NBP FUNDS
Managing Your Savings

Islamic Savings

Aitemaad اعتماد

سود سے پاک

AM1
Rated by PACRA

اسلامک سیونگز

NBP ISLAMIC SAVINGS FUND

QUARTERLY REPORT
MARCH 31, 2021

MISSION STATEMENT

To rank in the top quartile

in performance of

NBP FUNDS

relative to the competition,

and to consistently offer

Superior risk-adjusted returns to investors.

Contents

FUND'S INFORMATION

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
Ms. Mehnaz Salar	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
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
Syed Hasan Irtiza Kazmi	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

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

Bankers to the Fund

Al Baraka Islamic Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Zarai Taraqiati Bank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited financial statements of **NBP Islamic Savings Fund** (NBP-ISF) for the period ended March 31, 2021.

Fund's Performance

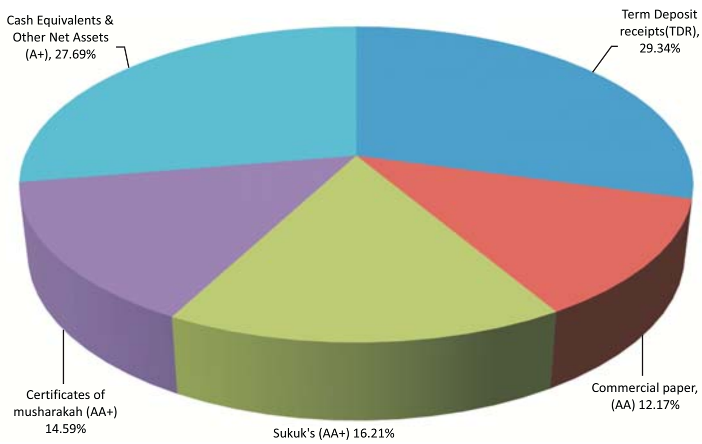
The size of NBP Islamic Savings Fund has decreased from Rs. 3,968 million to Rs. 2,468 million during the period (a decrease of 38%). During the period, the unit price of the Fund has increased from Rs. 9.5313 on June 30, 2020 to Rs. 9.9351 on March 31, 2021, thus showing return of 5.6% as compared to its benchmark return of 3.7% for the same period. The performance of the Fund is net of management fee and other expenses.

NBP-ISF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'AA- (f)' by PACRA.

Active cases of Covid-19 declined significantly after peaking in July; the fatality rate fell sharply; and infection ratios also dropped to a low single-digit that allowed re-opening of the economy. The economic recovery picked-up steam as reflected by the frequently released economic data such as cement dispatches, retail fuels sales and automobile sales volume. On the policy response fronts, SBP slashed the Policy Rate by a cumulative 6.25% in a short span of time and government announced a Rs. 1.2 trillion stimulus package, equivalent to 2.8% of the GDP, which included relief for all sectors of the society including the under privileged, businesses, and the industries. External account also remained beneficiary of the Coronavirus pandemic thanks to a robust 24% growth in remittances during 8MFY21. The country posted a current account surplus of USD 881 million during 8MFY21 versus a Current Account Deficit (CAD) of USD 2.7 billion in the comparative period 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 central bank 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.

During 9MFY21, the State Bank of Pakistan (SBP) held four Monetary Policy Committee (MPC) meetings wherein the benchmark Policy Rate was left unchanged at 7%. Sovereign yields responded to these monetary policy actions, and inflation & interest rate outlook.

The Fund has earned a total income of Rs. 170.743 million during the period. After deducting total expenses of Rs. 39.879 million, the net income is Rs. 130.864 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-ISF.



