NBP FUNDS
Managing Your Savings

Aitemaad

NBP ISLAMIC SAVINGS 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.

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
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 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

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

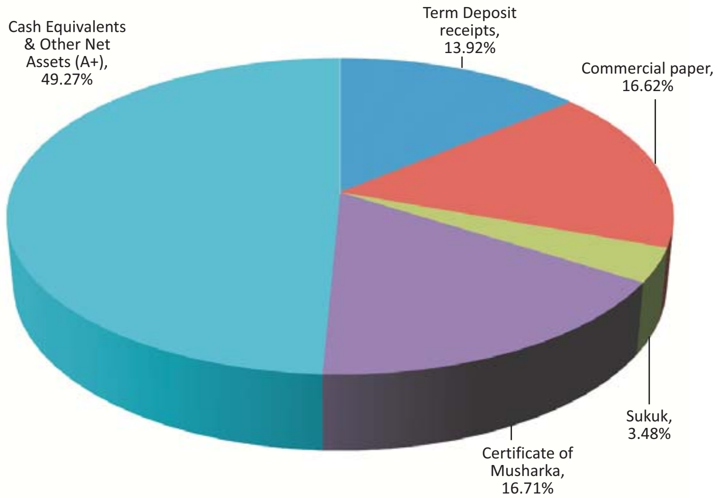
The Board of Directors of NBP Fund Management Limited is pleased to present the Fourteenth Annual Report of **NBP Islamic Savings Fund** (NBP-ISF) for the year ended June 30, 2021.

Fund's Performance

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.

The size of NBP Islamic Savings Fund has decreased from Rs. 3,968 million to Rs. 2,155 million during the period, i.e., a decline of 46%. During the said period, the unit price of the Fund has increased from Rs. 9.0239 (Ex-Div) on June 30, 2020 to Rs. 9.5401 on June 30, 2021 thus posting a return of 5.7% as compared to its Benchmark return of 3.6% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs.214.978 million during the year. After deducting total expenses of Rs. 50.276 million, the net income is Rs. 164.702 million. The asset allocation of NBP-ISF as on June 30, 2021 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.62% of the opening ex-NAV (5.36% 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 Islamic Savings Fund amounting to Rs. 22.29 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 Islamic Savings Fund by 1.04% on August 13, 2021 one-off event and is not likely to be repeated in the future.

Auditors

The present auditors Messrs Yousuf Adil Chartered Accountants, has completed their five years tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the replacement would be required. The Board has approved the appointment of Messrs Grant Thornton Anjum Rahman Chartered Accountants, offer for 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 26 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 23 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	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	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 Officer **Director**

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

ڈائریکٹرز رپورٹ

NBPفنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBPاسلامک سیونگ فنڈ (NBP-ISF) کی چودہویں سالانہ رپورٹ برائے سال مختتمہ 30 جون 2021ء پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

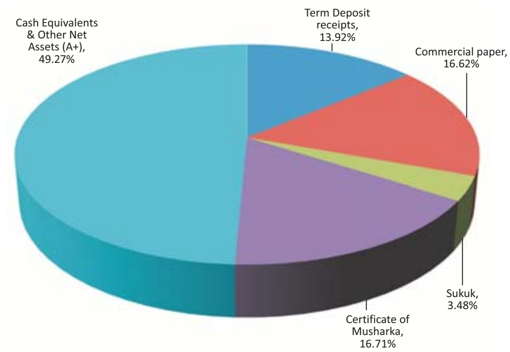
فنڈ کی کارکردگی

سی پی آئی (CPI) کی پیائش کردہ افراطِ 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 بینچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراطِ زر میں اضافے کے باوجود، اسٹیٹ بینک نے معیشت میں نمایاں سست روی اور معاشی بحالی کو ملک میں بڑھتے ہوئے کورونا وائرس کیسز سے پیدا ہونے والے خطرات کے حوالہ سے مانیٹری پالیسی کے مؤثر موقف کو جاری رکھا۔

NBPاسلامک سیونگ فنڈ کا سائز اس مدت کے دوران 3,968 ملین روپے سے کم ہو کر 2,155 ملین روپے ہو گیا، یعنی 46% کی کمی ہوئی۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.0239 روپے (Ex-Div) سے بڑھ کر 30 جون 2021 کو 9.5401 روپے ہو چکی ہے، لہٰذا فنڈ نے اسی مدت کے دوران 3.6% بینچ مارک منافع کے مقابلے میں 5.7% منافع دیا۔ فنڈ کا یہ منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 214.978 ملین روپے کی آمدنی ہوئی۔ 50.276 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 164.702 ملین روپے ہے۔

NBPاسلامک سیونگز فنڈ کی ایسٹ ایلوکیشن بمطابق 30 جون 2021 درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 5.62% (بنیادی قدر کا 5.36%) 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 انکم 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 فنڈز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBPاسلامک سیونگز فنڈ میں ریکارڈ کی گئی 22.29 ملین روپے ورکرز ویلفیئر فنڈ کی پروویژنگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پرویزن کی اس ریورسل کے باعث NBPاسلامک سیونگز فنڈ کی NAV میں 1.04% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹر کی صلاحیت میں اپنی پانچ سالہ مدت مکمل کر لی ہے۔ نان بینکنگ فنانس کمپنیز کے ریگولیشن (i)38 اور نوٹیفائیڈ انٹیٹیز ریگولیشنز 2008 کے تقاضے کے مطابق ان کی تبدیلی ضروری ہوگی۔ اور میسرز گرانٹ تھارٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، 30 جون 2022 کو ختم ہونے والے سال کے لئے اپنے آپ کو تقرری کے لئے پیش کرتے ہیں۔ بورڈ نے میسرز گرانٹ تھارٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، کی تقرری کی منظوری دی ہے۔

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

1• مینجمنٹ 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۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4• ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5• انٹرنل کنٹرول کا نظام مستحکم اور مؤثر 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 وشبہات نہیں ہیں۔

7• کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلوتہی نہیں کی گئی۔

8• پرفارمنس ٹیبل/اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔

9• ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کردی گئی ہیں۔

10• اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کی گئی ہے۔

11• یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔

12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اوران کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید وفروخت ان مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کی گئی ہے۔

13• کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2021 کو بورڈ آف ڈائریکٹرز درجہ ذیل 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 (چیئر مین) 2• سید حسن ارتضیٰ کاظمی 3• محترمہ مہناز سالار 4• جناب علی سیگل 5• جناب عمران ظفر

اظہار تشکر

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: 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 Islamic Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 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 Islamic Savings Fund

NBP Islamic Savings Fund (NBP-ISF) is an Open-End Shariah Compliant Income Scheme.

Investment Objective of the Fund

The objective of NBP-ISF is to earn a reasonable rate of return in a Shariah compliant manner by investing in Shariah compliant debt securities, money market instruments and bank deposits.

Benchmark

6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP.

Fund Performance Review

This is the Fourteenth Annual report since the launch of the Fund on October 26, 2007. The Fund size decreased by 46% during FY21 and stands at Rs. 2,155 million as of June 30, 2021. The Fund's return since inception is 6.9% p.a. versus the benchmark return of 5.6% p.a. During FY21, the Fund posted an annualized return of 5.7% as compared to the benchmark return of 3.6%. This outperformance is net of management fee and all other expenses.

The portfolio does not include potential recovery in fully provided Sukuks (Face Value of Rs 115 million), which is a potential upside for the Fund. Weighted average time to maturity of Fund is 28 days.

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.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
Placement with Banks and DFIs (Islamic)	30.63%	30.5%
Cash (Cash Equivalents) & Other Assets	49.27%	59.07%
Sukuks / Commercial Paper (Islamic)	20.1%	10.43%
Total	**100%**	**100%**

Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun - 2021	5.36%	10.0672	9.5313

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
New Allied Electronics Limited I	SUKUK	110,000,000	110,000,000	-	-	-
New Allied Electronics Limited II	SUKUK	4,905,437	4,905,437	-	-	-
Total		**114,905,437**	**114,905,437**	**-**	**-**	**-**

Unit Holding Pattern of NBP Islamic Savings Fund as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
1-1000	2602
1001-5000	516
5001-10000	177
10001-50000	584
50001-100000	274
100001-500000	370
500001-1000000	38
1000001-5000000	24
5000001-10000000	3
10000001-100000000	3
Total	**4,591**

During the period under question

There has been no other significant change in the state of affairs of the Fund. NBP Islamic Savings Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 22.00 million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0974. For details, investors are advised to read note 13 of the Financial Statement of the Scheme for the year ended June 30, 2021.

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Savings Fund amounting to Rs. 22.29 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 Islamic Savings Fund by 1.04% on August 13, 2021 one-off event and is not likely to be repeated in the future.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Savings Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2021. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, the period from July 1, 2020 to June 30, 2021 was the Fourteenth year of the operations of NBP Islamic Savings Fund (NBP-ISF). This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Advisor, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

i. We have reviewed and approved the modes of investments of NBP-ISF in light of Shari'ah guidelines.

ii. All the provisions of the scheme and investments made on account of NBP-ISF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.

iii. On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NBP-ISF for the year ended June 30, 2021 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and On Behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

We have performed an independent assurance engagement of NBP Islamic Savings Fund (the Fund), to express an opinion on the annexed Statement of Compliance with Shariah Principles (the Statement) for the year ended June 30, 2021. Our engagement was carried out as per the Shariah Principles specified in the Trust Deed, Offering Document, and the guidelines issued by the Shariah Advisor.

Management Company's responsibility

Management Company of the Fund is responsible for the preparation of the Statement (the subject matter) and for compliance with Shariah Principles specified in the Trust Deed, Offering Document, and the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control to ensure operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

Responsibility of an Independent assurance provider

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagement other than Audit or Reviews of Historical Financial Statements'. This standard requires that we comply with the ethical requirements, including independence requirements, and plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with Shariah Principles specified in the Trust Deed, Offering Document and the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgment, including the assessment of risks of material non-compliance with the Shariah Principles whether due to Fraud or error. In making those risk assessments, we have considered Internal controls relevant to the Fund's Compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for purpose of expressing an opinion in the effectiveness of the Fund's internal control.

The Procedures performed include:

- Checking, on a test basis, compliance of specified guidelines issued by Shariah Advisor relating to maintaining of bank accounts and for making investments of the Fund; and

- Checking that the Shariah Advisor has certified that the operations of the Fund and investment made by the Fund during the year ended June 30, 2021 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of Fund's compliance with Shariah Principles in the Trust Deed, Offering Document and the guideline issued by the Shariah Advisor for the year ended June 30, 2021.

Yousuf Adil
Chartered Accountants

Place: Karachi
Dated: September 30, 2021

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Islamic Savings Fund

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and NBP Fund Management Limited (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 matter

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 year.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Valuation and existence of investment**	
	Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund. The Fund's primary activity is, inter alia, to invest in islamic commercial paper, sukuks and term deposit receipts which are the main driver of the Fund's performance. Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.	We performed the following procedures during our audit of investments: • obtained understanding of relevant controls placed by the Management Company applicable to the account balance; • independently verified existence of investments from Central Depository" Company (CDC) account statement, bank statement and other relevant documents; • 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.

Information other than the financial statements and auditor's report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management Company and Those Charged with Governance for the financial statements

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

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

Board of Directors of the Management Company are 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 Management Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.

