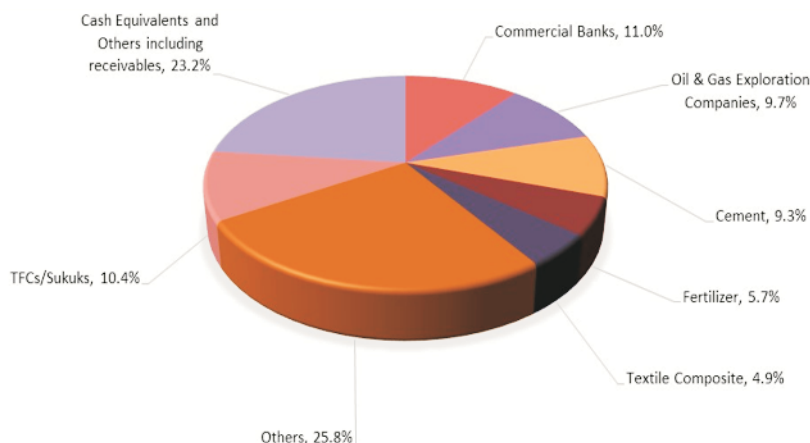
Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country. SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 15.2 trillion. Sovereign yields reflected the market expectation of the bottoming out of the interest rate and eventual reversal of the monetary easing cycle. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 19, 48 and 76 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 1.46%, 1.38%, and 1.25%, respectively.

During the fiscal year, NBP Balanced Fund increased by 19.3% versus the benchmark increased by 21.9% translating into an underperformance of 2.6% during the year. The drag on the Fund performance was on account of lagged performance of some of its key holdings belonging to defensive sectors that continued to trade at steep valuation discount compared to the market, during the period under review. We expect these stocks to exhibit strong performance going ahead given their undemanding valuations. Since its launch (January 19, 2007), the Fund has risen by 459.8%, versus the benchmark return of 236.9%, thus to date outperformance is 222.9%. This outperformance is net of management fee and all other expenses. The Fund size is 1,608 million as of June 30, 2021.

NBP Multi Asset Fund has earned a total income of Rs.331.60 million during the year. After deducting total expenses of Rs. 65.46 million, the net income is RS. 266.14 million. During the year, the unit price of NAFA Multi Asset Fund has increased from Rs. 16.2323 (Ex-Div) on June 30, 2020 to Rs. 19.3595 on June 30, 2021. The resultant per unit gain is Rs. 3.1272 (19.3%).



The asset allocation of NBP Balanced Fund as on June 30, 2021 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 3.33% of the opening ex-NAV (5.55% of the par value) during the year ended June 30, 2021.

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP BALANCED FUND amounting to Rs. 19.93 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP BALANCED FUND by 1.24% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs Grant Thornton Anjum Rahman & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2022.

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 five meetings during the year. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2021, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: **September 16, 2021**
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP: ہیلنسڈ فنڈ کی پندرہویں سالانہ رپورٹ برائے اختتامہ سال 30 جون 2021ء پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 20 میں ناقص کارکردگی کے بعد (KSE-100 انڈیکس) نے اسٹاک مارکیٹ کی پُرکشش قیمتوں، توقع سے قبل کاروباری پابندیوں کے خاتمے اور تیز ترین معاشی بحالی، ڈیولپمنٹ اور موثر ویکسین کی تیاری اور تعیناتی اور مانیٹری اور فسل حکام کی طرف سے مربوط کن فیصلہ سازی کے باعث مالی سال 2021 کے دوران %37.6 کا مستحکم منافع دیا ہے۔ مقامی اسٹاک مارکیٹ میں ریلی 1HFY21 میں بھرپور بڑھ گئی کیونکہ قابل قدر رقم اسٹاک مارکیٹ میں داخل ہوئی۔ مضبوط معاشی بحالی اور مضبوط آمدنی میں اضافے نے مارکیٹ کے جذبات کو مزید فروغ دیا۔ یہ بات قابل ذکر ہے کہ مالی سال 21 کے دوران اسٹاک مارکیٹ کی کارکردگی کارپوریٹ آمدنی میں اضافے سے کارفرما تھی کیونکہ مارکیٹ اب بھی 6.5x گننا کی پُرکشش (Price-to-Earning (P/E) پر تجارت کرتی ہے۔

اگرچہ ملک کو زبردانہ سال کے دوران کوویڈ 19 کی متعدد لہروں کا سامنا کرنا پڑا، لیکن سمارٹ اور نارگنڈ لاک ڈاؤن نے معیشت کو بغیر کسی رکاوٹ کے جاری رکھا۔ معاشی بحالی شروع میں بتدریج تھی اور سازگار مالیاتی اور مانیٹری پالیسیوں کی مدد سے اس کی رفتار تیز ہو گئی۔ مالی سال 20 کے دوران جی ڈی پی میں 0.5 فیصد کمی کے بعد مالی سال 21 کی معاشی ترقی کی شرح 3.9 فیصد رہی۔ اکثر جاری ہونے والے معاشی اعداد و شمار جیسے کہ سینٹ کی ترسیل، خوردہ ایندھن کی فروخت، بجلی کی کھپت اور آٹوموبائل کی فروخت کا حجم بھی تیز معاشی بحالی کی تصدیق کرتا ہے۔ کورونا وائرس سے متاثرہ سفری پابندیاں بیرونی اکاؤنٹ کے لیے فائدہ مند ثابت ہوئیں کیونکہ مالی سال 2021 کے دوران بیرون ملک کام کرنے والے ملازمین کے ترسیلات زر میں 27 فیصد اضافہ ریکارڈ کیا گیا، جو کہ 29.4 بلین امریکی ڈالر ہے۔ نتیجتاً ملک نے مالی سال 21 کے دوران 1.8 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) درج کیا جو گزشتہ سال 4.4 بلین امریکی ڈالر تھا۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ توسیعی فنڈ سہولت (ای ایف ایف) جو کہ گزشتہ سال اپریل میں روک دی گئی تھی، آخر کار دوبارہ بحال ہو گئی۔ اس کے نتیجے میں ملک نے آئی ایم ایف کی تقریباً 500 ملین امریکی ڈالر کی قسط حاصل کر لی۔ آئی ایم ایف پروگرام کی بحالی نے ملک کو بین الاقوامی ڈیٹ مارکیٹ میں پورے بائڈز جاری کر کے 2.5 بلین امریکی ڈالر قرض لینے کی اجازت دی۔ مزید برآں، سنٹرل بینک کی جانب سے پروڈیوسر کو مستفید کرنے کے لیے شروع کیا گیا گارنٹی ڈیپوٹیل اکاؤنٹ (آر ڈی اے) ایک شاندار کامیابی تھی کیونکہ ملک نے سال کے دوران تقریباً 1.6 بلین امریکی ڈالر کا زرمبادلہ حاصل کیا۔

شعبہ دارکارکردگی کے تناظر میں آٹو سٹیمرز، سیمنٹ، یکمیکلز، انجینئرنگ، گلاس اینڈ سٹریکس، تیل اور گیس مارکیٹنگ کمپنیوں، کاغذ اور پورڈ، بجلی کی پیداوار اور تقسیم، ریفاٹری، جینکالوجی، اور ٹیکسٹائل کمپوزٹ کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اسکے برعکس کھادیں، خوراک اور ذاتی نگہداشت، انشورنس، تیل اور گیس ایکسپلوریشن چیننی، ٹرانسپورٹ اور فارماسیوٹیکلز مارکیٹ سے پیچھے رہ گئے۔ مارکیٹ میں شرکاء وارسرگرمی کے لحاظ سے، انفرادی سرمایہ کار، کمپنیاں، اور دیگر آرگنائزیشنز بالترتیب 332 بلین امریکی ڈالر، 138 بلین امریکی ڈالر اور 45 بلین امریکی ڈالر کے خالص آمد کے ساتھ مارکیٹ میں بڑے خریدار ہیں۔ دوسری طرف، غیر ملکی سرمایہ کار، بینک DFIs اور بروکر پروپرائیٹری ٹریڈنگ بالترتیب تقریباً 387 بلین امریکی ڈالر، 95 بلین امریکی ڈالر اور 32 بلین امریکی ڈالر کے خالص اخراج کے ساتھ مارکیٹ میں اہم فروخت کار رہے۔

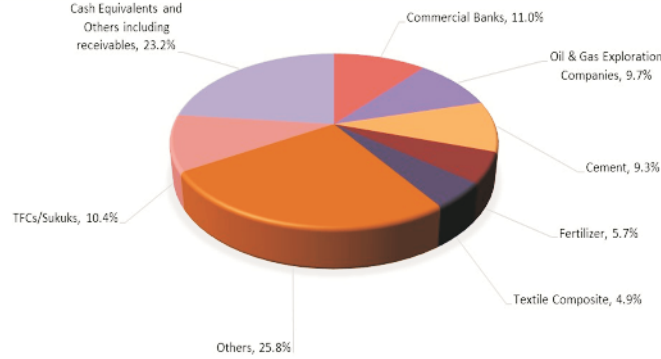
کارپوریٹ ڈیٹ بیٹیکورٹیز میں تجارتی سرگرمی کم رہی کیونکہ مجموعی تجارتی قدر 21.8 بلین روپے رہی۔ تاہم، مارکیٹ نے پاور اینڈ ڈسٹری بیوٹن اور بیکننگ سیکٹرز میں TFCS اور سکوکس کے نئے اجراء کا مشاہدہ کیا۔