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: **April 30, 2021**
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2020ء کو ختم ہونے والی نو ماہی کے لئے NBP اسلامک سیونگز فنڈ (NBP-ISF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP اسلامک سیونگز فنڈ کا سائز 3,968 ملین روپے سے کم ہو کر 2,468 ملین روپے ہو گیا یعنی 38% کی کمی ہوئی۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.5313 روپے سے بڑھکر 31 مارچ 2021ء کو 9.9351 روپے ہوگئی، لہٰذا گزشتہ اسی مدت کی 3.7% بنچ مارک منافع کے مقابلے 5.6% کا منافع درج کیا گیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

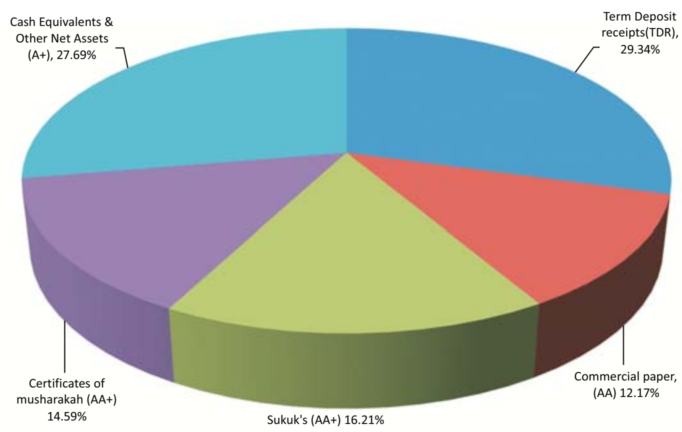
NBP-ISF کی اسلامک انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور اسے PACRA کی طرف سے AA-(f) کی مستحکم ریٹنگ دی گئی ہے۔

جولائی میں بلندی پر پہنچنے کے بعد کووِیڈ 19 کے فعال کیسز میں نمایاں کمی؛ اموات کی شرح میں تیزی سے کمی اور انفیکشن تناسب بھی کم ہو کر واحد ہندسے پر آ گیا جس نے معیشت کو دوبارہ کھولنے کی اجازت دی۔ معاشی بحالی کی رفتار سیمنٹ کی ترسیل، خوردہ ایندھن کی فروخت اور آٹو موبائل کے فروخت حجم کے اکثر جاری کردہ معاشی اعداد و شمار سے ظاہر ہوتی ہے۔ پالیسی سازی کے تناظر میں، اسٹیٹ بینک آف پاکستان نے قلیل مدت میں پالیسی شرح کو مجموعی طور پر 6.25 فیصد تک کم کر دیا اور حکومت نے ایک 1.2 ٹریلین روپے کے محرک پیکج کا اعلان کیا، جو جی ڈی پی کے 2.8 فیصد کے مساوی ہے، جس میں معاشرے کے تمام شعبوں کو ریلیف دیا گیا ہے جن میں پسماندہ افراد، کاروبار اور صنعتیں شامل ہیں۔ 8MFY21 کے دوران وبائی مرض کرونا وائرس کے بدولت بیرونی اکاؤنٹ پر مثبت اثر ہوا اور ترسیلات زر میں 24 فیصد اضافہ ہوا۔ ملک نے گزشتہ سال کے تقابلی دورانیہ میں 2.7 بلین امریکی ڈالر کے کرنٹ اکاؤنٹ خسارہ (CAD) کے مقابلے میں 8MFY21 کے دوران 881 ملین امریکی ڈالر کا کرنٹ اکاؤنٹ سرپلس درج کیا ہے۔ بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ توسیعی فنڈ کی سہولت (EFF) جسے پچھلے سال اپریل میں روک دیا گیا تھا، آخر کار دوبارہ شروع ہو گئی، اور اس کے نتیجے میں مرکزی بینک نے آئی ایم ایف سے قریباً 500 ملین ڈالر کی رقم حاصل کی۔ آئی ایم ایف پروگرام کے دوبارہ آغاز سے بین الاقوامی ڈیٹ مارکیٹ میں یورو بانڈز جاری کر کے ملک کو 2.5 ارب ڈالر قرض لینے کا موقع ملا۔

مالی سال 21 کی نو ماہی کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد کئے جن میں بینچ مارک پالیسی کی شرح کو 7 فیصد برقرار رکھا۔ ان مانیٹری پالیسی کارروائیوں، اور افراط زر اور سود کی شرح کے نقطہ نظر پر گورنمنٹ منافع میں اضافہ ہوا۔

فنڈ کو اس مدت کے دوران 170.743 ملین روپے کی کل آمدنی ہوئی۔ 39.879 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 130.864 ملین روپے ہے۔

مندرجہ ذیل چارٹ NBP-ISF کی ایسٹ ایلوکیشن اور اس کی ہر ذیلی ایسٹ کلاس کی اوسط کریڈٹ ریٹنگ ظاہر کرتا ہے:



اظہارتشکر

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

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

منجانب بورڈ آف ڈائریکٹرز
NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو | **ڈائریکٹر**

تاریخ: 30 اپریل 2021ء
مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2021

	Note	Unaudited March 31, 2021	Audited June 30, 2020
		Rupees in '000	
ASSETS			
Bank Balances		714,053	2,092,481
Investments	4	1,784,411	1,938,519
Profit Receivable		14,866	22,621
Receivable against conversion of units		-	16,135
Advances, deposits, prepayments and other receivables		1,347	1,547
Total assets		2,514,677	4,071,303
LIABILITIES			
Payable to the Management Company		7,660	13,723
Payable to the Trustee		179	287
Payable to Securities and Exchange Commission of Pakistan		472	653
Payable against redemption of units		10,993	20,660
Accrued expenses and other liabilities		27,566	68,330
Total liabilities		46,870	103,653
NET ASSETS		2,467,807	3,967,650
Unit holders' funds (As per statement attached)		2,467,807	3,967,650
CONTINGENCIES AND COMMITMENTS	6		
		Number of units	
NUMBER OF UNITS IN ISSUE		248,393,827	416,273,709
		Rupees	**Rupees**
NET ASSET VALUE PER UNIT		9.9351	9.5313

The annexed notes 1 to 13 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		(Rupees in '000)			
INCOME					
Gain / Loss on sale of investments		76	(2,448)	76	(2,065)
Income from sukuk bonds		10,008	29,554	7,907	14,425
Income from bai muajjal		11,228	-	-	-
Income from term deposit		47,611	-	12,996	-
Profit on bank deposits		67,389	236,534	13,225	93,926
Income from commercial paper		29,783	39,621	7,749	15,319
Income on certificates of musharakah		4,648	-	4,648	-
Unrealised appreciationon re-measurement of investments classified as financial assets at fair value through profit or loss - net		-	1,500	-	2,174
Total Income		170,743	304,761	46,601	123,779
EXPENSES					
Remuneration of the Management Company		11,917	19,209	3,204	9,001
Sindh Sales Tax on Management fee		1,549	2,497	416	1,170
Remuneration of the Trustee		1,771	1,690	479	685
Sindh Sales Tax on remuneration of Trustee		230	220	62	89
Allocation of operational expenses from the Management Company		2,656	2,253	798	912
Selling and marketing expenses	9	16,473	15,474	4,471	6,387
Annual fee - Securities and Exchange Commission of Pakistan		472	451	128	183
Settlement and bank charges		144	451	61	139
Securities transaction cost		-	7	-	-
Annual listing fee		21	21	7	7
Auditors' remuneration		512	463	137	142
Rating fee		309	289	102	100
Printing Charges		52	31	1	28
Legal and professional charges		792	69	456	12
Shariah advisor fee		310	325	91	108
Total Expenses		37,208	43,450	10,413	18,963
Net income from operating activities		133,535	261,311	36,188	104,816
Provision for sindh workers' welfare fund	5	(2,671)	(5,226)	(724)	(2,096)
Net income for the period before taxation		130,864	256,085	35,464	102,720
Taxation	8	-	-	-	-
Net income for the period after taxation		130,864	256,085	35,464	102,720
Allocation of net income for the period					
Net income for the period after taxation		130,864	256,085	35,464	102,720
Income already paid on units redeemed		(36,125)	(59,881)	(13,839)	(24,402)
		94,739	196,204	21,625	78,318
Accounting income available for distribution:					
- Relating to capital gain		76	-	-	-
- Excluding capital gain		94,663	196,204	21,625	78,318
		94,739	196,204	21,625	78,318

The annexed notes 1 to 13 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	**Chief Executive Officer**	**Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

	Nine months ended		Quarter ended	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
	----------(Rupees in '000)----------			
Net income for the period after taxation	130,864	256,085	35,464	102,720
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	130,864	256,085	35,464	102,720

The annexed notes 1 to 13 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer | **Chief Executive Officer** | **Director**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