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

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

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is **Nadeem Yousuf Adil**.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: September 30, 2021

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021	2020
		------------ Rupees in '000 ----------	
ASSETS			
Bank balances	5	**1,095,575**	2,092,481
Investments	6	**1,093,060**	1,938,519
Profit accrued	7	**20,636**	22,621
Receivable against conversion of units	9	**-**	16,135
Deposits, prepayments and other receivables	8	**1,567**	1,547
Total assets		**2,210,838**	4,071,303
LIABILITIES			
Payable to NBP Funds Management Limited - Management Company	10	**7,235**	13,723
Payable to Central Depository Company of Pakistan Limited - Trustee	11	**163**	287
Payable to the Securities and Exchange Commission of Pakistan	12	**592**	653
Accrued expenses and other liabilities	13	**47,604**	68,330
Payable against redemption of units		**305**	20,660
Total liabilities		**55,899**	103,653
NET ASSETS		**2,154,939**	3,967,650
UNIT HOLDERS' FUND (as per attached statement)		**2,154,939**	3,967,650
Contingencies and commitments	15		
		---------- Number of units ----------	
Number of units in issue	21	**225,882,827**	416,273,709
		---------------- Rupees ----------------	
Net asset value per unit	22	**9.5401**	9.5313

The annexed notes from 1 to 32 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

	Note	2021	2020
		----------- Rupees in '000 -----------	
INCOME			
Return / Profit on:			
- bank balances		**84,087**	260,523
- term deposit		**54,630**	46,371
- sukuks		**16,759**	36,694
- government securities		**-**	602
- bai muajjal		**11,228**	1,082
- musharka		**11,155**	-
- commercial paper		**37,009**	52,290
Net gain / (loss) on sale of investments		**110**	(1,013)
Total income		**214,978**	396,549
EXPENSES			
Remuneration of NBP Fund Management Limited	10.1	**14,966**	25,776
Sindh Sales Tax on remuneration of the Management Company	10.2	**1,946**	3,351
Reimbursement of operational expenses to the Management Company	10.3	**3,402**	3,266
Selling and marketing expenses - Management Company	10.4	**20,651**	22,566
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	11.1	**2,219**	2,450
Sindh Sales Tax on remuneration of the Trustee	11.2	**288**	318
Annual fee to the Securities and Exchange Commission of Pakistan	12.1	**592**	653
Settlement and bank charges		**310**	482
Securities transaction cost		**-**	23
Auditors' remuneration	16	**695**	613
Fund rating fee		**434**	394
Legal and professional charges		**880**	132
Annual listing fee		**28**	28
Printing charges		**85**	56
Shariah advisor fee		**419**	461
Total expenses		**46,915**	60,569
Net income from operating activities		**168,063**	335,980
Provision for Sindh Workers' Welfare Fund	13.1	**(3,361)**	(6,720)
Net income for the year before taxation		**164,702**	329,260
Taxation	17	**-**	-
Net income for the year after taxation		**164,702**	329,260
Earnings per unit	18		
Allocation of net income for the year			
Net income for the year after taxation		**164,702**	329,260
Income already paid on units redeemed		**(69,221)**	(110,487)
		95,481	218,773
Accounting income available for distribution:			
- Relating to capital gain		**87**	-
- Excluding capital gain		**95,394**	218,773
		95,481	218,773

The annexed notes from 1 to 32 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 after taxation	**164,702**	329,260
Other comprehensive income	-	-
Total comprehensive income for the year	**164,702**	329,260

The annexed notes from 1 to 32 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		
	(Rupees in '000)					
	Capital value	**Undistributed income**	**Total**	Capital value	Undistributed income	Total
Net assets at beginning of the year	**3,907,523**	**60,127**	**3,967,650**	3,585,988	56,382	3,642,370
Issuance of 177,054,094 units (2020: 549,810,541 units)						
- Capital value	**1,687,556**	**-**	**1,687,556**	5,413,204	-	5,413,204
- Element of income	**49,795**	**-**	**49,795**	141,300	-	141,300
Total proceeds on issuance of units	**1,737,351**	**-**	**1,737,351**	5,554,504	-	5,554,504
Redemption of 367,444,976 units (2020: 516,036,213 units)						
- Capital value	**(3,502,228)**	**-**	**(3,502,228)**	(4,914,006)	-	(4,914,006)
- Element of loss	**(19,219)**	**(69,221)**	**(88,440)**	(141,385)	(110,487)	(251,872)
Total payments on redemption of units	**(3,521,447)**	**(69,221)**	**(3,590,668)**	(5,055,391)	(110,487)	(5,165,878)
Total comprehensive income for the year	**-**	**164,702**	**164,702**	-	329,260	329,260
Interim distribution @Re.0.5359 / unit declared on June 25, 2021 (2020: Rs.1.0323)	**(30,534)**	**(93,562)**	**(124,096)**	(177,578)	(215,028)	(392,606)
Total distribution for the year	**(30,534)**	**(93,562)**	**(124,096)**	(177,578)	(215,028)	(392,606)
Net assets at end of the year	**2,092,893**	**62,046**	**2,154,939**	3,907,523	60,127	3,967,650
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		**87**			-	
- Excluding capital gain		**95,394**			218,773	
		95,481			218,773	
Interim distribution		**(93,562)**			(215,028)	
Undistributed income carried forward		**62,046**			60,127	
Undistributed income carried forward comprising of :						
- Realised		**62,046**			60,127	
- Unrealised		**-**			-	
		62,046			60,127	
			- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the year			**9.5313**			9.5226
Net assets value per unit at end of the year			**9.5401**			9.5313

The annexed notes from 1 to 32 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

	Note	2021	2020
		----------- Rupees in '000 -----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		**164,702**	329,260
Adjustments:			
Return / profit on;			
- bank balances		**(84,087)**	(260,523)
- term deposit		**(54,630)**	(46,371)
- sukuks		**(16,759)**	(36,694)
- government securities		**-**	(602)
- bai muajjal		**(11,228)**	(1,082)
- musharka		**(11,155)**	-
- commercial paper		**(37,009)**	(52,290)
(Gain) / loss on sale of investment		**(110)**	1,013
Provision for Sindh Workers' Welfare Fund		**3,361**	6,720
		(211,617)	(389,829)
		(46,915)	(60,569)
Decrease / (Increase) in assets			
Investments - net		**295,553**	279,951
Deposits, prepayments and other receivables		**(20)**	(18)
		295,533	279,933
(decrease) / Increase in liabilities			
Payable to the Management Company		**(6,488)**	2,260
Payable to the Trustee		**(124)**	(36)
Payable to the Securities and Exchange Commission of Pakistan		**(61)**	(1,630)
Accrued expenses and other liabilities		**(24,071)**	22,692
		(30,744)	23,286
Profit on bank balances received		**93,871**	260,700
Profit on term deposit received		**57,929**	43,616
Profit on sukuks received		**15,734**	41,881
Profit on government securities received		**-**	2,611
Profit on bai muajjal received		**12,310**	-
Profit on commercial paper received		**37,009**	52,290
Net cash generated from operating activities		**434,727**	643,748
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		**1,722,952**	5,360,791
Amounts paid on redemption of units		**(3,611,023)**	(5,145,218)
Dividend paid		**(93,562)**	(215,028)
Net cash (used in) / generated from financing activities		**(1,981,633)**	545
Net (decrease) / increase in cash and cash equivalents during the year		**(1,546,906)**	644,293
Cash and cash equivalents at the beginning of the year		**3,302,481**	2,658,188
Cash and cash equivalents at the end of the year	5.2	**1,755,575**	3,302,481

The annexed notes from 1 to 32 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

NBP Islamic saving 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. 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 shariah 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.

Management Company has obtained approval of SECP,pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Income Fund' with effect from March 14, 2017.

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 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.

The Trust Act, 1882 has been repealed due to promulgation of 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 Sindh Trusts Act, 2020 have been introduced. In order to fullfil the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, the Management Company has submitted Trust Deed of the Fund 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, and

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

Where provisions of and directives issued under the Companies Act, 2017, 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, the NBFC Rules, the NBFC Regulations.

2.2 Basis of Measurement

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest thousands of Rupee, unless otherwise indicated.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Critical accounting judgments and estimates

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan. It requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

a) classification of financial assets (note 4.2.2.1 and 6)
b) impairment of financial assets (note 4.2.3)
c) provisions (note 4.6)

3 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Certain annual improvements have also been made to a number of IFRSs, which are also not relevant to the Fund.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosure.

	Effective from accounting period beginning on or after:
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

3.3 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting years beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements as set out below.

4.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.2 Financial assets and liabilities

4.2.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.2.2 Classification and measurement

4.2.2.1 Financial Assets

There are three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVTOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial asset at amortised cost

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

1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVTOCI

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

1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

Business Model Assessment

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered.

4.2.2.2 Financial Liabilities

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost (“AC”), or
- Measured at Fair value through profit or loss (“FVTPL”).

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. The entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The adoption of IFRS 9 does not have any impact on the Fund’s accounting policies related to financial liabilities.

4.2.3 Impairment of financial assets

The SECP has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is requires to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

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

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned 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.

Basis of valuation of shariah compliant government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

Basis of valuation of instruments (other than debt and government securities) at amortised cost:

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.2.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.6 Derecognition

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.2.7 Offsetting of financial instruments

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

4.3 Impairment of non financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

4.4 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset 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. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.6 Provisions

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

4.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.

- Profit / return on government securities, sukuk certificates, musharka certificate, bai-muajjal, bank balances and term deposits are recognized on a time proportion basis using the effective interest method.

4.8 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

4.9 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

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 does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.10 Distribution to the unit holders

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

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

4.11 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.

		Note	2021	2020
			Rupees in '000	
5	**BANK BALANCES**			
	Current accounts		**18,373**	22,104
	Savings accounts	5.1	**1,077,202**	2,070,377
			1,095,575	2,092,481

5.1 These savings accounts have an expected profit at rates ranging from 4.50% to 7.40% per annum (2020: 6.65% to 8.75% per annum). Balance maintained with related parties i.e National Bank of Pakistan amount to Rs. 1.30 Million (2020: Rs. 9.12 Million) Bank Islami Pakistan amounted to Rs. 3.61 Million (2020:Rs. 2.06 Million) respectively.

		Note	2021	2020
			Rupees in '000	
5.2	**Cash and cash equivalents**			
	Current accounts		**18,373**	22,104
	Savings accounts		**1,077,202**	2,070,377
	Term deposits receipt	6.4	**300,000**	1,210,000
	Certificate of musharka	6.5	**360,000**	-
			1,755,575	3,302,481

		Note	2021	2020
6	**INVESTMENTS**			
	At fair value through profit or loss			
	Sukuks	6.1,6.2	**75,000**	-
	Commercial paper	6.3	**358,060**	414,009
	Term deposit receipts	6.4	**300,000**	1,210,000
	Certificate of musharka	6.5	**360,000**	-
	Bai Muajjal	6.6	-	314,510
			1,093,060	1,938,519

6.1 Sukuks

Description	Number of certificates				Market value as at June 30, 2021	Investment as a percentage of	
	As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021		Net assets	Market value of total investments
					Rupees in '000	---------------- %	----------------
All sukuks have a face value of Rs. 100,000 each .							
Kot Addu Power Company	-	4,000	4,000	-	-	0.00%	0.00%
The Hub Power Company Limited	-	750	-	750	75,000	3.48%	6.86%
Total as at June 30, 2021					**75,000**	**3.48%**	**6.86%**
Carrying value before mark to market as at June 30, 2021					**75,000**		

6.2 Non-performing sukuks classified at fair value through profit or loss

Name of the investee company	Note	Number of certificates				Market value as at June 30, 2021		
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021		Net assets	Market value of total investments
						Rupees in '000	---------------- %	----------------
All sukuks have a face value of Rs. 100,000 except New Allied Electronics Industries (Private) Limited - Sukuk 1 and Sukuk 2 which have face value of Rs. 312.5 and Rs. 4905.5 respectively.								
New Allied Electronics Industries (Private) Limited								
- Sukuk 1	6.2.1 & 6.2.2	352,000	-	-	352,000	-	-	-
New Allied Electronics Industries (Private) Limited								
- Sukuk 2	6.2.1 & 6.2.2	1,000	-	-	1,000	-	-	-
						-		
Carrying value as at June 30, 2021						**114,905**		
Accumulated impairment						**114,905**		

6.2.1 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.