سی پی آئی (CPI) کی پیمائش کردہ افراط زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بیچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراط زر میں اضافے کے باوجود، اسٹیٹ بینک نے معیشت میں نمایاں ست روی اور معاشی بحالی کو ملک میں بڑھتے ہوئے کورونا وائرس کیسز سے پیدا ہونے والے خطرات کے حوالے سے مانیٹری پالیسی کے موثر موقف کو جاری رکھا۔ SBP نے چھپیس (26) ٹی بل نیلامیاں منعقد کیں، جس سے کل 15.2 ٹریلین روپے حاصل کئے۔ حکومتی منافع شرح سود کی کم ترین سطح اور مانیٹری آسانی کے سائیکل کو ختم کرنے کے توقع کی عکاسی کرتا ہے۔ 3 ماہ، 6 ماہ اور 12 ماہ کی ٹی بلز منافع میں بالترتیب 19، 48 اور 76 بیسز کا اضافہ ہوا۔ ای طرح 3 سالہ، 5 سالہ، اور 10 سالہ PIBs منافع میں بالترتیب 1.46%، 1.38% اور 1.25% تک کا اضافہ ہوا۔

مالی سال کے دوران، NBP ہیلنسڈ فنڈ %21.9 بیچ مارک اضافہ کے بخلاف %19.3 تک زیادہ ہوا جس کے نتیجے میں سال کے دوران %2.6 کی ایتر کارکردگی ظاہر کی۔ زیر جائزہ مدت کے دوران چند دفاعی شعبوں سے متعلقہ کلیدی ہولڈنگز جس نے مارکیٹ کے موازنہ میں کم قیمت پر تجارت جاری رکھی کی کارکردگی کی وجہ سے فنڈ کی کارکردگی متاثر ہوئی۔ ہم توقع کرتے ہیں کہ یہ ذخائر مستقبل میں اپنی غیر ڈیمانڈنگ قیمتوں کی وجہ سے مستحکم کارکردگی کا مظاہرہ کریں گے۔ اپنے آغاز (19 جنوری 2007) سے، فنڈ میں %236.9 بیچ مارک ریٹرن کے مقابلے 459.8 فیصد کا اضافہ ہوا ہے، چنانچہ آج تک بہتر کارکردگی %222.9 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا سائز 30 جون 2021 کو 1,608 ملین ہے۔

NBP ملٹی ایسٹ فنڈ کو سال کے دوران 331.60 ملین روپے کی کل آمدنی ہوئی ہے۔ 65.46 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 266.14 ملین روپے ہے۔ سال کے دوران، NAFA ملٹی ایسٹ فنڈ کے پونٹ کی قیمت 30 جون 2020 کو 16.2323 (Ex-Div) روپے سے بڑھ کر 30 جون 2021 کو 19.3595 روپے ہو گئی۔ نتیجتاً پونٹ گین 3.1272 روپے (19.3%) ہے۔

30 جون 2021 کے مطابق NBP ہیلنڈ فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



آمدنی کی تقسیم

میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 3.33% (بنیادی قدر کا 5.55%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

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

سندھ ورکرز ویلفیئر فنڈ (SWWF)

مورخہ 12 اگست 2021 کو سندھ ریونیو بورڈ کی جانب سے ایک وضاحتی مراسلہ نمبر SRB/TP/70/2013/8772 میوچل فنڈ زاہدوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP ہیلنڈ فنڈ میں ریکارڈ کی گئی 19.93 ملین روپے ورکرز ویلفیئر فنڈ کی پروویڈنٹس کو 13 اگست 2021 رپورس کر دیا گیا۔ پروویڈنٹس کی اس رپورس کے باعث NBP ہیلنڈ فنڈ کی NAV میں 1.24% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز گرانٹ تھارٹن انجمن رحمان اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2022 کو ختم ہونے والے سال کے دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

لیڈ کمپنیوں کے کوڈ آف کارپوریشن ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز میٹجمنٹ

1. میٹجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شاربائی 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 ٹیمیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
 - 9 ٹیکسوں، ڈیویڈنڈز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
 - 10 اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔
 - 11 یونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
 - 12 ڈائریکٹرز ہی ای او، ہی ایف او، کمپنی بیکری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پوٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 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 فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔
- 30 جون 2021 کو بورڈ آف ڈائریکٹرز دو جدول ارکان پر مشتمل ہیں

کیٹگری	نام
غیر جانبدار ڈائریکٹرز	•1 جناب خالد منصور
	•2 جناب سعد امان اللہ خان
	•3 جناب ہمایوں بشیر
ایگزیکٹو ڈائریکٹر	ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)
نان ایگزیکٹو ڈائریکٹرز	•1 شیخ محمد عبدالواحد سیٹھی (چیئرمین)
	•2 سید حسن ارتضیٰ کاظمی
	•3 محترمہ مہناز سالار
	•4 جناب علی سیگل
	•5 جناب عمران ظفر

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 16 ستمبر 2021ء

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 Balanced 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, 2021 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2021

FUND MANAGER REPORT

NBP Balanced Fund

NBP Balanced Fund (NBF) is an Open-ended Balanced Fund.

Investment Objective of the Fund

Objective of NBF is to provide investors with a combination of capital growth and income. NBF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

Benchmark

Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 50% KSE-30 Total Return Index & 50% 3-Month KIBOR.

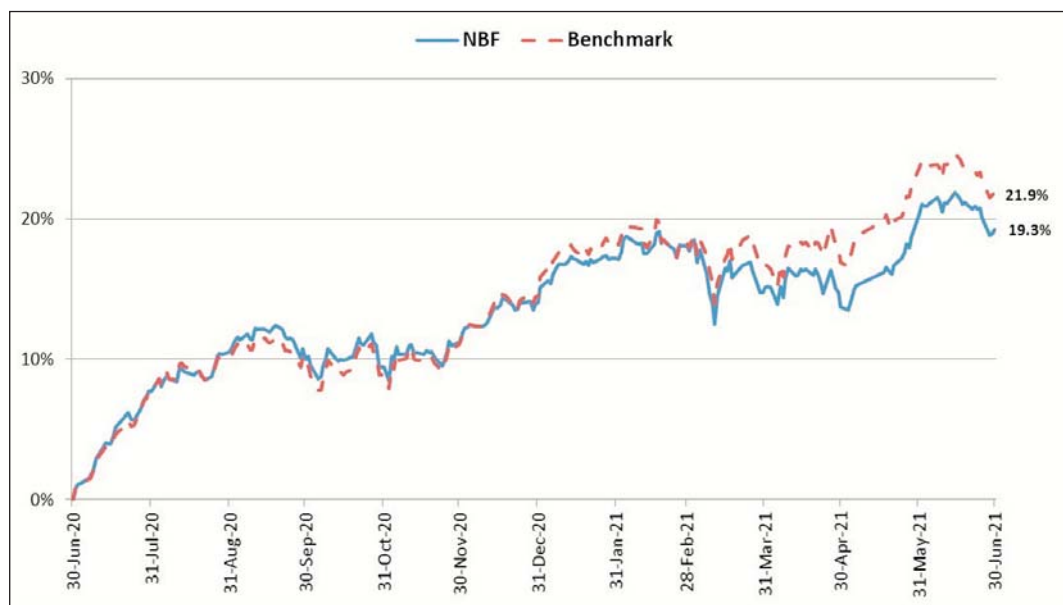
Fund Performance Review

This is the fifteenth annual report of the Fund. During the fiscal year, NBP Balanced Fund increased by 19.3% versus the benchmark increased by 21.9% translating into an underperformance of 2.6% during the year. Since its launch (January 19, 2007), the Fund has risen by 459.8%, versus the benchmark return of 236.9%, thus to date outperformance is 222.9%. This outperformance is net of management fee and all other expenses. Thus, NBF has met its investment objective. During the year, the fund size of NMF increased by 16% to Rs. 1,608 mln.

NBF underperformed during the year as the Fund was overweight in key stocks in Oil & Gas Exploration Companies, Commercial Banks, Engineering, and Power Generation & Distribution sectors that underperformed the market and underweight in key stocks in Technology & Communication, Refinery, Cement, and Fertilizer sectors that outperformed the market, thereby contributing to the underperformance. The chart below shows the performance of NMF against the Benchmark for the year.

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

NBF Performance vs. Benchmark during FY21



At the start of the year, NBF was around 51.9% invested in equities. During the year, we altered the allocation of the Fund based on the expected performance of different asset classes. Towards the end of the year, the allocation in equities was around 66.4%.