	Nine months period ended					
	March 31, 2021			March 31, 2020		
	------------------------(Rupees in '000)------------------------					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at the beginning of the period	3,907,523	60,127	3,967,650	3,585,988	56,382	3,642,370
Issuance of 90,917,008 units (2020: 402,672,739 units)						
- Capital Value	866,557	-	866,557	3,834,491	-	3,834,491
- Element of income	11,243	-	11,243	220,355	-	220,355
Total proceeds on issuance of units	877,797	-	877,800	4,054,846	-	4,054,846
Redemption of 258,796,890 units (2020: 378,436,867 units)						
- Capital Value	(2,466,671)		(2,466,671)	(3,603,703)	-	(3,603,703)
- Element of loss	(5,711)	(36,125)	(41,836)	(69,248)	(59,881)	(129,129)
Total payments on redemption of units	(2,508,507)	(36,125)	(2,508,507)	(3,672,951)	(59,881)	(3,732,832)
Total comprehensive income for the period	-	130,864	130,864	-	256,085	256,085
Net assets as at the end of the period	2,276,813	154,866	2,467,807	3,967,883	252,586	4,220,469
Undistributed income brought forward						
- Realised		60,127			58,700	
- Unrealised		-			(2,318)	
		60,127			56,382	
Accounting income available for distribution						
- Relating to capital gain		76			-	
- Excluding capital gain		94,663			196,204	
		94,739			196,204	
Distribution during the period		-			-	
Undistributed income carried forward		154,866			252,586	
Undistributed income carried forward						
- Realised		154,866			251,086	
- Unrealised		-			1,500	
		154,866			252,586	
			- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the period			9.5313			9.5226
Net assets value per unit at end of the period			9.9351			10.3765

The annexed notes 1 to 13 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Nine months period ended	
	March 31, 2021	**March 31, 2020**
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in '000)	
Net income for the period before taxation	130,864	256,085
Adjustments		
Gain / Loss on sale of investments	(76)	2,448
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	-	(1,500)
	130,788	257,033
(Increase) / decrease in assets		
Investments	154,184	982,246
Profit receivable	7,755	(16,290)
Advances, deposits, prepayments and other receivables	200	(424)
	162,139	965,532
Increase / (decrease) in liabilities		
Payable to the Management Company	(6,063)	2,865
Payable to the Trustee	(108)	(29)
Annual fee payable to Securities and Exchange Commission of Pakistan	(181)	(1,832)
Accrued expenses and other liabilities	(40,764)	(9,757)
	(47,116)	(8,753)
Net cash (used in) from operating activities	245,811	1,213,812
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	893,935	4,054,846
Net payments on redemption of units	(2,518,174)	(3,732,832)
Net cash (used in) financing activities	(1,624,239)	322,014
Net increase / (decrease) in cash and cash equivalents during the period	(1,378,428)	1,535,826
Cash and cash equivalents at the beginning of the period	2,092,481	2,118,188
Cash and cash equivalents at the end of the period	**714,053**	**3,654,014**

The annexed notes 1 to 13 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as shariah-compliant income scheme as per the criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters. The CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC on November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on July 17, 2014 CDC was re-appointed as the new Trustee of the Fund, after MCBFSL retired on prior day.

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

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

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on December 24, 2020, and has assigned stability rating of 'AA-(f)' to the Fund.

Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008(the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, 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 the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund’s affairs as at March 31, 2021.

3 ACCOUNTING POLICIES

3.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact, other than certain additional disclosures on the Fund's financial statements.

		(Un-audited) 31 March 2021	(Audited) 30 June 2020
4 INVESTMENTS		**----Rupees in "000"----**	
Sukuk	*4.2*	**400,000**	-
Commercial Paper	*4.3*	**300,411**	414,009
Term deposit receipt	*4.4*	**724,000**	1,210,000
Bai Muajjal certificate		**-**	314,510
Certificates of musharakah	*4.5*	**360,000**	-
		1,784,411	1,938,519

4.1 Non-performing Sukuks classified at fair value through profit or loss

Name of the investee company	Number of certificates				Market value as at 31 March 2021	Investment as % of	
	As at 1 July 2020	Purchases during the period	Sales during the period	As at 31 March 2021		Market value of net assets	Market value of total investments
					(Rupees in '000)	------------ (%) ------------	
New Allied Limited-1st issue (note 4.1.1)	352,000	-	-	352,000	-	-	-
New Allied Limited-2nd issue (note 4.1.1)	1,000		-	1,000	-	-	-
	353,000	**-**	**-**	**353,000**	**-**	**-**	**-**
Carrying value of investments as at 31 March 2021					**114,905**		
Accumulated impairment					**114,905**		