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

6.2.3 Significant terms and conditions of sukuks outstanding as at June 30, 2021 are as follows:

Name of the Security	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
	Rupees in '000			
The Hub Power Company Limited	75,000	6 month KIBOR + 1.00%	5-May-21	5-Nov-21
New Allied Electronics Industries (Private) Limited - Sukuk 1	110,000	3 month KIBOR + 2.60%	27-Jul-07	27-Jul-12
New Allied Electronics Industries (Private) Limited - Sukuk 2	4,905	6 month KIBOR + 2.20%	3-Dec-07	3-Dec-12

6.3 Commercial Papers

Name of the investee company	Note.	Face value				Carrying value as at June 30, 2021	Carrying value as at June 30, 2020
		As at July 01, 2020	Placements made during the period	Sales / matured during the period	As at June 30, 2021		
		Rupees in '000					
K-Electric		100,000		100,000	-	-	98,355
K-Electric		100,000		100,000	-	-	97,517
K-Electric		225,000		225,000	-	-	218,136
K-Electric		-	150,000	150,000	-	-	-
K-Electric		-	80,000	80,000	-	-	-
K-Electric		-	66,000	66,000	-	-	-
K-Electric		-	190,000	190,000	-	-	-
K-Electric		-	190,000	190,000	-	-	-
K-Electric		-	190,000	190,000	-	-	-
K-Electric		-	115,000	115,000	-	-	-
K-Electric	6.3.1	-	250,000	-	250,000	244,632	-
K-Electric	6.3.1	-	115,000	-	115,000	113,428	-
		425,000	**1,346,000**	**1,406,000**	**365,000**	**358,060**	**414,009**
Total Cost of Placements			**1,304,426**				
Market value as at June 30, 2021						**358,060**	

6.3.1

Particulars	Profit rates	Issue date	Maturity Date	Face Value	Carrying Amount	Carrying value as a % of net assets	Carrying value as a % of total investment
				Rupees '000		%	
K-Electric	8.42%	April 6, 2021	October 6, 2021	250,000	244,632	11.35%	22.38%
K-Electric	8.11%	March 2, 2021	September 2, 2021	115,000	113,428	5.26%	10.38%
				365,000	**358,060**		

6.4 Term deposit receipts

Name of the investee company	Note.	Carrying Amount: As at July 01, 2020	Purchases during the period	Sales / matured during the period	As at June 30, 2021	As at June 30, 2020
		Rupees '000				
UBL Ameen Islamic Banking		250,000	-	250,000	-	250,000
UBL Ameen Islamic Banking		250,000	-	250,000	-	250,000
UBL Ameen Islamic Banking		120,000	-	120,000	-	120,000
Bank Islami Pakistan Limited		590,000		590,000	-	590,000
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	96,000	96,000	-	-
Bank Islami Pakistan Limited		-	590,000	590,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	336,000	336,000	-	-
Bank Islami Pakistan Limited		-	500,000	500,000	-	-
Bank Islami Pakistan Limited		-	479,000	479,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	220,000	220,000	-	-
Bank Islami Pakistan Limited		-	456,500	456,500	-	-
Bank Islami Pakistan Limited		-	424,000	424,000	-	-
Bank Islami Pakistan Limited		-	397,000	397,000	-	-
UBL Ameen Islamic Banking		-	300,000	300,000	-	-
Bank Islami Pakistan Limited		-	374,000	374,000	-	-
UBL Ameen Islamic Banking		-	350,000	350,000	-	-
Bank Islami Pakistan Limited		-	370,000	370,000	-	-
UBL Ameen Islamic Banking		-	300,000	300,000	-	-
Bank Islami Pakistan Limited		-	364,000	364,000	-	-
Bank Islami Pakistan Limited	6.4.1	-	300,000	-	300,000	-
		1,210,000	6,856,500	7,766,500	300,000	1,210,000
Face value as at June 30, 2021					**300,000**	

6.4.1

Particulars	Profit Rates	Issue date	Maturity Date	Carrying Amount	Carrying Amount as a % of net assets	Carrying Amount as a % of total investment
				Rupees '000		
Bank Islami Pakistan Limited	7.30%	June 30, 2021	August 2, 2021	**300,000**	13.92%	27.45%

6.5 Musharka

Name of the investee company	Note.	Face value: As at July 01, 2020	Purchases during the period	Sales / matured during the period	As at June 30, 2021	As at June 30, 2020
		Rupees '000				
First Habib Murarba	6.5.1	-	**360,000**	-	**360,000**	-

6.5.1

Particulars	Profit Rates	Issue date	Maturity Date	Carrying Amount	Carrying Amount as a % of net assets	Carrying Amount as a % of total investment
				Rupees '000		
Certificate of Musharka	7.25%	January 26, 2021	July 26, 2021	**360,000**	16.71%	32.94%

6.6 Bai Muajjal

This represents Bai Muajjal of Commercial Papers with Pak Burnei Investment Company on June 15, 2020. This carry profit at the rate of 7.85% and were matured on December 14, 2020.

	2021	2020
	----------- Rupees in '000 -----------	
7 PROFIT ACCRUED		
Profit accrued on:		
- bank balances	**8,396**	18,180
- term deposit receipts	**60**	3,359
- sukuks	**1,025**	-
- bai muajjal	**-**	1,082
- certificate of musharka	**11,155**	-
	20,636	22,621

8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
Security deposit with Central Depository Company of Pakistan Limited	**100**	100
Advance tax	**1,240**	1,240
Prepayments	**227**	207
	1,567	1,547

9 RECEIVABLE AGAINST TRANSFER OF UNITS

This includes amounts receivable to the fund from other collective investment schemes being managed by the Management Company of the Fund. These amounts are receivable in respect of units transferred by various unit holders based on their request for transfer of units from the other collective investment schemes to the Fund.

10 PAYABLE TO MANAGEMENT COMPANY

	Note	2021	2020
		----------- Rupees in '000 -----------	
Remuneration of the Management Company	10.1	**971**	1,959
Sindh Sales Tax on remuneration of the Management Company	10.2	**126**	255
Operational expenses	10.3	**746**	1,013
Selling and marketing expenses	10.4	**4,179**	7,095
Sales load		**398**	2,430
Sindh Sales Tax and Federal Excise Duty on sales load		**707**	971
ADC charges and Sindh Sales Tax on ADC charges		**108**	-
		7,235	13,723

10.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to an accrued remuneration. During the year, Management Company has charged remuneration as follows:

- 8% per annum on the daily income of the Fund subject to minimum 0.5% as average of NAV and maximum 1.5% of average NAV, applicable from January 10, 2020 onwards

For the purpose of above calculation, daily net income is equals to gross income minus all expenses of the Fund excluding management remuneration and related sales tax and federal excise duty thereon.

10.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2020: 13%) on remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

10.3 As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme. Accordingly, the Management Company has charged 0.1% of the average annual net assets.

10.4 "SECP through its Circular No. 11 of 2019 dated July 5, 2019, has removed cap of 0.4% on all open end funds (except "Fund of Funds") in relation to selling and marketing expenses. In addition to the requirement of Board approval, now these expenses to be paid to AMC on reimbursement basis and subject to approval of the Trustee.

In pursuance of the above, the Fund has charged selling and marketing expenses 0.70% of daily Net Assets Value of the Fund."

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	**Note**	**2021**	2020
		------------ Rupees in '000	**-----------**
Remuneration of the Trustee	11.1	**144**	254
Sindh Sales Tax on remuneration of the Trustee	11.2	**19**	33
		163	287

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per tariff specied therein, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

This amount represents the Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.075% per annum of net assets.

11.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2020: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

12.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "shariah compliant" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% of the average annual net assets of the Fund. SECP vide SRO 685(I)/2019 dated June 28, 2019 has revised the rate of annual fee at 0.02% of the net assets of the fund and accordingly such fee has been charged at the rate of 0.02% percent during the year. The fee is paid annually in arrears.

		Note	2021	2020
13	**ACCRUED EXPENSES AND OTHER LIABILITIES**		**------------ Rupees in '000**	**------------**
	Auditors' remuneration		**562**	511
	Provision for Sindh Workers' Welfare Fund	13.1	**22,002**	18,641
	Federal Excise Duty	13.2	**3,955**	3,955
	Settlement charges		**10**	3
	Withholding tax		**17,402**	40,115
	Capital gain tax		**2,056**	3,987
	Legal and professional charges		**716**	89
	Bank charges		**17**	48
	Brokerage charges		**17**	32
	Printing charges		**44**	68
	Shariah advisor fee		**419**	477
	Others		**404**	404
			47,604	68,330

13.1 PROVISION FOR WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

The Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied, are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

In 2017, MUFAP recommended to its members that effective from January 12, 2017, Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan and Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, and the SECP through its letter dated February 01, 2017 affirmed above decisions.

As at June 30, 2021, the provision in relation to SWWF amounted to Rs. 22,002 million (2020: Rs. 18.641 million). Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs.0.0974 per unit (June 2020: Rs. 0.0448) per unit.

Subsequent to the year ended June 30, 2021, SRB through its 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. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

13.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the 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 Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

"However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 3.955 million as at June 30, 2021.

Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.0175 per unit (2020: Rs. 0.0095 per unit)."

14 PAYABLE AGAINST REDEMPTION OF UNITS

This includes amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are payable in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes.

15 CONTINGENCIES AND COMMITMENTS

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

16 AUDITORS' REMUNERATION	**2021**	2020
	----------- Rupees in '000	**-----------**
Annual audit fee	**400**	378
Half yearly review fee	**165**	151
Out of pocket expenses and sales tax	**130**	84
	695	613

17 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of 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 amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2021 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

18 EARNINGS PER UNIT

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

19 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset for the year) is 1.70% per annum including 0.21% representing government levies on Collective Investment Schemes such as sales tax and Securities and Exchange Commission of Pakistan fee for the year.

20 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan 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.

Following is the detail 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	% of net assets	% of gross assets
New Allied Electronics Industries (Private) Limited - Sukuk 1	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	Sukuks (6.2)	110,000	(110,000)	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk 2	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	Sukuks (6.2)	4,905	(4,905)	-	-	-
Total carrying value			114,905	(114,905)			

20.1 At the time of purchase, these sukuks were in compliance with the aforementioned Circular. However, they either subsequently defaulted or were downgraded to non investment grade.

21 NUMBER OF UNITS IN ISSUE

	2021	2020
	------------- No of Units -------------	
Total units in issue at the beginning of the year	**416,273,709**	382,499,381
Add: units issued during the year	**177,054,094**	549,810,541
Less: units redeemed during the year	**(367,444,976)**	(516,036,213)
Total units in issue at the end of the year	**225,882,827**	416,273,709

22 NET ASSET VALUE PER UNIT

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

23 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

23.1 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. Limited 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.