After lackluster performance in FY20, the stock market (KSE-100 Index) delivered robust returns of 37.6% during FY2021, driven by attractive stock market valuations; earlier than expected lifting of business restrictions and the resultant sharp economic recovery; development & deployment of effective vaccines; and well-coordinated and decisive policy response by the monetary and fiscal authorities. The rally at the local bourse picked up steam in 1HFY21 as value money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The economic growth rate for FY21 stood at 3.9% after GDP contraction of 0.5% during FY20. The frequently released economic data such as cement dispatches, retail fuels sales, electricity consumption and automobile sales volume also corroborate sharp economic rebound. Coronavirus-induced travel restrictions proved beneficial for the external account as workers' remittances registered a hefty 27% growth during FY2021, clocking-in at USD 29.4 billion. Resultantly, the country posted a Current Account Deficit (CAD) of USD 1.8 billion during FY21 versus a CAD of USD 4.4 billion last year. The Extended Fund Facility (EFF) with the International Monetary Fund (IMF) that was put on hold in April last year, finally resumed, and as a result the country secured the IMF tranche of around USD 500 million. The resumption of IMF program allowed the country to borrow USD 2.5 billion by issuing Eurobonds in the international debt market. Furthermore, the Roshan Digital Account (RDA) launched by the central bank to tap the diaspora was a resounding success as the country attracted around USD 1.6 billion during the year.

In terms of sectoral performance, Auto Assemblers, Cements, Chemicals, Engineering, Glass & Ceramics, Oil & Gas Marketing Companies, Paper & Board, Power Generation & Distribution, Refinery, Technology, and Textile Composite sectors performed better than the market. On the contrary, Fertilizers, Food & Personal Care, Insurance, Oil & Gas Exploration, Sugar, Transport and Pharmaceuticals sectors lagged behind. On participants-wise market activity, Individuals, Companies, and Other Organizations stood as main buyers in the market, with net inflows amounting to USD 332 million, USD 138 million and USD 45 million, respectively. On the other hand, Foreign Investors, Banks/DFIs and Broker Proprietary Trading were large sellers with net outflows of around USD 387 million, USD 95 million, and USD 32 million, respectively.

The trading activity in corporate debt securities remained subdued as the cumulative traded value stood at Rs. 21.8 billion. However, market witnessed fresh issuance of TFCs and Sukuks in the Power & Distribution and Banking sectors.

Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country. SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 15.2 trillion. Sovereign yields reflected the market expectation of the bottoming out of the interest rate and eventual reversal of the monetary easing cycle. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 19, 48 and 76 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 1.46%, 1.38%, and 1.25%, respectively.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
Equities / Stocks	66.4%	51.9%
TFCs / Sukuks	10.4%	10.0%
Cash Equivalents	25.1%	39.7%
Other Net Liabilities	(1.9%)	(1.6%)
Total	100.0%	100.0%



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-21	5.55%	20.1794	19.6240

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	38
1-1000	111
1001-5000	106
5001-10000	32
10001-50000	78
50001-100000	15
100001-500000	27
500001-1000000	1
1000001-5000000	1
5000001-10000000	1
10000001-100000000	2
Total	412

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 in the report. 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 worker's welfare Fund's liability to the tune of Rs 19,665,699/- if the same were not made the NAV Per unit/last one year return of the Scheme would be higher by Rs 0.2368/1.46%. For details investors are advised to read the note 11.1 of the latest Financial Statements of the Scheme.

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP BALANCED FUND amounting to Rs. 19.93 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP BALANCED FUND by 1.24% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
Saudi Pak Leasing	TFC	27,547,410	27,547,410	-	-	-
Eden Housing (Sukuk II)	SUKUK	9,843,750	9,843,750	-	-	-
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-
Total		47,391,160	47,391,160	-	-	-



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Balanced Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Balanced Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and income statement, statement of comprehensive income, statement of movements in unit holder's fund, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit 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. 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.

Key Audit Matter	How the matter was addressed in our audit
<p>Net Asset Value (refer note 5 to the financial statements)</p>	
<p>Valuation and existence of investment</p> <p>Investments held at fair value through profit or loss represent are disclosed in note 5.3 and 5.4 to the financial statements and represent significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in listed equity shares and debt, which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> obtained understanding of relevant controls placed by the Management Company applicable to the balance; independently verified existence of investments from Central Depository Company (CDC) statements and other relevant document; performed test of details on sale, purchase and maturity of investments on a sample basis; tested valuation of investments; and any differences identified during our testing that were over our acceptable threshold were investigated further.



Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors (the Board) for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved 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, the 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 the management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

Other matter

The financial statements of the Fund for the year ended June 30, 2020, were audited by another firm of auditors who in their audit report dated September 29, 2020 expressed an un-modified opinion.

Report on Other Legal and Regulatory Requirements

Further, we report that the Fund's financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 30, 2021



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

		2021	2020
	Note	-----Rupees in 000-----	
ASSETS			
Bank Balances	4	403,868	554,469
Investments	5	1,233,854	855,228
Dividend and profit receivables	6	3,436	6,040
Advance, deposits and prepayment	7	13,102	3,853
Receivable against sale of investments		-	2,132
Receivable against transfer of units		149	-
Total assets		1,654,409	1,421,722
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	8	10,118	7,334
Payable to Central Depository Company of Pakistan Limited - Trustee	9	248	225
Payable against redemption of units		82	-
Payable to Securities and Exchange Commission of Pakistan	10	312	285
Accrued expenses and other liabilities	11	35,976	32,159
Total liabilities		46,736	40,003
NET ASSETS		1,607,673	1,381,719
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,607,673	1,381,719
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
NUMBER OF UNITS IN ISSUE	13	83,043,193	82,778,864
		(Rupees)	
Net assets value per unit		19.3595	16.6917

The annexed notes 1 to 29 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, 2021

	2021	2020
INCOME	-----Rupees in 000-----	
Income from term finance certificate and sukus	12,929	19,887
Income From Term Deposit Receipt	-	3,236
Discount Income On Treasury Bills	25,297	12,845
Profit on bank deposits	16,483	39,581
Dividend Income	44,828	49,069
Gain on sale of investments at fair value through profit or loss (FVTPL) - Net	44,111	23,824
Net unrealised appreciation on re-measurement of investments at FVTPL	187,952	2,190
Total income	331,600	150,632
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company	8.1 23,412	21,553
Sindh Sales Tax on Remuneration to Management Company	8.2 3,044	2,802
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 2,561	2,423
Sindh Sales Tax on remuneration to Trustee	9.2 332	315
Selling and Marketing Expenses	8.3 25,126	17,913
Allocated expenses	8.4 2,098	1,423
Annual fee - Securities and Exchange Commission of Pakistan	10 312	285
Securities transaction costs	1,181	1,016
Auditors' remuneration	14 829	688
Settlement And Bank Charges	495	737
Mutual fund rating fee	255	232
Legal And Professional Charges	243	112
Printing and other charges	109	41
Annual listing fee	28	28
Total expenses	60,025	49,568
Net income from operating activities	271,575	101,064
Provision for Sindh Workers' Welfare Fund	11.1 (5,432)	(2,021)
Net income for the year before taxation	266,143	99,043
Taxation	15 -	-
Net income for the year	266,143	99,043
Allocation of net income for the year		
Net income for the year	266,143	99,043
Income already paid on units redeemed	(5,549)	(311)
	260,594	98,732
Accounting income available for distribution:		
Relating to capital gains	226,917	25,947
Excluding capital gains	33,677	72,785
	260,594	98,732

The annexed notes 1 to 29 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, 2021

	2021	2020
	-----Rupees in 000-----	
Net income for the year	266,143	99,043
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>266,143</u>	<u>99,043</u>

The annexed notes 1 to 29 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, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the year	854,689	527,030	1,381,719	894,200	509,934	1,404,134
Issue of 3,602,612 units (2020: 4,551,136 units)						
- Capital value	60,134	-	60,134	75,212	-	75,212
- Element of income	8,523	-	8,523	3,559	-	3,559
Total proceeds on issuance of units	68,657	-	68,657	78,771	-	78,771
Redemption of 3,338,283 units (2020: 6,940,555 units)						
- Capital value	(55,722)	-	(55,722)	(114,426)	-	(114,426)
- Element of loss	(2,150)	(5,549)	(7,699)	(3,677)	(311)	(3,988)
Total payments on redemption of units	(57,872)	(5,549)	(63,421)	(118,103)	(311)	(118,414)
Total comprehensive Income / (loss) for the year	-	266,143	266,143	-	99,043	99,043
Interim Distribution for the year ended June 30, 2021 @ Rs 0.5554 per unit (Date of declaration 23 June 2021)						
- Cash distribution	-	(45,000)	(45,000)	-	(81,636)	(81,636)
- Refund of capital	(425)	-	(425)	(179)	-	(179)
	(425)	(45,000)	(45,425)	(179)	(81,636)	(81,815)
Net assets at end of the year	865,049	742,624	1,607,673	854,689	527,030	1,381,719
Undistributed income brought forward						
- Realised		524,840			660,449	
- Unrealised		2,190			(150,515)	
		527,030			509,934	
Accounting income available for distribution:						
Relating to capital gains		226,917			25,947	
Excluding capital gains		33,677			72,785	
		260,594			98,732	
Interim Distribution for the year ended 30 June 2021						
- Cash distribution		(45,000)			(81,636)	
Undistributed income carried forward		742,624			527,030	
Undistributed income carried forward						
- Realised		554,672			524,840	
- Unrealised		187,952			2,190	
		742,624			527,030	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			<u>16.6917</u>			<u>16.4866</u>
Net assets value per unit at end of the year			<u>19.3595</u>			<u>16.6917</u>

The annexed notes 1 to 29 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, 2021