4.1.1 These represent 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 non performing asset by MUFAP since January 9, 2009. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

4.2 Sukuk and Ijara bonds - At fair value through profit or loss

Name of the investee company	Number of bonds As at 1 July 2020	Purchases during the period	Sales / Matured during the period	As at 31 March 2021	Market value as at 31 March 2021	Investment as % of Market value of net assets	Market value of total investments
					(Rupees in '000)	------------- (%)	-------------
Kot Addu Power Company - Sukuk	-	4,000	-	4,000	400,000	16.21	22.42
	-	4,000	-	4,000	400,000	16.21	22.42
Carrying value of investments as at 31 March 2021					400,000		

4.3 Commercial Paper

Particulars	Profit / mark-up rates	Issue date	Maturity Date	Face Value	Amortised Cost	Carrying value as a % of net assets	Carrying value as a % of total investment
K Electric	6.85%	20-Oct-20	20-Apr-21	190,000	189,254	7.67	10.61
K Electric	7.64%	2-Mar-21	2-Sep-21	115,000	111,157	4.50	6.23
				305,000	300,411		

4.4 Term deposit Receipt

Particulars	Profit / mark-up rates	Issue date	Maturity Date	Face Value	Face value as a % of net assets	Face value as a % of total investment
Bank Islami Pakistan Ltd.	6.90%	4-Mar-21	5-Apr-21	374,000	15.16	20.96
UBL Ameen Islamic Banking	6.85%	8-Mar-21	8-Apr-21	350,000	14.18	19.61
				724,000		

4.5 Certificate of Musharakah

Name of the Investee Company	Rating of Investee Company	Maturity date	Profit rate	As at July 1, 2020	Placed during the period	Matured during the period	Market value as at March 31, 2021	Percentage in relation to Total market value of investment	Net assets of the Fund
			%	----------------	(Rupees in '000)	----------------		---------------- %	--------------
MODARABA									
First Habib Modaraba	AA+, PACRA	26-Jul-21	7.25%	-	360,000	-	360,000	20.17	14.59
Total as at March 31, 2021				-	360,000	-	360,000		
Total as at June 30, 2020								-	

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 17 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

The Fund, being prudent, recognised provision for SWWF amounting to Rs.21.312 million for the period ended March 31, 2021 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2021 would have been higher by Rs. 0.0858 per unit (June 30, 2020: Rs. 0.0448 per unit)."

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2021 and June 30, 2020.

7 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 1.69% including 0.21% representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date 20 June, 2019, total expense ratio has been limited to 2.5% for Income Funds.

8 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 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

Mutual Funds are exempt from income tax on their Income if they distribute at least 90% of their accounting income as per clause 99 of Part 1 of the Second Schedule of the Income Tax Ordinance 2001 (Ordinance). Distribution of income by collective investment schemes includes (a) the income already distributed upon redemption of units and (b) the remaining amount of income distributed by way of cash dividend.

In assessment for Tax Year 2018 in respect of NBP Islamic Saving Fund, the said exemption has been denied by The Additional Commissioner – Audit (AC), on the ground that the amount paid as income on units redeemed by investors during the tax year cannot be treated as distribution of income as per criteria envisaged under Clause 99 of Part 1 of the Second Schedule of the Ordinance and AC due to commented that the distribution by the Fund fell short of 90% distribution threshold.

In response to the order, the Fund has filed appeal with commissioner, which is pending before commissioner appeal inland revenue.

Meanwhile, these Funds filed petition for stay in High Court of Sindh (SHC), and stay order has been granted by SHC. In its judgment, SHC held that since the subject matter is pending before commissioner appeal inland revenue, therefore, the recovery of impugned demand will not be enforced till the final decision of appeal.

Further, the issue of distribution of income is also being contested by MUFAP on behalf of the mutual funds industry at various regulatory and Government levels and are very hopeful that the matter will be resolved soon as the matter has merely arisen due to incorrect interpretation by the relevant commissioners. SECP also agrees with MUFAPs interpretation and is also actively following up with FBR to resolve the matter at the earliest.