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

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

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

23.5 Details of transactions with connected persons are as follows:

	2021	2020
	---------- Rupees in '000 ----------	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	**14,966**	25,776
Sindh Sales Tax on Management Company's remuneration	**1,946**	3,351
Operational expenses	**3,402**	3,266
Sales and Transfer Load	**3,517**	19,261
Selling and marketing expenses	**20,651**	22,566
ADC Charges and Sindh Sales Tax on ADC charges	**273**	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	**2,219**	2,450
Sindh Sales Tax on Remuneration of the Trustee	**288**	318
Employees of the Management Company		
Units issued / transferred in: 1,454,101 units (2020: 6,630,343 units)	**14,330**	66,550
Unit redeemed / transferred out units: 3,377,726 units (2020: 7,312,101 units)	**33,046**	74,547
Dividend re-invest: 21,557 units (2020:97,701 units)	**206**	931
Chief Financial Officer of the Management Company		
Units issued / transferred in Nil units (2020: 29,574 units)	**-**	304
Unit redeemed / transferred out Nil units (2020: 319,992 units)	**-**	3,196
Dividend re-invest 281 units (2020: 31 units)	**3**	-
BankIslami Pakistan Limited (Common Directorship) with the Management Company		
Profit on savings accounts	**21,873**	87,569
Purchase of term deposit receipt	**4,254,500**	3,583,000
Profit on Term deposit receipt	**27,559**	39,834

		2021	2020
		---------- Rupees in '000 ----------	
	Hub Power Company (Common Directorship) with the Management Company		
	Purchase of sukuk	**75,000**	377,000
	Profit on sukuk	**1,025**	28,179
	Pakistan Stock Exchange (Common Directorship) with the Management Company		
	Payment of listing fee	**25**	25
	NBP Islamic Sarmaya Izafa Fund (Fund managed by Management Company)		
	Sale of sukuk	**-**	88,457
	NBP Balanced Fund (Fund managed by Management Company)		
	Sale of sukuk	**-**	26,012
	NBP Financial Sector Income Fund (Fund managed by Management Company)		
	Purchase of commercial paper	**-**	82,441
	NBP Islamic Income Fund (Fund managed by Management Company)		
	Sale of Sukuk	**38,472**	-
	NBP Islamic Mahana Amdani Fund (Fund managed by Management Company)		
	Sale of Commercial Paper	**189,450**	-
	Portfolio Managed by NBP Funds		
	Unit redeemed / transferred out 1,495,228 units (2020: Nil units)	**14,589**	-
	Units issued / transferred in 410,093 units (2020: Nil units)	**4,081**	-
23.6	**Amounts outstanding as at the year end**		
	NBP Fund Management Limited - Management Company		
	Remuneration of the Management Company	**971**	1,959
	Sindh Sales Tax payable on remuneration of the Management Company	**126**	255
	Operational expenses	**746**	1,013
	Sales load	**398**	2,430
	Sindh Sales Tax and Federal Excise Duty on sales load	**707**	971
	ADC charges and Sindh Sales Tax on ADC charges	**108**	-
	Selling and marketing expenses	**4,179**	7,095

	2021	2020
	---------- Rupees in '000 ----------	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	**144**	254
Sindh Sales tax Remuneration payable	**19**	33
Security deposit	**100**	100
National Bank of Pakistan - Parent of the Management Company		
Bank balances	**767**	9,119
Employees of the Management Company		
Investment held in the Fund: 514,379 units (2020: 2,633,581 units)	**4,907**	25,101
Chief Financial Officer of the Management Company		
Investment held in the Fund: 6,158 units (2020: 5,877 units)	**59**	56
BankIslami Pakistan Limited (Common Directorship) with the Management Company		
Balance in savings accounts	**3,613**	2,058
Term deposit receipt	**300,000**	590,000
Profit on Bank Deposit	**70**	-
Profit on Term Deposit	**60**	-

24 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 & CFA	33
2	Mr. Sajjad Anwar	CFA & MBA	21
3	Mr. Asim Wahab Khan	CFA	15
4	Mr. Muhammad Ali Bhabha	CFA, MBA, FRM and MS	26
5	Mr. Hassan Raza	ACCA, BSC and CFA	10

24.1 Mr. Muhammad Ali Bhabha is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Active Allocation Riba Free Savings Fund
- NBP Financial Sector Income Fund
- NBP Money Market Fund
- NBP Government Securities Plan I
- NBP Government Securities Savings Fund
- NBP Government Securities Liquid Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Income Fund
- NBP Income Opportunity Fund
- NBP Mahana Amdani Fund
- NBP Riba Free Savings Fund
- NBP Savings Fund

25 PATTERN OF UNIT HOLDING

Category	As at June 30, 2021		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
		(Rupees in '000)	
Individuals	**4,531**	**1,545,524**	**71.72%**
Associated Companies and Directors	**1**	**10**	**0.00%**
Insurance Companies	**2**	**225,040**	**10.44%**
Retirement Funds	**18**	**128,180**	**5.95%**
Public Limited Companies	**2**	**140**	**0.01%**
Others	**37**	**256,045**	**11.88%**
	4,591	**2,154,939**	**100%**

Category	As at June 30, 2020		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
		(Rupees in '000)	
Individuals	5,488	3,241,352	81.69%
Insurance Companies	3	238,491	6.01%
Retirement Funds	21	165,387	4.17%
Public Limited Companies	1	75	0.00%
Others	43	322,345	8.12%
	5,556	3,967,650	100%

26 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 the Director	Number of meetings			Meetings not attended
	Held	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 resigned as Director on December 03, 2020.
** Ms. Mehnaz Salar appointed as Director on Board with effect from February 03, 2021.

27 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2021		
	At fair value through profit or loss	At amortised cost	Total
	----------Rupees in '000----------		
Financial Assets			
Balances with banks	-	**1,095,575**	**1,095,575**
Investments	**1,093,060**	**-**	**1,093,060**
Profit accrued	-	**20,636**	**20,636**
Deposits	-	**100**	**100**
Receivable against conversion of units	**-**	**-**	**-**
	1,093,060	**1,116,311**	**2,209,371**

	As at June 30, 2021		
	At fair value through profit or loss	At amortised cost	Total
	----------Rupees in '000----------		
Financial Liabilities			
Payable to the Management Company	**-**	**971**	**971**
Payable to Trustee	**-**	**144**	**144**
Accrued expenses and other liabilities	**-**	**2,189**	**2,189**
Payable against redemption of units		**305**	**305**
Net assets attributable to redeemable units	**-**	**2,154,939**	**2,154,939**
	-	**2,158,548**	**2,158,548**

	As at June 30, 2020		
	Loans and receivables	At fair value through profit or loss - held for trading	Total
	----------Rupees in '000----------		
Financial Assets			
Balances with banks	-	2,092,481	2,092,481
Investments	1,938,519	-	1,938,519
Profit accrued	-	22,621	22,621
Deposits	-	100	100
Receivable against conversion of units	-	16,135	16,135
	1,938,519	2,131,337	4,069,856

	As at June 30, 2020		
	At fair value through profit or loss - held for trading	At amortised cost	Total
	----------Rupees in '000----------		
Financial Liabilities			
Payable to the Management Company	-	1,959	1,959
Payable to Trustee	-	254	254
Accrued expenses and other liabilities	-	1,632	1,632
Payable against redemption of units		20,660	20,660
Net assets attributable to redeemable units	-	3,967,650	3,967,650
	-	3,992,155	3,992,155

28 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management has Company has overall responsibility for the establishment and oversight of the Funds risk management Policies. The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

28.1 Market risk

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

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan and Investment Committee.

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

28.1.1 Currency risk

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

28.1.2 Interest rate risk

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

- **Sensitivity analysis for variable rate instruments**

  As at June 30, 2021, the Fund holds KIBOR based interest bearing sukuks and balance in savings accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.10.77 Million (2020: Rs. 20.704 million).

- **Sensitivity analysis for fixed rate instruments**

  The Fund holds term deposits receipts, certificate of musharka and commercial papers that exposes the fund to fair value interest rate risk as at June 30, 2021. In case of 100 basis points increase in coupon rate on June 30, 2021, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher/lower by Rs. 1.308 Million (2020: Rs.3.794 Million).

	As at June 30, 2021					
	Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%	---------- Rupees in '000 ----------				
Financial assets						
Bank balances	4.50 - 7.40	1,095,575	1,077,202	-	-	18,373
Investments	7.25 - 8.75	1,093,060	1,093,060	-	-	-
Profit Accrued		20,636	-	-	-	20,636
Deposits		100	-	-	-	100
Receivable against conversion of units		-	-	-	-	-
		2,209,371	2,170,262	-	-	39,109
Financial liabilities						
Payable to the Management Company		7,235	-	-	-	7,235
Payable to the Trustee		163	-	-	-	163
Accrued expenses and other liabilities		47,604	-	-	-	47,604
Payable against redemption of units		305				305
Net assets attributable to redeemable units		2,154,939				2,154,939
		2,210,246	-	-	-	2,210,246
On-balance sheet gap		(875)	2,170,262	-	-	(2,171,137)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

	As at June 30, 2020					
	Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%	---------- Rupees in '000 ----------				
Financial assets						
Bank balances	6.65 - 8.75	2,092,481	2,070,377	-	-	22,104
Investments	6.93 - 7.85	1,938,519	1,938,519	-	-	-
Markup Accrued		22,621	-	-	-	22,621
Deposits		100	-	-	-	100
Receivable against conversion of units		16,135	-	-	-	16,135
		4,069,856	4,008,896	-	-	60,960
Financial liabilities						
Payable to the Management Company		12,497	-	-	-	12,497
Payable to the Trustee		254	-	-	-	254
Accrued expenses and other liabilities		1,632	-	-	-	1,632
Payable against redemption of units		20,660				20,660
Net assets attributable to redeemable units		3,967,650	-	-	-	3,967,650
		4,002,693	-	-	-	4,002,693
On-balance sheet gap		67,163	4,008,896	-	-	(3,941,733)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

28.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all instruments traded in the market. Presently, the Fund is not exposed to price risk.

28.2 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 in debt securities. The Fund is also exposed to counter party credit risks on loans and receivables, balances with banks, profit receivable, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the Fund's policy is to enter into financial instrument contracts following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

The analysis below summarises the credit quality of the Fund's financial assets:

Bank balances by rating category	June 30, 2021	June 30, 2020
AAA	**98.08%**	4.86%
AA+	**0.01%**	1.43%
AA	**0.08%**	0.10%
AA-	**0.82%**	93.38%
A+	**0.78%**	0.10%
A-	**0.00%**	0.02%
A	**0.00%**	0.01%
Suspended	**0.33%**	0.12%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is as follows:

	June 30, 2021		June 30, 2020	
	Amount of financial assets	**Maximum Exposure**	Amount of financial assets	Maximum Exposure
	Rupees in '000			
Balances with banks	**1,095,575**	**1,095,575**	2,092,481	2,092,481
Investments	**1,093,060**	**1,093,060**	1,938,519	1,938,519
Profit accrued	**20,636**	**20,636**	22,621	22,621
Receivable against transfer of units	**-**	**-**	16,135	16,135
Deposits	**100**	**100**	100	100
	2,209,371	**2,209,371**	4,069,856	4,069,856

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 instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

28.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to 15% of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. The Fund did not withhold any significant redemptions during the year.

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

	June 30, 2021			
	Total	**Upto three months**	**Over three months and upto one year**	**Over one year**
	Rupees in '000			
Financial liabilities				
Payable to the Management Company	**7,235**	**7,235**	**-**	**-**
Payable to the Trustee	**163**	**163**	**-**	**-**
Accrued expenses and other liabilities	**2,189**	**2,189**	**-**	**-**
Payable against redemption of units	**20,660**	**20,660**	**-**	**-**
Net assets attributable to redeemable units	**2,154,939**	**2,154,939**	**-**	**-**
	2,185,186	**2,185,186**	**-**	**-**

	June 30, 2020			
	Total	Upto three months	Over three months and upto one year	Over one year
	Rupees in '000			
Financial liabilities				
Payable to the Management Company	12,497	12,497	-	-
Payable to the Trustee	254	254	-	-
Accrued expenses and other liabilities	1,632	1,632	-	-
Payable against redemption of units	20,660	20,660	-	-
Net assets attributable to redeemable units	3,967,650	3,967,650	-	-
	4,002,693	4,002,693	-	-

29 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit 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 in the statement of movement in unit holders' fund.