	2021	2020
	Note	-----Rupees in 000-----
CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES		
Net income for the year	266,143	99,043
Adjustments:		
Net unrealised appreciation on re-measurement of investments at FVTPL	<u>(187,952)</u>	<u>(2,190)</u>
	78,191	96,853
(Increase)/decrease in assets		
Investments	<u>(190,674)</u>	107,793
Dividend and profit receivables	2,604	3,133
Advance, deposits and prepayment	<u>(9,249)</u>	(11)
Receivable against sale of investment	<u>2,132</u>	<u>(2,132)</u>
	(195,187)	108,783
Increase/(decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	<u>2,784</u>	824
Payable to Central Depository Company of Pakistan Limited - Trustee	23	(5)
Payable to Securities and Exchange Commission of Pakistan	27	(1,067)
Accrued expenses and other liabilities	<u>3,817</u>	5,750
	<u>6,651</u>	<u>5,502</u>
Net cash (used in) / generated from operating activities	<u>(110,345)</u>	211,138
CASH FLOWS FROM FINANCING ACTIVITIES		
	17	
Net receipts from issuance of units - net of refund of element	<u>68,083</u>	78,592
Net payments against redemption of units	<u>(63,339)</u>	(118,414)
Dividend paid	<u>(45,000)</u>	(81,636)
Net cash used in financing activities	<u>(40,256)</u>	(121,458)
Net (decrease) / increase in cash and cash equivalents	<u>(150,601)</u>	89,680
Cash and cash equivalents at beginning of the year	554,469	464,789
Cash and cash equivalents at end of the year	4 <u><u>403,868</u></u>	<u><u>554,469</u></u>

The annexed notes 1 to 29 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, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Balanced Fund (the Fund) was established under a trust deed executed between NBP Fund Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC), as Trustee. The trust deed was executed on December 06, 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). The effective date of change of name of the Fund is April 05, 2019.
- 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 a "balanced 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 its investors with a combination of capital growth and income. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments etc.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an asset manager rating of 'AM1' to the Management Company as on 23 June 2021, a short term performance ranking of 2 star and long term performance ranking of 4 star
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as trustee of the Fund.
- 1.7 The Trust Act, 1882 has been repealed due to promulgation of the Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020)

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

2.2 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

The Fund has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

New or Revised Standard or Interpretation	Effective Date "(Annual periods beginning on or after)"
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Definition of a Business (Amendments to IFRS 3)	January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	January 1, 2020

2.3 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Fund

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

2.3.1 The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date "(Annual periods beginning on or after)"
Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2020
IFRS 3 - References to Conceptual Framework	January 1, 2020
IAS 16 - Proceeds before intended use	January 1, 2020
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2020
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2020
IAS 8 - 'Definition of Accounting Estimates	January 1, 2020
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

The Fund is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Fund.

2.3.2 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - ECL model on the financial assets due from Government	1 January 2023



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

2.4 Critical accounting estimates and judgments

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

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values. All the transactions have been accounted for an accrual basis except for the statement for cash flows.

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Financial Assets

3.2.1 Initial recognition and measurement

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

3.2.2 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.

3.2.2.1 Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at 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.

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

3.2.2.3 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.

3.2.3 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.

3.2.4 Subsequent measurement

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

Financial assets at FVTPL

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

Financial assets at amortised cost

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

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

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

c) Basis of valuation of 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.

3.2.5 Impairment of financial assets

Financial assets at amortised cost

The Fund applies simplified approach to measuring expected credit losses which uses a lifetime expected loss



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

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

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

3.2.6 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.

3.2.7 Offsetting of financial assets and liabilities

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

3.2.8 Cash and cash equivalents

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

3.2.9 Securities purchased under repurchased agreement

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo transaction.

All reverse repo transactions are accounted for on the settlement date.

3.2.10 Derivatives

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

3.3 Financial liabilities

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

3.4 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the



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

3.5 Taxation

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unitholders, 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 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.

3.6 Issue and redemption of units

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

3.7 Element of Income

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

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

3.8 Earnings per unit

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



3.9 Net assets value per unit

The net asset value 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.

3.9.1 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.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method
- 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.

3.9.2 Distributions

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.

4 BANK BALANCES

	2021	2020
Note	-----Rupees in 000-----	
In current accounts	3,549	6,592
In savings accounts	4.1 <u>400,319</u>	<u>547,877</u>
	<u>403,868</u>	<u>554,469</u>

4.1 These carry a rate of return ranging from 4.50%% to 7.75% (2020: 6.50%% to 13.30%) per annum.

5 INVESTMENTS

	2021	2020
Note	-----Rupees in 000-----	
Investments by category		
Financial asset 'at fair value through profit or loss'		
- Listed equity securities	5.1 <u>1,066,890</u>	716,571
- Term finance certificates - listed	5.2 -	-
- Term finance certificates - unlisted	5.3 <u>40,769</u>	62,085
- Sukuk bonds	5.4 <u>126,195</u>	<u>76,572</u>
	<u>1,233,854</u>	<u>855,228</u>



5.1

Name of the investee company	Number of shares						Market value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2020	Purchases during the period	Bonus shares received during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 30 June 2021				
(Number of Shares)						Rupees in '000		Percentage		
Oil & Gas Exploration Companies										
Oil & Gas Development Company Limited	342,096	277,000	-	-	107,500	511,596	48,617	3.02%	3.94%	0.012%
Pakistan Oilfields Limited	13,522	23,000	-	-	6,994	29,528	11,630	0.72%	0.94%	0.010%
Pakistan Petroleum Limited	352,342	206,000	-	-	83,000	475,342	41,274	2.57%	3.35%	0.018%
Mari Petroleum Company Limited	36,563	2,820	-	-	3,600	35,783	54,548	3.39%	4.42%	0.027%
							156,069	9.70%	12.65%	
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited	113,843	69,700	-	-	41,193	142,350	31,922	1.99%	2.59%	0.030%
Attock Petroleum Limited	16,261	-	-	-	-	16,261	5,220	0.32%	0.42%	0.016%
Hascol Petroleum Limited	777	-	-	-	-	777	7	0.00%	0.00%	0.000%
Sui Northern Gas Pipelines Limited	96,000	30,500	-	-	36,000	90,500	4,396	0.27%	0.36%	0.014%
							41,546	2.58%	3.37%	
Fertilizers										
Engro Fertilizers Limited	271,501	25,000	-	-	267,667	28,834	2,026	0.13%	0.16%	0.002%
Fauji Fertilizer Bin Qasim Limited	114,500	441,000	-	-	114,500	441,000	11,647	0.72%	0.94%	0.034%
Engro Corporation Limited	143,619	48,600	-	-	54,900	137,319	40,456	2.52%	3.28%	0.024%
Fauji Fertilizers Company Limited	436,901	33,600	-	-	122,900	347,601	36,880	2.29%	2.99%	0.027%
							91,009	5.66%	7.37%	
Chemicals										
Engro Polymer & Chemicals Limited	923,123	66,000	-	-	348,000	641,123	30,287	1.88%	2.45%	0.071%
Lotte Chemical Pakistan Limited	-	947,500	-	-	-	947,500	14,629	0.91%	1.19%	0.063%
ICI Pakistan Limited	-	2,400	-	-	-	2,400	2,085	0.13%	0.17%	0.003%
							47,001	2.92%	3.81%	
Cement										
Cherat Packaging Limited	-	80,900	-	-	12,200	68,700	12,186	0.76%	0.99%	0.035%
DG Khan Cement Pakistan Limited	96,500	102,000	-	-	107,000	91,500	10,790	0.67%	0.87%	0.021%
Fauji Cement Company Limited	454,000	376,000	-	-	195,500	634,500	14,594	0.91%	1.18%	0.046%
Kohat Cement Company Limited	74,750	46,400	-	-	1,700	119,450	24,665	1.53%	2.00%	0.060%
Lucky Cement Limited	97,664	16,500	-	-	26,400	87,764	75,779	4.71%	6.14%	0.027%
Maple Leaf Cement Factory Limited	-	376,500	-	-	128,181	248,319	11,666	0.73%	0.95%	0.023%
							149,679	9.31%	12.13%	
Automobile Parts & Accessories										
Thal Limited	11	5,500	-	-	-	5,511	2,330	0.14%	0.19%	0.007%
Textile Composite										
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	5,649	0.35%	0.46%	13.528%
Gul Ahmed Textile Mills Limited	491,800	16,500	53,160	-	242,500	318,960	16,181	1.01%	1.31%	0.062%
Kohinoor Textile Mills Limited	179,113	108,500	-	-	31,500	256,113	19,260	1.20%	1.56%	0.086%
Nishat (Chunin) Limited	68,000	108,000	-	-	-	176,000	8,851	0.55%	0.72%	0.073%
Interloop Limited	105,918	37,000	-	-	6,500	136,418	9,553	0.59%	0.77%	0.016%
Nishat Mills Limited	185,200	38,500	-	-	21,500	202,200	18,865	1.17%	1.53%	0.058%
							78,359	4.87%	6.35%	