9 SELLING AND MARKETING EXPENSES

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed 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 conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 0.7% per anum of the net assets of the Fund.

10 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan (SECP) vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to categorize funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'income scheme'.

The SECP vide Circular no. 16 dated July 07, 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 schemes or with investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of Investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
New Allied Electronics - Sukuk I	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuk	110,000	(110,000)	-	-	-
New Allied Electronics - Sukuk II		Sukuk	4,905	(4,905)	-	-	-

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

11 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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

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

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

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

11.5 **Details of the transactions with connected persons during the period are as follows:**

	Unaudited	
	Nine months period ended	
	March 31, 2021	March 31, 2020
	----------(Rupees in '000)----------	
NBP Fund Management Limited - Management Company		
Management fee expense for the period	**11,917**	19,209
Front end load for the period	**2,869**	16,775
Sindh Sales tax on management fee	**1,549**	2,497
Allocation of operational expenses from the Management Company	**2,656**	2,253
Selling and marketing expenses	**16,473**	15,474
Units Issued / Transferred in 1,038 units (2020:Nil Units)	**10**	-
ADC Charges	**169**	-
Central Depository Company of Pakistan- Trustee		
Trustee fee for the period	**1,771**	1,690
Sindh Sales tax on remuneration of Trustee	**230**	220
Employees of Management Company		
Units issued 820,540 units (2020: 203,592 units)	**7,958**	2,034
Units redeemed 2,502,458 units (2020: 711,070 units)	**24,175**	6,950
Khalid Mehmood - Chief Financial Officer of Management Company		
Units issued / transferred in Nil units (2020: 436 units)	**-**	**4**
Units redeemed / transferred out Nil units (2020: 296,264 units)	**-**	**2,946**
Bank Islami Pakistan Limited (Common Directorship with Management Co.)		
Profit on Savings account	**1,434**	**69,619**
Profit on Term deposit receipt	**1,980**	**-**
Placement of Term deposit receipt	**3,220,500**	**2,993,000**
The Hub Power Company (Common Directorship with Management Co.)		
Purchase of Sukuk Certificate	**-**	**377,000**
Income From Sukuk	**-**	**20,437**
NBP Financial Sector Income Fund (Fund under same management company)		
Purchase of Commercial Paper - (K-Electric)	**-**	**82,441**
NBP Islamic Sarmaya Izafa Fund (Fund under same management company)		
Selling of Sukuk (Engro Polymer Chemical)	**-**	**88,457**
NBP BALANCED FUND (Fund under same management company)		
Selling of Sukuk	**-**	**26,012**
Portfolio managed by management company		
Units Redeemed / Transferred Out 1,495,228 units (2020:Nil Units)	**14,589**	**-**

		(Un-Audited) As at 31 March 2021	(Audited) As at 30 June 2020
		Rupees in '000	
11.6	**Amounts outstanding as at period end**		
	NBP Fund Management Limited - Management Company		
	Management fee payable	1,059	1,959
	Sindh sales tax payable on Management Fee	138	255
	Allocation of operational expenses from the Management Company	798	1,013
	Front end load	327	2,430
	Sindh sales tax on sales load	698	971
	Selling and marketing expenses	4,471	7,095
	ADC charges payable to Management Company	169	-
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	158	254
	Sindh Sales Tax on remuneration of Trustee	21	33
	Security deposits	100	100
	National Bank of Pakistan - Sponsor		
	Balance in account	1,863	9,119
	Employees of Management Company		
	Investment held in the Fund 949,659 units (June, 2020 : 1,203,290 units)	9,435	25,101
	Khalid Mehmood - Chief Financial Officer of Management Company		
	Investment held in the Fund 5,877 units (June, 2020 : 5,877 units)	58	56
	Bank Islami Pakistan Limited (Common Directorship with the Management Company)		
	Balance in savings accounts	42,326	2,058
	Profit receivable from savings accounts	1,434	-
	Term deposit receipt	374,000	590,000
	Profit receivable from Term deposit receipt	1,980	-

12 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2021.

13 GENERAL

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

13.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

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