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

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

In accordance with the risk management policies stated in note 26, the Fund endeavors to invest the amount received on issuance of units in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

30 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 prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

IFRS 13, 'Fair Value Measurements' 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 or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

		Carrying amount			Fair value			
		Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2021	Note	Rupees in '000						
Financial assets measured at fair value								
Sukuk's	6	75,000	-	75,000	-	75,000	-	75,000
Government Securities	6	-	-	-	-	-	-	-
Commercial paper	6	358,060	-	358,060	-	358,060	-	358,060
Term deposit receipt	6	300,000	-	300,000	-	300,000	-	300,000
Bai Muajjal		-	-	-	-	-	-	-
Certificate of Musharka		360,000	-	360,000	-	360,000	-	360,000
		1,093,060	-	1,093,060	-	1,093,060	-	1,093,060

		Carrying amount			Fair value			
June 30, 2021	**Note**	**Fair value through profit or loss**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rupees in '000						
Financial assets not measured at fair value								
Bank balances	5	-	**1,095,575**	**1,095,575**	-	-	-	-
Profit accrued	7	-	**20,636**	**20,636**	-	-	-	-
Deposits	8	-	**100**	**100**	-	-	-	-
Receivable against conversion of units		-	-	-	-	-	-	-
		-	**1,116,311**	**1,116,311**	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	**7,235**	**7,244**	-	-	-	-
Remuneration payable to the Trustee	10	-	**163**	**173**	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	11		**592**	**603**	-	-	-	-
Accrued expenses and other liabilities	12	-	**47,604**	**47,616**	-	-	-	-
Payable against redemption of units		-	**305**	**305**	-	-	-	-
Net assets attributable to redeemable units		-	**2,154,939**	**2,154,939**	-	-	-	-
		-	**2,210,838**	**2,210,880**	-	-	-	-

		Carrying amount			Fair value			
June 30, 2020	Note	Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
Financial assets measured at fair value								
Sukuk's	6	-	-	-	-	-	-	-
Government Securities	6	-	-	-	-	-	-	-
Commercial paper	6	414,009	-	414,009	-	414,009	-	414,009
Term deposit receipt	6	1,210,000	-	1,210,000	-	1,210,000	-	1,210,000
Bai Muajjal		314,510	-	314,510	-	314,510	-	314,510
		1,938,519	-	1,938,519	-	1,938,519	-	1,938,519
Financial assets not measured at fair value								
Bank balances	5	-	2,092,481	2,092,481	-	-	-	-
Profit accrued	7	-	22,621	22,621	-	-	-	-
Deposits	8	-	100	100	-	-	-	-
Receivable against conversion of units		-	16,135	16,135	-	-	-	-
		-	2,131,337	2,131,337	-	-	-	-
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	12,497	12,497	-	-	-	-
Remuneration payable to the Trustee	10	-	254	254	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	11		653	653 -	-	-	-	-
Accrued expenses and other liabilities	12	-	68,330	68,330	-	-	-	-
Payable against redemption of units		-	20,660	20,660	-	-	-	-
Net assets attributable to redeemable units		-	3,967,650	3,967,650	-	-	-	-
		-	4,070,044	4,070,044	-	-	-	-

30.1 INCOME ALREADY PAID ON REDEMPTION OF UNITS

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.

Open end mutual funds continuously offer issuance and redemption of units at prevailing Net Assets Value (NAV) applicable at the time of offer and redemption. The unit-holder who invests in the open end mutual fund during the year and redeems during the same year has effectively taken his due share of income for the year and the differential amount (proceeds received less original investment) is and should be treated as "distribution of profit". In case of unit holder who existed at the beginning of the year and makes redemption during the year, the amount representing his due share of income from the current year's income is and should be considered as "distribution of profit".

In assessment for Tax Year 2018 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.

During the year income tax order was passed for tax year 2018 dated November 12, 2020 through which a tax demand of Rs. 64,268,100, was raised by the concerned Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR). In response to the order, the Fund have filed appeal with commissioner dated December 09, 2020, which is pending before commissioner appeal inland revenue.

The Fund have also obtained stay from the Hon'ble High Court of Sindh (SHC) dated December 14, 2020 against recovery of impugned tax demand. In its judgment, SHC held that since the subject matter is pending before commissioner appeal inland revenue, 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 as to what construes as distribution of profit by an open end mutual fund.

The Management Company has also filed representation to the Chairman FBR under section 7 of FBR, ACT, 2007, in response to which a letter dated February 25, 2021 was issued by Revenue Division of FBR which states that the subject matter was referred to ICMAP, ICAP and SECP for their expert opinion and all three referees have expressed identical opinions, holding that the payments of income on redemption are to be construed as 'distribution of profits'. In view of the same, FBR has advised concerned ACIR to decide the issue in view of the legal position narrated in this letter.

Based on the above facts, the Management company believes that the Fund have distributed required amount of income to be eligible for tax exemption under clause 99 of Part 1 of the Second Schedule of the Income Tax Ordinance 2001 and hence, no provision for taxation is required to be made in the these financial statements.

31 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.

32 GENERAL

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

For NBP Fund Management Limited
(Management Company)

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

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016
Net assets at the year / period ended (Rs '000)	2,154,939	3 ,967,650	3,642,370	3,775,315	4,876,177	2,566,748
Net income for the year / period ended (Rs '000)	164,702	329,260	245,784	214,227	81,561	43,406
Net Asset Value per unit at the year / period ended (Rs)	9.5401	9.5313	9.5226	9.9920	9.5103	9.4856
Offer Price per unit	9.6464	9.6390	9.6272	10.1049	9.6178	9.6110
Redemption Price per unit	9.5401	9.5313	9.5226	9.9920	9.5103	9.4856
Ex - Highest offer price per unit (Rs.)	10.1810	9.6390	9.6272	10.1049	10.0838	9.6110
Ex - Lowest offer price per unit (Rs.)	9.1274	8.5939	8.8782	9.6190	9.5942	8.9506
Ex - Highest redemption price per unit (Rs.)	9.5401	9.5313	9.5226	9.9920	9.9711	9.4856
Ex - Lowest redemption price per unit (Rs.)	9.0254	8.5939	8.7763	9.5048	9.4870	8.8314
Fiscal Year Opening Ex NAV	9.0	8.5913	8.7720	9.5036	9.4856	8.8298
Total return of the fund	5.72%	10.91%	8.56%	5.14%	5.40%	7.43%
Capital gowth	0.10%	0.07%	0.22%	0.00%	5.33%	0.13%
Income distribution as % of Ex-NAV	5.62%	10.84%	8.34%	5.14%	0.07%	7.30%
Income distribution as % of Par Value	5.36%	10.32%	7.93%	4.88%	0.07%	6.92%
Distribution						
Interim distribution per unit	0.5359	1.0323			0.4855	-
Final distribution per unit			0.7927	0.4883	0.0068	0.6918
Distrubution Dates						
Interim	25-Jun-21	26-Jun-20	24-June-2019		19-Jun-17	29-Jun-16
Final				04-Jul-2018	15-Sep-17	
Average annual return of the fund (launch date October 26, 2007)						
(Since inception to June 30, 2021)	6.94%					
(Since inception to June 30, 2020)		7%				
(Since inception to June 30, 2019)			6.71%			
(Since inception to June 30, 2018)				6.53%		
(Since inception to June 30, 2017)					6.7%	
(Since inception to June 30, 2016)						6.83%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	28 Days	27 Days	20 Days	60 Days	83 Days	49 Days

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

Head Office

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

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Toll Free: 0800-20002
Sms: INVEST to 9995
Fax: 021-35825335
Email: info@nbpfunds.com
Website: www.nbpfunds.com
/nbpfunds

NBP FUNDS
Managing Your Savings

NBP GOVERNMENT SECURITIES SAVINGS 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.

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
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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Khushali Microfinance Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Zarai Taraqiati Bank Limited
Allied Bank Limited
BankIslami Pakistan Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
Dubai Islamic Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive Officer

Shaikh Muhammad Abdul Wahid Sethi
Chairman

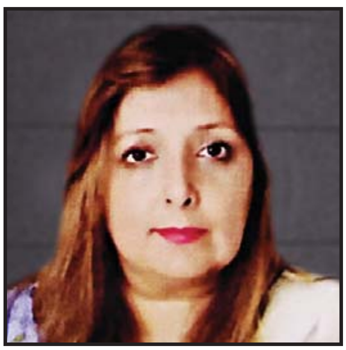
Mr. Khalid Mansoor
Director

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 Seventh Annual Report of **NBP Government Securities Savings Fund** (NGSSF) for the year ended June 30, 2021.

Fund's Performance

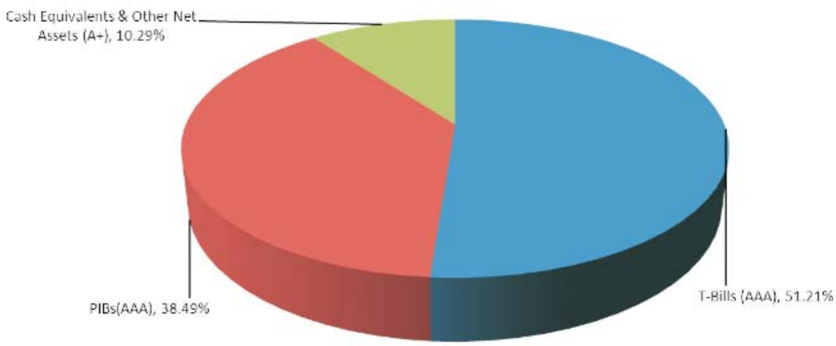
Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with 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.

NBP Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or saving accounts with banks, which enhances liquidity profile of the Fund.

The size of NBP Government Securities Savings Fund has decreased from Rs. 692 million to Rs. 213 million during the period, i.e., a drop of 69%. During the said period, the unit price of the Fund has increased from Rs. 9.8763 (Ex-Div) on June 30, 2020 to Rs. 10.3991 on June 30, 2021 thus posting a return of 5.3% as compared to its Benchmark return of 7.3% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 16.36 million during the year. After deducting total expenses of Rs. 4.70 million, the net income is Rs. 11.66 million.

The asset allocation of NBP Government Securities Savings 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 4.80% of the opening ex-NAV (4.97% 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 Government Securities Savings Fund amounting to Rs. 4.72 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 Government Securities Savings Fund by 2.33% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retired 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 28 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 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	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	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 گورنمنٹ سیکورٹیز سیونگز فنڈ (NGSSF) کی ساتویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021ء پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

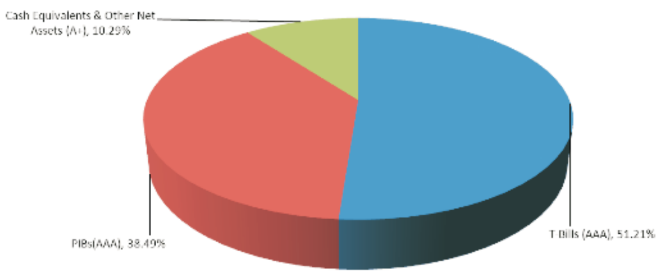
سی پی آئی (CPI) کی پیائش کردہ افراطِ زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بینچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراط زر میں اضافے کے باوجود، اسٹیٹ بینک نے معیشت میں نمایاں سست روی اور معاشی بحالی کو ملک میں بڑھتے ہوئے کورونا وائرس کیسز سے پیدا ہونے والے خطرات کے حوالہ سے مانیٹری پالیسی کے مؤثر موقف کو جاری رکھا۔ SBP نے چھبیس (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۔ اسی طرح 3 سالہ، 5 سالہ، اور 10 سالہ PIBs منافع میں بالترتیب 1.46%، 1.38% اور 1.25% تک کا اضافہ ہوا۔

NBP گورنمنٹ سیکورٹیز سیونگز فنڈ (NGSSF) گورنمنٹ سیکیورٹیز میں کم از کم 70% انویسٹ کرتا ہے۔ فنڈ بینکوں کے ہاں سیونگ اکاؤنٹ میں اپنے ایسیٹ کا کم از کم 10% یا T-Bills میں 90 دن تک انویسٹ کرتا ہے، جو فنڈ کی لیکویڈیٹی پروفائل کو بڑھاتا ہے۔