NBP BALANCED FUND



NBP FUNDS
Managing Your Savings

Name of the investee company	Number of shares						Market value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2020	Purchases during the period	Bonus shares received during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 30 June 2021				
(Number of Shares)						Rupees in '000		Percentage		
Technology & Communication										
Netsol Technologies Limited	145,800	-	-	-	145,800	-	-	0.00%	0.00%	0.000%
Tpl Tracker Limited	-	355,000	-	-	-	355,000	6,216	0.39%	0.50%	0.190%
Systems Limited	83,550	-	6,955	-	14,000	76,505	42,860	2.67%	3.47%	0.055%
							49,076	3.06%	3.97%	
Engineering & Electronics										
Agha Steel Limited	-	624,000	-	-	258,000	366,000	12,345	0.77%	1.00%	0.064%
International Steels Limited	98,100	27,000	-	-	99,500	25,600	2,391	0.15%	0.19%	0.006%
International Industries Limited	-	4,600	-	-	-	4,600	971	0.06%	0.08%	0.004%
Mughal Iron & Steel Industries	592,000	100,000	-	49,600	382,000	359,600	37,542	2.34%	3.04%	0.123%
Aisha Steels Limited	-	34,000	-	-	-	34,000	847	0.05%	0.07%	0.004%
Ambrelli Steels Limited	-	40,000	-	-	-	40,000	1,738	0.11%	0.14%	0.014%
Avaceon	-	18,500	3,700	-	-	22,200	2,035	0.13%	0.16%	0.009%
Pak Electron Limited	-	283,500	-	-	-	283,500	9,940	0.62%	0.81%	0.057%
							67,809	4.23%	5.49%	
Power Generation & Distribution										
Lalpir Power Limited	544,000	-	-	-	276,000	268,000	4,786	0.30%	0.39%	0.071%
Pakgen Power Limited	373,000	-	-	-	217,000	156,000	3,847	0.24%	0.31%	0.042%
K-Electric limited	355,000	-	-	-	355,000	-	-	0.00%	0.00%	0.000%
Saif Power Limited	130,000	-	-	-	-	130,000	2,254	0.14%	0.18%	0.034%
The Hub Power Company Limited	588,915	161,500	-	-	86,000	664,415	52,934	3.29%	4.29%	0.051%
							63,822	3.97%	5.17%	
Commercial Banks										
Allied Bank Limited	57,800	-	-	-	-	57,800	4,286	0.27%	0.35%	0.005%
Bank Al-falah Limited	942,576	30,351	-	-	85,000	887,927	28,573	1.78%	2.32%	0.050%
Bank Al-Habib Limited	460,400	24,000	-	-	-	484,400	33,966	2.11%	2.75%	0.044%
Bank of Punjab	410,500	-	-	-	298,000	112,500	945	0.06%	0.08%	0.004%
Faysal Bank Limited	27,327	170,000	-	-	-	197,327	3,349	0.21%	0.27%	0.013%
Habib Bank Limited	382,180	71,200	-	-	-	453,380	55,480	3.45%	4.50%	0.031%
MCB Bank Limited	140,100	-	-	-	57,600	82,500	13,186	0.82%	1.07%	0.007%
Meezan Bank Limited	51,293	36,000	379	-	47,500	40,172	4,636	0.29%	0.38%	0.003%
National Bank of Pakistan	132,500	-	-	-	132,500	-	-	0.00%	0.00%	0.000%
United Bank Limited	216,391	45,000	-	-	-	261,391	31,942	1.99%	2.59%	0.021%
							176,363	10.98%	14.31%	
Insurance										
Adamjee Insurance Limited	90,500	50,000	-	-	18,500	122,000	5,059	0.31%	0.41%	0.035%
Glass and Ceramics										
Tariq Glass Industries Limited	183,000	-	37,125	-	43,000	177,125	18,843	1.17%	1.53%	0.129%
Shabbir Tiles & Ceramics Limited	100,000	574,000	-	-	92,000	582,000	19,410	1.21%	1.57%	0.243%
							38,252	2.38%	3.10%	

NBP BALANCED FUND



NBP FUNDS
Managing Your Savings

Name of the investee company	Number of shares						Market value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2020	Purchases during the period	Bonus shares received during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 30 June 2021				
(Number of Shares)						Rupees in '000		Percentage		
Paper & Board										
Century Paper & Board Mills Limited	90,400	-	14,580	-	29,000	75,980	9,275	0.58%	0.75%	0.043%
Cherat Packaging Limited	87,010	-	-	-	87,010	-	-	0.00%	0.00%	0.000%
Packages Limited	13,500	-	-	-	4,600	8,900	4,852	0.30%	0.39%	0.010%
Roshan Packages Limited	-	75,000	-	-	7,000	68,000	2,240	0.14%	0.18%	0.048%
							16,367	1.02%	1.32%	
Food and Personal Care Products										
Matco Foods Limited	131,000	-	-	-	131,000	-	-	0.00%	0.00%	0.000%
Unity foods limited	-	41,000	-	-	16,500	24,500	1,091	0.07%	0.09%	0.003%
							1,091	0.07%	0.09%	
Automobile Assemblers and Accessories										
Honda Atlas Cars Limited	38,700	4,200	-	-	35,100	7,800	2,697	0.17%	0.22%	0.006%
Indus Motor Company Limited	1,220	-	-	-	-	1,220	1,530	0.10%	0.12%	0.002%
Millat Tractors Limited	12,200	2,700	1,738	-	1,000	15,638	16,882	1.05%	1.37%	0.028%
Panther Tyres Limited	-	53,500	-	-	-	53,500	3,698	0.23%	0.30%	0.038%
							24,808	1.55%	2.01%	
Pharma And Biotech										
AGP Limited	-	97,400	-	-	-	97,400	11,428	0.71%	0.93%	0.035%
Highnoon Laboratories Limited	1,254	10,200	1,020	-	1,254	11,220	6,732	0.42%	0.55%	0.030%
The Searle Company Limited	9,000	47,000	-	1,170	7,000	50,170	12,172	0.76%	0.99%	0.021%
Abot Laboratories	-	5,500	-	-	-	5,500	4,358	0.27%	0.35%	0.006%
Glaxosmithkline Consumer Healthcare Pakistan Limited	-	3,500	-	-	-	3,500	875	0.05%	0.07%	0.003%
IBL Healthcare Limited	-	68,500	-	-	6,500	62,000	6,890	0.43%	0.56%	0.115%
							42,456	2.64%	3.45%	
Miscellaneous										
Synthetic Product Enterprise Limited	2,080	-	-	-	2,080	-	-	0.00%	0.00%	0.000%
Footwear										
Service Global Footwear Limited	-	70,690	-	-	-	70,690	4,088	0.25%	0.33%	0.035%
Service Industries Limited	-	12,200	9,200	-	3,000	18,400	10,812	0.67%	0.88%	0.039%
							14,900	0.92%	1.21%	
Transportation and Warehouse										
Pakistan International Bulk Terminal Limited	-	78,500	-	-	-	78,500	893	0.06%	0.07%	0.004%
Total as at 30 June 2021							1,066,890	66.37%	86.50%	
Carrying value as at June 30, 2021							879,917			
Market value as at June 30, 2020							716,571			
Carrying value as June 30, 2020							715,540			



- 5.1.1 Investments include shares with market value of Rs. 45.65 million (30 June 2020: Rs. 40.06 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no.11 dated 23 October 2007 issued by the SECP.

Name of Investee Company	2021		2020	
	Shares Pledged	Market Value (Rs. in '000)	Shares Pledged	Market Value (Rs. in '000)
Bank Al Habib Ltd.	180,000	12,622	180,000	9,414
Lucky Cement Limited	9,000	7,771	9,000	4,154
Nishat Mills Limited	50,000	4,665	50,000	3,901
Oil & Gas Development Company	144,000	13,684	144,000	15,696
Pakistan Petroleum Limited	79,500	6,903	79,500	6,889
	462,500	45,645	462,500	40,054

- 5.1.2 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 filed 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 Honorable 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 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 did not deposit the minimum 50% of the tax liability, as they did not have such tax in their book 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 Honorable 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 favor 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. 1.07 million (30 June 2020: Rs. 0.738 million) and not yet deposited in CDC account of department of Income Tax. The details of the bonus shares withheld are as follows:



Name of the company	2021		2020	
	Number of shares withheld	Market value as at June 30, 2021	Number of shares withheld	Market value as at June 30, 2020
		Rupees in 000		Rupees in 000
Pakistan State Oil	1,142	256	1,142	181
Hascol	777	7	777	11
Faysal Bank Limited	27,327	464	27,327	381
Kohinoor Textile Mills Limited	4,639	349	4,639	165
	33,885	1,076	33,885	738

5.2 Term finance certificates - listed - at fair value through profit or loss

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				As at 30 June 2021 Market value/Carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2020	Purchases during the year	Disposals during the year	As at 30 June 2021			
Saudi Pak Leasing Company Limited (note 5.2.1)	10,000	-	-	10,000	-	-	-

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

5.2.1 This represents investment in term finance certificates with original term of nine years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on 26 December 2011 with a new maturity in March 2017. The said TFCs complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as Non Performing Asset (NPA) since 30 April 2014. The amount of provision of Rs. 27.547 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

5.3 Term finance certificates - unlisted - at fair value through profit or loss

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2020	Purchases during the year	Disposals/ Maturity during the year	As at 30 June 2021			
Jahangir Siddiqui and Company Limited	8,000	-	8,000	-	-	-	-
JSCL (Pre Restructuring Name: Jahangir Siddiqui and Company Limited) (note 6.3.1)	17,100	-	-	17,100	40,769	2.54	3.30
	25,100	-	8,000	17,100	40,769		

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



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

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Unsecured							
Listed term finance certificates							
Saudi Pak Leasing Company Limited	10,000	Monthly	2,755	6.87% Fixed rate	13 March 2008	3 March 2017	Unrated
Unlisted term finance certificates							
JSCL (Before restructuring: Jahangir Siddiqui Company Limited)	17,100	Semi Annually	3,125	6 Month KIBOR offer rate plus 1.4%	18 July 2017	18 July 2022	AA+

5.4 Sukuk bonds - unlisted - at fair value through profit or loss

All sukuks have a face value of Rs. 5,000

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2020	Purchases during the year	Disposals during the year	As at 30 June 2021			
Hub Power Company Limited	500	-	-	500	50,997	3.17	4.13
Shakarganj Food Products Limited	30	-	-	30	25,023	1.56	2.03
Mughal Iron & Steel Industries Limited	-	50	-	50	50,175	3.12	4.07
New Allied Electronics Industries (Private) Limited (note 6.4.1)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 6.4.2)	10,000	-	-	10,000	-	-	-
Total as at 30 June 2021	42,530	50	-	42,580	126,195	7.85	10.23

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

5.4.1 This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since January 09, 2009. The amount of provision of Rs. 10 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

5.4.2 This represents investment in privately placed sukuk bonds with a term of five years. On May 06, 2011, the issuer has defaulted its scheduled principal and profit payment and therefore it was classified as NPA by MUFAP. The amount of provision of Rs. 9.844 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

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



5.4.4 Significant terms and conditions of sukuk bonds outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Secured							
Unlisted sukuk							
New Allied Electronics Industries (Private) Limited	32,000	Quarterly	313	3 Month KIBOR offer rate plus 2.6%	27 July 2007	25 July 2016	Unrated
Eden Housing Limited	10,000	Quarterly	984	3 Month KIBOR offer rate plus 3%	31 March 2008	29 September 2016	Unrated

6 DIVIDEND AND PROFIT RECEIVABLES

	Note	2021	2020
		-----Rupees in 000-----	
Profit receivable on savings accounts		277	1,153
Dividend receivables		152	-
Accrued markup on term finance certificates and sukuk		12,195	14,075
Less: Income suspended over non-performing term finance certificates and sukuk	5.2.1, 5.4.1 & 5.4.2	(9,188)	(9,188)
		3,007	4,887
		3,436	6,040

7 ADVANCE, DEPOSITS AND PREPAYMENT

Advance tax	7.1	882	882
Security deposits with:			
- Central Depository Company of Pakistan Limited		100	100
- National Clearing Company of Pakistan Limited		2,750	2,750
Prepaid fee	7.2	133	121
Advance against IPO/ bookbuilding		9,237	-
		13,102	3,853

7.1 As per clause 47(B) of part IV of the Second Schedule to the income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit and investment paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits as at 30 June 2021 amounts to Rs. 0.882 million (2020: Rs. 0.882 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 FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorizing all CISs to file an appeal in the Honorable 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 2021 as in the opinion of the management, the amount of tax deducted at source will be refunded.



7.2 This represents the prepaid credit rating fees to PACRA, annual listing fee paid to Pakistan Stock Exchange and also prepayments to NCCPL for the clearing services provided.

8	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2021	2020
			-----Rupees in 000-----	
	Management Remuneration	8.1	2,026	1,729
	Sindh Sales Tax on management remuneration	8.2	263	225
	Sales and transfer load		197	51
	Sindh Sales Tax on sales load		26	7
	Selling and marketing expense	8.3	7,005	4,975
	Allocated expenses	8.4	600	347
	Adc Share including sindh sales tax		1	-
			<u>10,118</u>	<u>7,334</u>

8.1 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 of the fund till 11 July 2019 and with effective from 12 July 2019 the Management Company has revised its remuneration rate and charged it at the rate of 1.5% of the average net assets of the fund.

8.2 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 2020: 13%) was charged on management remuneration and sales load.

8.3 As per Circular 11 of 2019 dated 5 July 2019 issued by SECP, the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised condition for charging of selling and marketing expense to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 5 of 2017 and circular No. 05 of 2018. These expense shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expense:

Effective Dates	Applicable Rates
From July 1, 2019 till July 11, 2019	0.4% per annum of average daily net assets
From July 12, 2019 till December 16, 2019	1.15% per annum of average daily net assets
From December 17, 2019 till May 10, 2020	1.35% per annum of average daily net assets
From May 11, 2020 till Jan 25, 2021	1.5% per annum of average daily net assets
From Jan 26, 2021 till June 30, 2021	1.75% per annum of average daily net assets

8.4 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. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021	2020
			-----Rupees in 000-----	
	Trustee remuneration	9.1	220	199
	Sindh Sales Tax on Trustee remuneration	9.2	28	26
			<u>248</u>	<u>225</u>



- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.

Net assets	Tariff per annum
Up to Rs. 1 billion	0.20% per annum of net asset
On an amount exceeding Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net asset value exceeding Rs. 1 billion.

The remuneration is paid to Trustee monthly in arrears.

- 9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh of 13% (30 June 2020: 13%) was charged on trustee remuneration.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	2021	2020
Note	-----Rupees in 000-----	
Annual fee payable	10.1 <u><u>312</u></u>	<u><u>285</u></u>

- 10.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorized as a balanced scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan. With effect from 1st 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. The fee is paid annually in arrears.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	2021	2020
Note	-----Rupees in 000-----	
Provision for Sindh Workers' Welfare Fund	11.1 19,666	14,235
Federal Excise Duty on management remuneration	11.2 11,587	11,587
Federal Excise Duty on sales load	818	818
Dividend payable	493	493
Auditors' remuneration	591	540
Brokerage fee	296	176
Settlement and bank charges	291	233
Withholding tax	1,824	3,591
Legal and professional charges	140	95
Others	209	303
CGT Payable	61	88
	<u><u>35,976</u></u>	<u><u>32,159</u></u>

- 11.1 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 Honorable 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.

Subsequent to the year ended June 30, 2021, SRB issued a letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF.

Had the provision for SWWF been reversed in the financial statements of the Fund for the period from January 18, 2016 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.2368 (2020: Re. 0.1720) per unit.

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

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable 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. 11.942 million out of which Rs. 0.355 million have been paid to the Management Company (30 June 2020: Rs. 11.942 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.1395 June 2020: Rs. 0.1499) per unit.

12 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 30 June 2021 (2020: Nil).

13 NUMBER OF UNITS IN ISSUE

	Note	2021 (Number of units)	2020
Total units in issue at beginning of the year		82,778,864	85,168,283
Add: units issued against			
- Sale	13.1	3,580,931	4,540,411
- Refund of capital at zero value	13.2	21,681	10,725
Less: units redeemed		(3,338,283)	(6,940,555)
Total units in issue at end of the year		<u>83,043,193</u>	<u>82,778,864</u>

- 13.1** This includes 1,213,476 units issued against Dividend Reinvestment amounting to Rs. 23,770,899, net of taxation.

- 13.2** The Management Company on 23 June 2021 declared interim distribution amounted to Rs. 0.5554 per unit (for full period) for the year ended 30 June 2021. The aggregate cash distribution is Rs. 44.99 million was in addition



to refund of capital / element of income by issuing 21,681 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above.

14 AUDITORS' REMUNERATION

	2021	2020
	-----Rupees in 000-----	
Audit fee	425	355
Half yearly review	170	164
Out of pocket expenses and others including government levy	234	169
	<u>829</u>	<u>688</u>

15 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. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 3.9.2 and 13.2), no provision for taxation has been made in these financial statements.

16 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA OF ASSIGNED CATEGORY

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated 06 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Balanced Fund'.

The SECP vide circular no. 16 dated 07 July 2010, prescribed specific disclosures for the scheme holding investments that are non - compliant either with the minimum investment criteria specified for the category assigned to such Funds or with investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Value as a percentage of net assets	Value as a percentage of gross assets
			----- (Rupees in '000) -----			----- (%) -----	
New Allied Electronic Industries (Private) Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates	10,000	(10,000)	-	-	-
Saudi Pak Leasing Company	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (16.1)	27,547	(27,547)	-	-	-
Eden Housing Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuks	9,844	(9,844)	-	-	-

16.1 At the time of purchase, these term finance certificates and sukuks bonds were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade



16.2 The management is taking steps to ensure compliance with the above requirements.

17 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Dividend payable	Total
----- (Rupees in '000) -----				
Balance as at 1 July 2020	-	-	-	-
Receivable against issuance of units	68,232	-	-	68,232
Payable against redemption of units	-	(63,421)	-	(63,421)
Dividend Payable	-	-	(45,000)	(45,000)
	68,232	(63,421)	(45,000)	(40,189)
Amount received on issuance of units	(44,312)	-	-	(44,312)
Amount paid on redemption of units	-	63,339	-	63,339
Dividend reinvested	-	-	25,575	25,575
Dividend paid	(23,771)	-	19,425	(4,346)
	(68,083)	63,339	45,000	40,256
Balance as at 30 June 2021	149	(82)	-	67

18 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 4.19% per annum (2020: 3.63% per annum). Total expense ratio (excluding government levies) is 3.61% per annum (2020: 3.25% per annum)

19 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2021		
	At Amortised Cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
Assets			
Bank balances	403,868	-	403,868
Investments	-	1,233,854	1,233,854
Dividend and profit receivables	3,436	-	3,436
Deposits	2,850	-	2,850
Receivable against transfer of units	149	-	149
	410,303	1,233,854	1,644,157
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10,118	-	10,118
Payable to Central Depository Company of Pakistan - Trustee	248	-	248
Accrued expenses and other liabilities	2,020	-	2,020
	12,386	-	12,386



	30 June 2020		
	At amortised Cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Assets			
Bank balances	554,469	-	554,469
Investments	-	855,228	855,228
Profit receivables	6,040	-	6,040
Deposits	2,850	-	2,850
Receivable against sale of investment	2,132	-	2,132
	565,491	855,228	1,420,719
Liabilities			
Payable to NBP Fund Management Limited - Management Company	7,334	-	7,334
Payable to Central Depository Company of Pakistan Limited - Trustee	225	-	225
Accrued expenses and other liabilities	1,840	-	1,840
	9,399	-	9,399

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

20.1 Connected persons include NBP Fund Management Limited (NBP Funds) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding 10 percent or more units of the Fund.