موجودہ مدت کے دوران NBP گورنمنٹ سیکورٹیز سیونگز فنڈ کا سائز 692 ملین روپے سے کم ہو کر 213 ملین روپے ہو گیا یعنی 69% کی کمی ہوئی۔ زیرِ جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.8763 روپے (Ex-Div) سے بڑھ کر 30 جون 2021 کو 10.3991 روپے ہو گئی، لہٰذا فنڈ نے گزشتہ اسی مدت کے دوران اپنے بینچ مارک 7.3% کے مقابلے میں 5.3% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے سال کے دوران 16.36 ملین روپے کی مجموعی آمدنی کمائی۔ 4.70 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 11.66 ملین روپے ہے۔

NGSSF کی ایسٹ ایلوکیشن بمطابق 30 جون 2021 حسبِ ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 4.80% (بنیادی قدر کا 4.97%) 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 انکم 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 فنڈز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP گورنمنٹ سیکورٹیز سیونگز فنڈ میں ریکارڈ کی گئی 4.72 ملین روپے ورکرز ویلفیئر فنڈ کی پرویژننگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پرویژن کی اس ریورسل کے باعث NBP گورنمنٹ سیکورٹیز سیونگز فنڈ کی NAV میں 2.33% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوگئے ہیں اور اہل ہونے کی بناء پر 30 جون 2022 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1• مینجمنٹ 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۔شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4• ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5• انٹرنل کنٹرول کا نظام مستحکم اور مؤثر 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 وشبہات نہیں ہیں۔

7• کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلوتہی نہیں کی گئی۔

8• پرفارمنس ٹیبل/اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔

9• ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الاداسرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کردی گئی ہیں۔

10• اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کی گئی ہے۔

11• یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔

12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید وفروخت 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 فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2021 کو بورڈ آف ڈائریکٹرز درجہ ذیل 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 ارتضی کاظمی 3• محترمہ مہناز سالار 4• جناب علی سیگل 5• جناب عمران ظفر

اظہار تشکر

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: 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 Government Securities Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2021

FUND MANAGER REPORT

NBP Government Securities Savings Fund

NBP Government Securities Savings Fund (NGSSF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP Government Securities Savings Fund is to provide competitive return from portfolio of low credit risk by investing primarily in Government Securities.

Benchmark

6-Month PKRV

Fund Performance Review

This is the Seventh Annual report since the launch of the Fund on July 10, 2014. The Fund size stands at Rs. 213 million as of June 30, 2021. Since its inception, the Fund posted a return of 9.3% p.a. versus the benchmark return of 8.1% p.a. This translates into outperformance of 1.2% p.a. During FY21, the Fund posted a 5.3% return versus the benchmark return of 7.3%. The return of the Fund is net of the management fee.

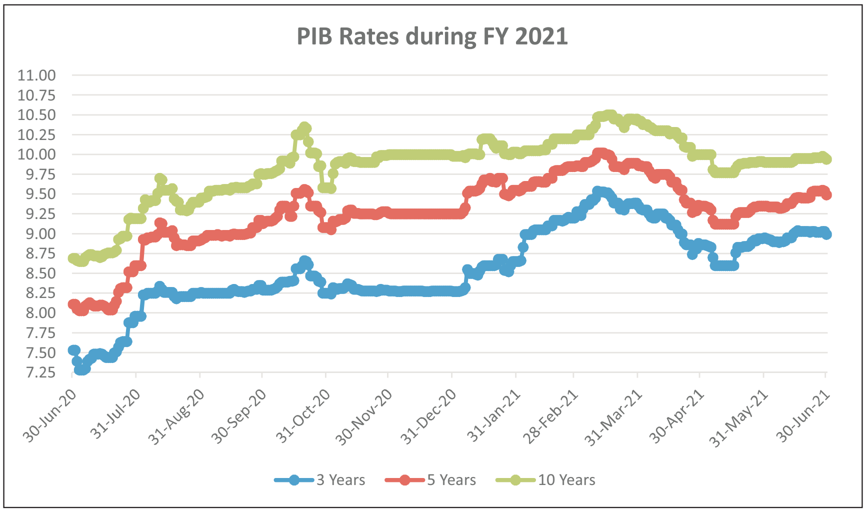
NBP Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or saving accounts with banks, which enhances the liquidity profile of the Fund.

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 Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
PIBs	38.49%	62.66%
T-Bills	51.21%	8.46%
Cash (Cash Equivalents) & Other Assets	10.30%	28.88%
Total	**100.00%**	**100.00%**

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



Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June-21	0.4972%	10.8462	10.3490

Unit Holding Pattern of NBP Government Securities Savings Fund as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	49
1-1000	116
1001-5000	49
5001-10000	17
10001-50000	46
50001-100000	20
100001-500000	40
500001-1000000	6
1000001-5000000	3
Total	**346**

During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Savings Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 4.682 million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.2291. For details, investors are advised to read note 11.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP Government Securities Savings Fund amounting to Rs. 4.72 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 Government Securities Savings Fund by 2.33% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Government Securities Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Government Securities Savings Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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. Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 4 and 5 to the annexed financial statements)	
	The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2021 amounted to Rs. 141.405 million and Rs. 190.662 million respectively. The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: • tested the design and operating effectiveness of the key controls for valuation of investments; • obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2021 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies;

S. No.	Key Audit Matter	How the matter was addressed in our audit
		• obtained approval of the Board of Directors of the Management Company in relation to closing of bank accounts; and • obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: September 28, 2021

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021	2020
		---------(Rupees in '000)---------	
ASSETS			
Bank balances	4	**141,405**	214,955
Investments	5	**190,662**	527,289
Deposits, prepayments and other receivables	6	**943**	1,032
Profit receivable	7	**3,814**	14,519
Receivable against issuance of units		**-**	345
Total assets		**336,824**	758,140
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	8	**5,884**	7,146
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	**14**	95
Payable to the Securities and Exchange Commission of Pakistan	10	**58**	161
Payable against purchase of investments		**108,837**	52,638
Payable against redemption of units		**3,000**	744
Accrued expenses and other liabilities	11	**6,494**	5,183
Total liabilities		**124,287**	65,967
NET ASSETS		**212,537**	692,173
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**212,537**	692,173
CONTINGENCIES AND COMMITMENTS	12		
		---------- Number of units ---------	
NUMBER OF UNITS IN ISSUE	13	**20,438,133**	66,883,230
		---------------- Rupees -------------	
NET ASSET VALUE PER UNIT		**10.3991**	10.3490

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		---------(Rupees in '000)---------	
Income			
Income on Market Treasury Bills		**3,877**	36,585
Income on Pakistan Investment Bonds		**10,641**	33,579
Income on term deposit receipts		**1,675**	3,785
Profit on bank balances		**8,690**	27,879
(Loss) / gain on sale of investments - net		**(8,093)**	25,072
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.4	**(427)**	20,251
		(8,520)	45,323
Total income		**16,363**	147,151
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	8.1	**655**	2,508
Sindh Sales Tax on remuneration of the Management Company	8.2	**85**	326
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	9.1	**189**	524
Sindh Sales Tax on remuneration of the Trustee	9.2	**25**	68
Annual fee of the Securities and Exchange Commission of Pakistan	10.1	**58**	161
Allocated expenses	8.4	**335**	805
Selling and marketing expenses	8.5	**2,041**	5,405
Auditors' remuneration	15	**436**	440
Securities transaction cost		**17**	86
Bank charges		**67**	142
Annual listing fee		**25**	25
Legal and professional charges		**107**	76
Annual rating fee		**370**	332
Printing charges		**53**	97
Total operating expenses		**4,463**	10,995
Net income from operating activities		**11,900**	136,156
Provision for Sindh Workers' Welfare Fund	11.1	**(238)**	(2,723)
Net profit for the year before taxation		**11,662**	133,433
Taxation	17	**-**	-
Net profit for the year after taxation		**11,662**	133,433
Earning per unit	19		
Allocation of net income for the year:			
Net income for the year after taxation		**11,662**	133,433
Income already paid on units redeemed		**(2,950)**	(38,027)
		8,712	95,406
Accounting income available for distribution:			
- Relating to capital gains		**-**	22,830
- Excluding capital gains		**8,712**	72,576
		8,712	95,406

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	----------(Rupees in '000)----------	
Net profit for the year after taxation	**11,662**	133,433
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**11,662**	133,433

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2021

	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	---------- Rupees in '000 ----------					
Net assets at the beginning of the year	650,168	42,005	692,173	1,051,874	40,423	1,092,297
Issuance of 37,392,175 units (2020: 373,082,601 units)						
- Capital value (at ex - net asset value per unit)	386,972	-	386,972	3,850,063	-	3,850,063
- Element of income	6,028	-	6,028	68,706	-	68,706
Total proceeds on issuance of units	393,000	-	393,000	3,918,769	-	3,918,769
Redemption of 83,837,272 units (2020: 412,046,054 units)						
- Capital value (at ex - net asset value per unit)	(867,632)	-	(867,632)	(4,252,150)	-	(4,252,150)
- Element of loss	(4,362)	(2,950)	(7,312)	(9,466)	(38,027)	(47,493)
Total payments on redemption of units	(871,994)	(2,950)	(874,944)	(4,261,616)	(38,027)	(4,299,643)
Total comprehensive income for the year	-	11,662	11,662	-	133,433	133,433
Cash distribution during the year ended June 30, 2020						
- @ Re. 0.7207 per unit (Date of declaration: October 29, 2019)	-	-	-	(36,670)	(15,298)	(51,968)
- @ Re. 0.0726 per unit (Date of declaration: November 28, 2019)	-	-	-	(800)	(2,959)	(3,759)
- @ Re. 0.1274 per unit (Date of declaration: December 27, 2019)	-	-	-	(2,475)	(5,913)	(8,388)
- @ Re. 0.0824 per unit (Date of declaration: January 28, 2020)	-	-	-	(421)	(3,780)	(4,201)
- @ Re. 0.0963 per unit (Date of declaration: February 27, 2020)	-	-	-	(150)	(4,537)	(4,687)
- @ Re. 0.3616 per unit (Date of declaration: March 27, 2020)	-	-	-	(3,323)	(18,774)	(22,097)
- @ Re. 0.4883 per unit (Date of declaration: April 29, 2020)	-	-	-	(14,552)	(37,677)	(52,229)
- @ Re. 0.0508 per unit (Date of declaration: May 29, 2020)	-	-	-	(468)	(4,886)	(5,354)
	-	-	-	(58,859)	(93,824)	(152,683)
Cash distribution for the year ended June 30, 2021 @ Re 0.4972 per unit (Date of declaration: June 23, 2021)	(851)	(8,503)	(9,354)	-	-	-
	(851)	(8,503)	(9,354)	-	-	-
Net assets at end of the year	170,323	42,214	212,537	650,168	42,005	692,173
Undistributed income brought forward						
- Realised income		21,754			46,868	
- Unrealised income / (loss)		20,251			(6,445)	
		42,005			40,423	
Accounting income available for distribution:						
- Relating to capital gains		-			22,830	
- Excluding capital gains		8,712			72,576	
		8,712			95,406	
Distribution during the year		(8,503)			(93,824)	
Undistributed income carried forward		42,214			42,005	
Undistributed income carried forward						
- Realised income		42,641			21,754	
- Unrealised (loss) / income		(427)			20,251	
		42,214			42,005	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			10.3490			10.3196
Net assets value per unit at the end of the year			10.3991			10.3490

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		----------(Rupees in '000)----------	
CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES			
Net profit for the year after taxation		**11,662**	133,433
Adjustments:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.4	**427**	(20,251)
		12,089	113,182
Decrease in assets			
Investments		**445,048**	229,237
Profit receivable		**10,705**	(2,163)
Deposits, prepayments and other receivables		**89**	(38)
		455,842	227,036
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - the Management Company		**(1,262)**	3,342
Payable to Central Depository Company of Pakistan Limited - the Trustee		**(81)**	(60)
Payable to the Securities and Exchange Commission of Pakistan		**(103)**	(375)
Payable against purchase of investments		**56,199**	(457,091)
Accrued expenses and other liabilities		**1,311**	263
		56,064	(453,921)
Net cash generated from / (used in) operating activities		**523,995**	(113,703)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units - net of refund of element		**392,494**	3,859,565
Net payments against redemption of units		**(872,688)**	(4,298,899)
Distributions paid		**(8,503)**	(93,824)
Net cash used in financing activities		**(488,697)**	(533,158)
Net increase / (decrease) in cash and cash equivalents		**35,298**	(646,861)
Cash and cash equivalents at the beginning of the year		**214,955**	861,816
Cash and cash equivalents at the end of the year	18	**250,253**	214,955

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Government Securities Savings Fund (the Fund) was established under a Trust Deed entered into 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 June 5, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2014 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended income scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to provide unit holders with competitive return from a portfolio of low credit risk securities by investing primarily in government securities.

The Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed an asset manager rating of AM1 as at June 23, 2021 (2020: AM1) to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of "AA-(f)" to the Fund dated March 29, 2021 (2020: "AA-(f)" dated April 17, 2020).

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

The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" (the Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced as part of the Act. The Management Company after fulfilling the requirement for registration of Trust Deed under the Trust Act, has submitted Collective Investment Scheme Trust Deed to Registrar acting under the Trust Act for registration.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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

- Non-Banking Finance Companies (Establishment and Regulation) 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations, and therefore have not been detailed in these financial statements.

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

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 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.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5), provision for Sindh Worker's Welfare Fund (note 11.1) provision for Federal Excise Duty (note 8.3) and provision for taxation (notes 3.12 and 17).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 and subsequent measurement

Debt instruments

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

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

based on the business model of the entity.

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

3.2.3 Impairment

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

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.2.4 Impairment loss on debt securities

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

3.2.5 Regular way contracts

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

3.2.6 Derecognition

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

3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

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

3.7 Issue and redemption of units

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

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

3.8 Distributions to unit holders

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

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

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

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

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.

- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the year in which these arise.

- Income from government securities is recognised on an accrual basis using effective interest method.

- Profit on bank balances is recognised on an accrual basis using effective interest rate method.

3.11 Expenses

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

3.12 Taxation

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

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

3.13 Earnings / (loss) per unit

Earnings per unit is calculated by dividing the net income for the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 19.

3.14 Foreign currency translation

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

4 BANK BALANCES

	Note	2021	2020
		--------- Rupees in '000 ---------	
Balances with banks in:			
Savings accounts	4.1	431	1,200
Current accounts		140,974	213,755
		141,405	214,955

4.1 These include balances of Rs 0.091 million (2020: Rs 0.393 million), Rs 0.781 million (2020: Rs 1.093 million), Rs 0.080 million and Rs 0.046 million maintained with National Bank of Pakistan, BankIslami Pakistan Limited, Telenor Microfinance Bank Limited and Khushhali Bank Limited (related parties) that carries profit at the rate of 5% (2020: 5%) per annum, 6.25% (2020: 6.25%) per annum, 5.5% (2020: Nil) per annum and 8.5% (2020: Nil) per annum respectively. Other savings accounts of the Fund carry profit at the rate ranging from 7.5% to 9% per annum (2020: 5.5% to 15.5% per annum).

5 INVESTMENTS

	Note	2021	2020
		--------- Rupees in '000 ---------	
Financial assets 'at fair value through profit or loss'			
Market Treasury Bills	5.1	108,848	58,540
Pakistan Investment Bonds		81,814	433,749
Term deposit receipts		-	35,000
		190,662	527,289

5.1 Market Treasury Bills

Issue date	Tenor in months	Face value: As at July 01, 2020	Face value: Purchased during the year	Face value: Sold / matured during the year	Face value: As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments of the Fund
		(Rupees in 000)					(%)	
November 7, 2019	12	53,930	-	53,930	-	-	-	-
October 24, 2019	12	3,500	-	3,500	-	-	-	-
September 12, 2019	12	2,500	-	2,500	-	-	-	-
January 16, 2020	12	-	50,000	50,000	-	-	-	-
July 16, 2020	6	-	50,000	50,000	-	-	-	-
August 16, 2020	12	-	10,000	10,000	-	-	-	-
April 9, 2020	6	-	126,000	126,000	-	-	-	-
April 23, 2020	6	-	55,000	55,000	-	-	-	-
September 24, 2020	3	-	12,000	12,000	-	-	-	-
October 8, 2020	3	-	10,000	10,000	-	-	-	-
July 2, 2020	6	-	50,000	50,000	-	-	-	-
October 22, 2020	3	-	230,000	230,000	-	-	-	-
March 12, 2020	6	-	10,000	10,000	-	-	-	-
March 26, 2020	6	-	38,000	38,000	-	-	-	-
August 27, 2020	3	-	5,500	5,500	-	-	-	-
December 19, 2019	12	-	5,000	5,000	-	-	-	-
July 2, 2020	6	-	50,000	50,000	-	-	-	-
November 5, 2020	3	-	80,000	80,000	-	-	-	-
November 19, 2020	3	-	63,000	63,000	-	-	-	-
December 3, 2020	3	-	74,000	74,000	-	-	-	-
December 17, 2020	3	-	50,000	50,000	-	-	-	-
December 31, 2020	3	-	350,000	350,000	-	-	-	-
January 14, 2021	3	-	248,000	248,000	-	-	-	-
January 28, 2021	3	-	160,000	160,000	-	-	-	-
February 11, 2021	3	-	40,000	40,000	-	-	-	-
February 25, 2021	3	-	50,000	50,000	-	-	-	-
March 25, 2021	3	-	309,000	309,000	-	-	-	-
April 22, 2021	3	-	121,000	121,000	-	-	-	-
May 6, 2021	3	-	40,000	40,000	-	-	-	-
June 3, 2021	3	-	807,000	697,000	110,000	108,848	51.21%	57.09%
Total		59,930	3,093,500	3,043,430	110,000	108,848		
Carrying value as at June 2021						108,836		
Market value as at June 30, 2020						58,540		
Carrying value as at June 30, 2020						58,510		

5.1.1 These carry rate of return ranging from 7.05% to 7.31% (2020: 7.05% to 7.1%) per annum.

5.2 Pakistan Investment Bonds

Issue date	Tenor in years	Face value				Market value as at June 30, 2021	Market value as a percentage of	
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021		net assets of the Fund	total investments of the Fund
		(Rupees in 000)					(%)	
July 19, 2012	10	34,000	-	-	34,000	35,395	16.65%	18.56%
September 19, 2019	3	120,900	-	75,000	45,900	46,419	21.84%	24.35%
Total		154,900	-	75,000	79,900	81,814		
Carrying value as at June 30, 2021						82,253		
Market value as at June 30, 2020						433,749		
Carrying value as at June 30, 2020						413,528		

5.2.1 These carry rate of return ranging from 9% to 12% (2020: 9% to 12%) per annum.

5.3 Term deposit receipts

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Placed during the year	Matured during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets
			(Rupees in '000)						%	
COMMERCIAL BANKS										
Mobilink Microfinance Bank Limited	October 21, 2020	15.60%	35,000	-	35,000	-	-	-	-	-
Total as at June 30, 2021							-	-	-	-
Total as at June 30, 2020							-	-		

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

	Note	2021	2020
		(Rupees in 000)	
Market value of investments	5.1, 5.2 & 5.3	190,662	527,289
Less: carrying value of investments	5.1, 5.2 & 5.3	(191,089)	(507,038)
		(427)	20,251

6 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021	2020
Security deposit with Central Depository Company of Pakistan Limited *		102	102
Prepaid annual rating fee		202	201
Advance tax	6.1	639	639
Other receivables		-	90
		943	1,032

* related party balance

6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on debt 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 May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The tax withheld on profit on debt securities amounts to Rs 0.639 million (2020: 0.639 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as other receivables as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7 PROFIT RECEIVABLE	Note	2021	2020
		Rupees in '000	
Profit receivable on bank balances		736	1,586
Profit receivable on Term deposit receipts		-	1,037
Profit receivable on Pakistan Investment Bonds		3,078	11,896
		3,814	14,519

8 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY

	Note	2021	2020
Management fee payable	8.1	34	175
Sindh Sales Tax payable on remuneration of the Management Company	8.2	5	23
Federal Excise Duty on remuneration of the Management Company	8.3	1,864	1,864
Federal Excise Duty on sales load	8.3	371	371
Sales and transfer load payable		2,724	2,307
Sindh Sales Tax on sales load payable		374	320
Allocated expenses payable	8.4	70	255
Selling and marketing expenses payable	8.5	385	1,786
ADC charges payable including Sindh sales tax		12	-
Other payables		45	45
		5,884	7,146

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

2021	2020	
Rate applicable from July 1, 2020 to June 30, 2021	Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020
1.5% on net income, subject to floor and capping of 0.2% and 1% per annum of the average annual net assets.	5% on net income, subject to floor and capping of 0.3% and 1% per annum of the average annual net assets.	1.5% on net income, subject to floor and capping of 0.2% and 1% per annum of the average annual net assets.

The remuneration is payable to the Management Company in arrears.

8.2 During the year, an amount of Rs 0.085 million (2020: Rs 0.326 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2020: 13%).

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.24 million (June 30, 2020: Rs 2.24 million) is being retained in these financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re 0.1094 per unit (June 30, 2020: Re 0.0334 per unit).

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

Accordingly, the Management Company based on its discretion has charged accounting and operational charges as per the following rates:

2021		2020
Rate applicable from October 27, 2020 to June 30, 2021	**Rate applicable from July 1, 2020 to October 26, 2020**	**Rate applicable for the year ended June 30, 2020**
0.125% of average annual net assets	0.1% of average annual net assets	0.1% of average annual net assets

8.5 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

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

Accordingly, the Management Company has charged such expenses at the rate of 0.70% (2020: 0.70%) of the average annual net assets of the Fund during the year. This has also been approved by the Board of Directors of the Management Company.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE

	Note	2021	2020
		Rupees in '000	
Trustee fee payable	9.1	12	84
Sindh Sales Tax payable on Trustee fee	9.2	2	11
		14	95

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.065% (2020: 0.065%) per annum of net assets. Accordingly the Fund has charged trustee fee at the above mentioned rate during the year.

9.2 During the year, an amount of Rs 0.025 million (2020: 0.068 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2020: 13%).

		Note	2021	2020
10	**PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**		----------Rupees in '000-----------	
	Annual fee payable	10.1	58	161

10.1 Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2020: 0.02%) of the average annual net assets of the Fund.

		Note	2021	2020
11	**ACCRUED EXPENSES AND OTHER LIABILITIES**		----------Rupees in '000-----------	
	Provision against Sindh Workers' Welfare Fund	11.1	4,681	4,443
	Auditors' remuneration		261	263
	Brokerage payable		-	104
	Bank charges payable		82	24
	Printing charges payable		74	67
	Withholding tax payable		1,237	53
	Capital gains tax payable		48	132
	Legal and professional charges payable		111	97
			6,494	5,183

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

Subsequent to the year ended June 30, 2021, SRB through its 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. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

Had the provision for SWWF been reversed in these financial statements for the year ended June 30, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 0.229 per unit (2020: Re. 0.0664 per unit).