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

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

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

20.5 Transactions during the year:

	2021	2020
	-----Rupees in 000-----	
NBP Fund Management Limited Management Company		
Management Remuneration	23,412	21,553
Sindh Sales Tax on remuneration of Management Company	3,044	2,802
Selling and Marketing Expense	25,126	17,913
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,098	1,423
Sales Load	405	288
Adc charges	1	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	2,561	2,423
Sindh Sales Tax on remuneration of Trustee	332	315
CDS charges	70	121



	2021	2020
	-----Rupees in 000-----	
Employees of the Management Company		
Units issued: 73,774 (2020: 5,548 units)	1,393	95
Dividend Re-invest Units Issued: 156 (2020: 191)	3	3
Units redeemed: 56,650 units (2020: 18,731 units)	1,067	311
Pakistan Stock Exchange		
Listing Fee	25	25
Hub Power Company Limited		
Shares purchased: 161,500 units (2020: 213,500 units)	13,452	14,633
Shares Sold: 86,000 (2020: 198,500 units)	6,928	18,599
Sukuk purchased: Nil (2020: 500 units)	-	50,000
Sukuk Income	4,680	6,677
NBP Employees Pension Fund		
Dividend Re-invest Units Issued: 796,430 (2020: 1,625,383)	15,601	27,031
National Clearing Company Limited (NCCPL)		
NCCPL Charges	306	429
Ronak Iqbal Lakhani		
Dividend Re-invest Units Issued: 204,345 (2020: 420,686)	4,003	6,996
Telenor Pakistan (PVT) Limited Employees Gratuity Fund		
T bills sold: 750,000 units (2020: Nil)	73,464	-
Bayer Pakistan (Private) Limited Employees Gratuity Fund		
Units redeemed: Nil (2020: 41,513 units)	-	674
Aftab Hussain		
Units redeemed: Nil (2020: 122,056 units)	-	1,962
CCL Employees Provident Fund Trust		
Units redeemed: Nil (2020: 1,047,940 units)	-	17,695
National Bank of Pakistan		
Shares purchased: (2020: 62,500 shares)	-	1,908
Shares sold: 132,500 (2020: Nil)	5,125	-
International Steel Limited		
Shares purchased: 27,000 shares (2020: 124,000 shares)	2,304	4,605
Shares sold: 99,500 shares (2020: 131,000 shares)	-	5,363
Dividend Income	-	239
Fauji Fertilizer Company Limited**		
Shares purchased: 33,600 (2020: 204,000)	3,766	19,462
Shares sold: 122,900 (2020: 242,600)	13,530	24,031
Gul Ahmed Textile Mills Limited**		
Shares purchased: 16,500 (2020: Nil)	802	-
Shares sold: 242,500 (2020: 176,000)	-	7,598
Bonus dividend: 53,160 (2020: Nil)	-	1,104
Taurus Securities Limited		
Brokerage Charges	68	55



	2021	2020
	-----Rupees in 000-----	
NBP Islamic Income Fund		
Purchase of Term Finance Certificate	-	26,012
NBP Money Market Fund		
Purchase of Treasury bills	-	-
Sale of Treasury bills	-	98,526
CDC Trustee NBP Stock Fund		
Sale of equity securities : Nil (2020: 400,700 shares)	-	20,500
CDC Trustee NBP Islamic Stock Fund		
Sale of equity securities : Nil (2020: 278,000 shares)	-	32,684
20.6 Amounts outstanding as at year end:		
NBP Fund Management Limited - Management Company		
Management remuneration payable	2,026	1,729
Sindh Sales Tax payable	263	225
Selling and marketing expense	7,005	4,975
Allocated expenses	600	347
Sales load and Sindh Sales Tax payable	223	58
Adc share including sindh sales tax	1	-
Employees of the Management Company		
Units held: 22,540 units (2020: 5,260 units)	436	88
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	220	199
Sindh Sales Tax payable	28	26
Settlement charges payable	155	116
Security deposit	100	100
Gul Ahmed Textile Mills Limited**		
Ordinary shares held: 318,960 (2020:491,800 shares)	16,181	14,080
Fauji Fertilizer Company Limited		
Ordinary shares held: 347,601 (2020: 436,900 shares)	36,880	48,055
Ronak Iqbal Lakhani		
Units held: 8,683,522 units (2020: 8,479,177 units)	168,109	141,532
National Bank of Pakistan		
Bank Balance in current account	920	3,700
Ordinary shares held: Nil (2020: 132,500 shares)	-	3,664
NBP Employees Pension Fund		
Units held: 28,886,715 units (2020: 28,090,285 units)	559,232	468,875
Karachi Electric Provident Fund		
Units held: 34,224,720 units (2020: 34,224,720 units)	662,573	571,269
Summit Bank*		
Bank Balance in current account	2,628	-
Bank Islami Pakistan Limited		
Bank Balance in savings account	167	4



	2021	2020
	-----Rupees in 000-----	
Taurus Securities Limited		
Brokerage Payable	-	2,335
Hub Power Company Limited		
Ordinary shares held: 664,615 (2020: 588,922 shares)	52,934	42,697
Sukuk: Nil units (2020 : 500 units)	-	51,072
International Steel Limited		
Ordinary shares held: 25,600 (2020: 98,100 shares)	2,391	5,067
National Clearing Company of Pakistan Limited (NCCPL)		
NCCPL Charges Payable	86	117
Security Deposits	2,750	2,750

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No	Name	Qualifications	Experience "in years"
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	33
2	Mr. Sajjad Anwar	CFA / MBA Finance	21
3	Mr. Hassan Raza	ACCA / CFA / BSC	10
4	Mr. Muhammad Ali Bhabha	MBA / MS (CS) / CFA / FRM	26
5	Asim Wahab Khan*	CFA	15

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

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

List of brokers by percentage of commission paid during the year ended 30 June 2021:

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	5.72%
2	J.S. Global Capital Limited	5.38%
3	Foundation Securities	5.34%
4	Insight Securities (Pvt.) Limited	5.26%
5	Efg Hermes Pakistan Ltd	4.32%
6	Topline Securities Limited	4.32%
7	Alfalah Securities (Pvt) Limited	4.24%
8	Bma Capital Management Limited	4.15%
9	Optimus Capital Management Limited	4.12%
10	Aqeel Karim Dehdi Securities (Pvt) Limited	3.91%



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

S. No	Particulars	Percentage (%)
1	Sherman Securities (Pvt) Limited	10.34%
2	Alfalah Securities (Pvt) Limited	7.53%
3	Taurus Securities Limited	6.36%
4	Intermarket Securities	5.75%
5	Al Habib Capital Markets (Pvt) Limited	5.52%
6	Arif Habib Securities Limited	5.47%
7	Next Capital Limited	5.17%
8	Efg Hermes Pakistan Limited	4.62%
9	Bipl Securities Limited	4.56%
10	Foundation Securities	4.48%

23 PATTERN OF UNIT HOLDING

Category	As at 30 June 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment --- (%) ---
Individuals	393	326,489	20%
Associated Companies and Directors	1	559,232	35%
Insurance Companies	1	212	0.01%
Retirement Funds	11	692,690	43%
Others	6	29,050	2%
	412	1,607,673	100%
Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment --- (%) ---
Individuals	416	291,757	21%
Associated company and directors	1	468,875	34%
Insurance company	1	178	0%
Retirement funds	10	596,277	43%
Others	6	24,632	2%
	434	1,381,719	100%

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 76th, 77th, 78th, 79th, 80th Board meetings were held on July 16, 2020, September 17, 2020, October 27, 2020, February 26, 2021 and April 30, 2021 respectively. Information in respect of attendance by directors in the meetings is given below:



Name of Director	Number of meetings			Meetings not attended
	Held / Applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
*Mr. Saad ur Rahman Khan	3	2	1	77th Meeting
Syed Hasan Irtiza Kazmi	5	5	-	-
Mr. Ali Saigol	5	5	-	-
Mr. Imran Zaffar	5	5	-	-
Mr. Khalid Mansoor	5	5	-	-
Mr. Humayun Bashir	5	5	-	-
Mr. Saad Amanullah Khan	5	5	-	-
Dr. Amjad Waheed	5	5	-	-
**Ms. Mehnaz Salar	2	2	-	-

*Mr. Saad ur Rahman Khan retired from the Board with effect from December 03, 2020.

**Ms. Mehnaz Salar was appointed as the director on the Board with effect from February 03, 2021.

25 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 analyze 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, money market investments such as government securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

25.1 Market risk

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

Management of market risk

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



25.1.1 Currency risk

Currency risk is 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 all transactions are carried out in Pakistani Rupees.

25.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

As at 30 June 2021, the Fund holds KIBOR based interest bearing term finance certificates and bank balances exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2021, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.2941 million (30 June 2020: Rs. 1.373 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 repricing or maturity date and for off-balance sheet instruments is based on settlement date.

Yield / interest rate	30 June 2021				Total	
	Exposed to yield / interest rate risk					
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk		
--%--	----- (Rupees in '000) -----					
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.5 % - 7.75%	400,319	-	-	3,549	403,868
Investments	7.39 % - 10.8%	-	126,195	40,769	1,066,890	1,233,854
Dividend and profit receivables		-	-	-	3,436	3,436
Deposits		-	-	-	2,850	2,850
		400,319	126,195	40,769	1,076,725	1,644,008
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	10,118	10,118
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	248	248
Accrued expenses and other liabilities		-	-	-	2,020	2,020
		-	-	-	12,386	12,386
On-balance sheet gap		400,319	126,195	40,769	1,064,339	1,631,622
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		400,319	126,195	40,769	1,064,339	1,631,622
Cumulative interest rate sensitivity gap		400,319	526,514	567,283		



30 June 2020

Yield / interest rate	Exposed to yield / interest rate risk				Total	
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk		
--%--	----- (Rupees in '000) -----					
On-balance sheet financial instruments						
Financial assets						
Bank balances	3.75 % - 13.85%	547,877	-	-	6,592	554,469
Investments	7.32 % - 17.54%	-	86,420	52,237	716,571	855,228
Dividend and profit receivables		-	-	-	6,040	6,040
Receivable against sale of investment		-	-	-	2,132	2,132
Deposits		-	-	-	2,850	2,850
		547,877	86,420	52,237	734,185	1,420,719
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	7,334	7,334
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	225	225
Accrued expenses and other liabilities		-	-	-	1,840	1,840
		-	-	-	9,399	9,399
On-balance sheet gap		547,877	86,420	52,237	724,786	1,411,320
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		547,877	86,420	52,237	724,786	1,411,320
Cumulative interest rate sensitivity gap		547,877	634,297	686,534		

25.1.3 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

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'.

The Fund manages the risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund or weight of that company in KSE 30 index, whichever is higher, with overall limit of 25% to a single industry sector of the net assets of the Fund or weight of that sector in KSE 30 index, whichever is higher (the limit set by offering documents). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. (Refer note 6.1 for exposure limits).

In case of 5% increase / decrease in KSE 30 index on 30 June 2021, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 53.344 million (2020: Rs. 35.829 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 KSE 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 KSE 30 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 30 index.

25.2 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 Term Finance Certificates is limited as the counter parties are financial institutions with reasonably high credit ratings. While bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarizes 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 2021 and 30 June 2020.

Bank Balances	2021	2020
	-----Rupees in 000-----	
AAA	25,707	421,266
AA+	368,652	14,810
AA	306	1,780
AA-	6,356	113,630
A+	167	33
A-	50	-
A	-	13
Suspended	2,629	2,937
	<u>403,867</u>	<u>554,469</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2021 is the carrying amount of the financial assets. Concentration of credit risk.

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

*The credit rating of Summit Bank remains suspended as at June 30, 2021 as released by VIS Credit Rating Company Limited

25.3 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 the market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten percent of the net assets up to 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 2021			Total
	Up to three months	Over three months and up to one year	Over one year	
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	10,118	-	-	10,118
Payable to Central Depository Company of Pakistan Limited - Trustee	248	-	-	248
Accrued expenses and other liabilities	2,020	-	-	2,020
	12,386	-	-	12,386
Unit holders' fund	1,607,673	-	-	1,607,673

	30 June 2020			Total
	Up to three months	Over three months and up to one year	Over one year	
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	7,334	-	-	7,334
Payable to Central Depository Company of Pakistan Limited - Trustee	225	-	-	225
Accrued expenses and other liabilities	1,840	-	-	1,840
	9,399	-	-	9,399
Unit holders' fund	1,381,719	-	-	1,381,719



26 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		30 June 2021							
		Carrying value			Fair value				
		At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
-	Listed equity securities	1,066,890	-	-	1,066,890	1,066,890	-	-	1,066,890
-	Term finance certificate	40,769	-	-	40,769	-	40,769	-	40,769
-	Sukkuks	126,195	-	-	126,195	-	126,195	-	126,195
		1,233,854	-	-	1,233,854	1,066,890	166,964	-	1,233,854
Financial assets not measured at fair value 26.1									
	Bank balances	-	403,868	-	403,868				
	Dividend and profit receivables	-	3,436	-	3,436				
	Deposits	-	2,850	-	2,850				
	Receivable against sale of investment	-	149	-	149				
		-	410,303	-	410,303				
Financial liabilities not measured at fair value 26.1									
	Payable to National Investment Trust Limited - Management Company	-	10,118	-	10,118				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	248	-	248				
	Accrued expenses and other liabilities	-	2,020	-	2,020				
		-	12,386	-	12,386				



30 June 2020

	Carrying value			Fair value				
	At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	716,571	-	-	716,571	716,571	-	-	716,571
- Term finance certificate	62,085	-	-	62,085	-	62,085	-	62,085
- Sukkuks	76,572	-	-	76,572	-	76,572	-	76,572
- Term deposit receipt	-	-	-	-	-	-	-	-
	<u>855,228</u>	<u>-</u>	<u>-</u>	<u>855,228</u>	<u>716,571</u>	<u>138,657</u>	<u>-</u>	<u>855,228</u>
Financial assets not measured at fair value	27.1							
Bank balances	-	554,469	-	554,469				
Dividend and profit receivables	-	6,040	-	6,040				
Deposits	-	2,850	-	2,850				
Receivable against sale of investment	-	2,132	-	2,132				
	<u>-</u>	<u>565,491</u>	<u>-</u>	<u>563,359</u>				
Financial liabilities not measured at fair value	27.1							
Payable to National Investment Trust Limited - Management Company	-	7,334	-	7,334				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	225	-	225				
Accrued expenses and other liabilities	-	1,840	-	1,840				
	<u>-</u>	<u>9,399</u>	<u>-</u>	<u>9,399</u>				

26.1 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.

26.2 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 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.

27 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 2021, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Fund shall be one hundred million rupees at all time during the life of the Fund.

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

In accordance with the risk management policies stated in note 26, the Fund endeavors 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.

28 GENERAL

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

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 16, 2021.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the Year Ended Jun 30,2021	For the Year Ended Jun 30,2020	For the Year Ended Jun 30,2019	For the Year Ended Jun 30,2018	For the Year Ended Jun 30,2017	For the Year Ended Jun 30,2016
Net assets (Rs. '000')	1,607,673	1,381,719	1,404,134	1,654,024	1,847,113	1,327,842
Net Income/(Loss) (Rs. '000')	266,143	99,043	(133,647)	(118,970)	421,936	119,947
Net Asset Value per units (Rs.)	19.3595	16.6917	16.4866	18.0084	19.2708	15.6377
Selling price per unit	20.0158	17.2575	17.0446	18.6189	19.9241	16.2581
Redemption price per unit	19.3595	16.6917	16.4866	18.0084	19.2708	15.6377
Ex - Highest offer price per unit (Rs.)	20.4580	19.5827	19.2010	20.1548	22.3718	16.3672
Ex - Lowest offer price per unit (Rs.)	16.9263	14.6604	16.9231	17.4387	16.3820	14.2142
Ex - Highest redemption price per unit (Rs.)	19.7872	18.9406	18.5716	19.4940	20.6768	15.7427
Ex - Lowest redemption price per unit (Rs.)	16.3714	14.1797	16.3682	16.8669	15.0358	13.6718
Fiscal Year Opening Nav		15.5344	18.0084	19.2708	15.0058	14.3873
Total return of the fund	19.3%	7.4%	-8.45%	-6.20%	28.42%	8.69%
Capital growth	16.4%	7.4%	-8.45%	-6.20%	22.99%	2.31%
Income distribution as % of Ex-NAV	2.83%	1.32%	-	0.00%	5.43%	6.38%
Income distribution as % of Par Value	5.55%	6.13%	-	0.00%	8.15%	9.77%
Distribution						
Interim Distribution per unit	0.5554	1.0214	-	-	0.8153	-
Final distribution per unit	-	-	-	-	0.0765	0.9771
Distribution dates						
Interim	23-Jun-21	24-Jun-20			19-Jun-17	
Interim					-	
Interim					-	
Final					15-Sep-17	29-Jun-16
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2021)	12.7%					
(Since inception to June 30, 2020)		12.18%				
(Since inception to June 30, 2019)			12.57%			
(Since inception to June 30, 2018)				14.60%		
(Since inception to June 30, 2017)					16.83%	
(Since inception to June 30, 2016)						15.67%
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
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 Balanced 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. 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:

NBP BALANCED FUND			
Resolutions	For	Against	Abstain*
12	12	Nil	N/A
100%	100%	-	-

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