12 CONTINGENCIES AND COMMITMENTS

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

13 NUMBER OF UNITS IN ISSUE

	2021	2020
	---------- Number -----------	
Total units in issue at the beginning of the year	66,883,230	105,846,683
Add: units issued during the year	37,392,175	373,082,601
Less: units redeemed during the year	83,837,272	412,046,054
Total units in issue at the end of the year	20,438,133	66,883,230

14 NET ASSET VALUE PER UNIT

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

15 AUDITORS' REMUNERATION

	2021	2020
	----------Rupees in '000-----------	
Annual audit fee	220	216
Half yearly review	88	86
Other certification	100	81
Out of pocket expenses	28	57
	436	440

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2021 is 1.62% (2020: 1.71%) which includes 0.14% (2020: 0.41%) representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. The TER excluding government levies is 1.48% (2020: 1.30%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in cash, no provision for taxation has been made in these financial statements during the year.

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.

18 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		----------Rupees in '000-----------	
Bank balances	4	141,405	214,955
Government securities			
- Market Treasury Bills (original maturity of 3 months or less)	5.1	108,848	-
		250,253	214,955

19 EARNINGS PER UNIT

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

20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

20.2 Transactions with connected persons / related parties are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

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

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

	2021	2020
	----------Rupees in '000-----------	
NBP Fund Management Limited - the Management Company		
Management fee	655	2,508
Sindh Sales Tax on remuneration to Management Company	85	326
Selling and marketing expenses	2,041	5,405
Allocated expenses	335	805
Sales and transfer load charged	417	2,346
Sindh Sales Tax on sales and transfer load	54	305
ADC charges including Sindh sales tax	12	-
Units redeemed: Nil units (2020: 9,842,418 units)	-	105,248
National Bank of Pakistan - parent company		
Purchase of Market Treasury Bills	-	274,410
Purchase of Pakistan Investment Bonds	-	93,536
Profit on bank deposits	48	96
Employees of the Management Company		
Units issued: 429,990 units (2020: 5,332,284 units)	4,485	55,576
Units redeemed: 536,187 units (2020: 5,331,584 units)	5,571	55,825
Dividend reinvestment units: 999 units (2020: 22,487 units)	10	232

	2021	2020
	----------Rupees in '000-----------	
NBP Mahana Amdani Fund		
Sale of Market Treasury Bills	-	82,978
NBP Financial Sector Income Fund		
Purchase of Market Treasury Bills	-	179,430
NBP Income Opportunity Fund		
Purchase of Market Treasury Bills	-	44,946
United Energy Pakistan Employees Gratuity Fund - unit holder with 10% or more holding **		
Units redeemed: Nil (2020: 17,472,453 units)	-	184,240
National Management Foundation - unit holder with 10% or more holding **		
Units redeemed: Nil (2020: 14,111,693 units)	-	148,802
Portfolio managed by the management company		
Units issued: Nil units (2020: 80,578 units)	-	874
Units redeemed: Nil units (2020: 4,555,752 units)	-	47,794
Purchase of Pakistan Investment Bonds	-	65,287
Sale of Pakistan Investment Bonds	-	8,271
Purchase of Market Treasury Bills	-	208,287
Century Insurance Company Limited - unit holder with 10% or more holding **		
Units issued: Nil units (2020: 7,874,627 units)	-	81,262
Units redeemed: 8,033,785 units (2020: Nil units)	-	-
Dividend reinvestment: Nil units (2020: 159,158 units)	-	1,643
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration to the Trustee	189	524
Sindh Sales Tax on remuneration to the Trustee	25	68
Pakistan Stock Exchange Limited - common directorship		
Listing fee paid	25	25
BankIslami Pakistan Limited - common directorship		
Profit on bank balances	48	105
Telenor Microfinance Bank Limited - common directorship *		
Profit on bank balances	12	-
Khushhali Bank Limited - common directorship *		
Profit on bank balances	102	-
Franey N. Irani - unit holder with 10% or more holding *		
Dividend reinvestment: 89,796 units	933	-

20.7 Amounts outstanding as at year end are as follows:

	2021	2020
	----------Rupees in '000----------	
NBP Fund Management Limited - the Management Company		
Management fee payable	34	175
Sindh Sales Tax payable on remuneration of the Management Company	5	23
Federal Excise Duty on remuneration of the Management Company	1,864	1,864
Federal Excise Duty on sales load	371	371
Sales and transfer load payable	2,724	2,307
Sindh Sales Tax on sales load payable	374	320
Allocated expenses payable	70	255
Selling and marketing expenses payable	385	1,786
ADC charges payable including Sindh sales tax	12	-
Other payables	45	45
Employees of the Management Company		
Units held: 49,762 units (2020: 154,960 units)	517	1,604
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee payable	12	84
Sindh Sales Tax payable on Trustee fee	2	11
Security deposit	102	102
Portfolio managed by the management company		
Units held: Nil units (2020: 232 units)	-	2
Century Insurance Company Limited - unit holder with 10% or more holding **		
Units held: Nil units (2020: 8,033,785 units)	-	83,142
National Bank of Pakistan - parent company		
Bank balance in savings accounts	90	393
Profit receivable	1	5
Bank Islami Pakistan Limited		
Bank balance in savings accounts	781	1,093
Profit receivable	1	29
Telenor Microfinance Bank Limited - common directorship *		
Bank balance in savings account	80	-
Profit receivable	21	-
Khushhali Bank Limited - common directorship *		
Bank balance in savings account	46	-
Profit receivable	12	-
Franey N. Irani - unit holder with 10% or more holding *		
Units held: 2,297,442 units	23,891	-

* Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2020.

** Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2021.

20.8 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	2021		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Bank balances	141,405	-	141,405
Investments	-	190,662	190,662
Profit receivable	3,814	-	3,814
Deposits and other receivables	102	-	102
	145,321	190,662	335,983

	2021		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	5,884	-	5,884
Payable to Central Depository Company of Pakistan Limited - the Trustee	14	-	14
Payable against purchase of investments	108,837	-	108,837
Payable against redemption of units	3,000	-	3,000
Accrued expenses and other liabilities	528	-	528
	118,263	-	118,263

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Bank balances	214,955	-	214,955
Investments	-	527,289	527,289
Profit receivable	14,519	-	14,519
Receivable against issuance of units	345	-	345
Deposits and other receivables	192	-	192
	230,011	527,289	757,300

	2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	7,146	-	7,146
Payable to Central Depository Company of Pakistan Limited - the Trustee	95	-	95
Payable against purchase of investments	52,638	-	52,638
Payable against redemption of units	744	-	744
Accrued expenses and other liabilities	555	-	555
	61,178	-	61,178

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund 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 the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

22.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks, investment in Pakistan Investment Bonds and Market Treasury Bills. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 1.41 million (2020: Rs 2.14 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds government securities which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 1.91 million (2020: Rs. 5.27 million).

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

	---------- 2021 ----------					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		---------- Rupees in '000----------				
Financial assets						
Bank balances	5% - 9%	140,974	-	-	431	141,405
Investments	7.05% - 12%	144,243	46,419	-	-	190,662
Profit receivable		-	-	-	3,814	3,814
Deposits and other receivables		-	-	-	102	102
		285,217	46,419	-	4,347	335,983
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	5,884	5,884
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	14	14
Payable against purchase of investments		-	-	-	108,837	108,837
Payable against redemption of units		-	-	-	3,000	3,000
Accrued expenses and other liabilities		-	-	-	528	528
		-	-	-	118,263	118,263
On-balance sheet gap		285,217	46,419	-	(113,916)	217,720
Total profit rate sensitivity gap		285,217	46,419	-		
Cumulative profit rate sensitivity gap		285,217	331,636	331,636		

	---------- 2020 ----------					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		---------- Rupees in '000----------				
Financial assets						
Bank balances	4.5% - 15.5%	213,755	-	-	1,200	214,955
Investments	7.05% - 15.6%	35,000	58,540	433,749	-	527,289
Profit receivable		-	-	-	14,519	14,519
Receivable against issuance of units -			-	-	345	345
Deposits and other receivables		-	-	-	192	192
		248,755	58,540	433,749	16,256	757,300
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	7,146	7,146
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	95	95
Payable against purchase of investments		-	-	-	52,638	52,638
Payable against redemption of units		-	-	-	744	744
Accrued expenses and other liabilities		-	-	-	555	555
		-	-	-	61,178	61,178
On-balance sheet gap		248,755	58,540	433,749	(44,922)	696,122
Total profit rate sensitivity gap		248,755	58,540	433,749		
Cumulative profit rate sensitivity gap		248,755	307,295	741,044		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) 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 profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market respectively.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2021.

22.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

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

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

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the liabilities that are payable on demand have been included in the maturity grouping of one month:

	---------- 2021 ----------						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	---------- Rupees in '000 ----------						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	5,884	-	-	-	-	-	5,884
Payable to Central Depository Company of Pakistan Limited - the Trustee	14	-	-	-	-	-	14
Payable against purchase of investments	108,837	-	-	-	-	-	108,837
Payable against redemption of units	3,000	-	-	-	-	-	3,000
Accrued expenses and other liabilities	267	261	-	-	-	-	528
	118,002	261	-	-	-	-	118,263

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	7,146	-	-	-	-	-	7,146
Payable to Central Depository Company of Pakistan Limited - the Trustee	95	-	-	-	-	-	95
Payable against purchase of investments	52,638	-	-	-	-	-	52,638
Payable against redemption of units	744	-	-	-	-	-	744
Accrued expenses and other liabilities	292	263	-	-	-	-	555
	60,915	263	-	-	-	-	61,178

22.3 Credit risk

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

	2021		2020	
	Balance as per statement of assets and	Maximum exposure to credit risk	Balance as per statement of assets and	Maximum exposure to credit risk
	Rupees in '000			
Bank balances	141,405	141,405	214,955	214,955
Investments	190,662	-	527,289	35,000
Profit receivable	3,814	736	14,519	2,623
Receivable against issuance of units	-	-	345	345
Deposits and other receivables	102	102	192	192
	335,983	142,243	757,300	253,115

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets. Investment in government securities and its accrued profit, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

22.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks and investments are as follows:

Rating	% of financial assets exposed to credit risk	
	2021	2020
AAA	50%	7%
AA+	11%	1%
AA-	2%	18%
A+	19%	22%
A	17%	38%
BBB-	0%	-
	99%	86%

23 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2021 and June 30, 2020, the Fund held the following financial instruments measured at fair values:

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
ASSETS	Rupees in '000			
Financial assets 'at fair value through profit or loss'				
Market Treasury Bills	-	108,848	-	108,848
Pakistan Investment Bonds	-	81,814	-	81,814
	-	190,662	-	190,662

	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
ASSETS	Rupees in '000			
Financial assets 'at fair value through profit or loss'				
Market Treasury Bills	-	58,540	-	58,540
Pakistan Investment Bonds	-	433,749	-	433,749
Term deposit receipts *	-	35,000	-	35,000
	-	527,289	-	527,289

24 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

25 UNIT HOLDING PATTERN OF THE FUND

Category	2021			2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	326	149,839	70.50	408	411,802	59.49
Insurance companies	-	-	-	1	83,142	12.01
Retirement funds	9	39,796	18.72	17	92,069	13.30
Others	11	22,902	10.78	11	105,160	15.19
	346	212,537	100	437	692,173	100

26 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2021 Name of broker	Percentage of commission paid	2020 Name of broker	Percentage of commission paid
Continental Management (Private Limited)	48.84%	Invest One Markets Limited	48.19%
Bright Capital (Private) Limited	37.95%	Bright Capital (Private) Limited	44.32%
Icon Capital Management (Private) Limited	13.20%	Vector Capital (Private) Limited	0.53%
		Continental Management (Private Limited)	0.38%
		Continental Exchange (Private Limited)	0.38%
		Icon Capital Management (Private) Limited	5.84%
		Optimus Markets (Private) Limited	0.38%

26.1 The Fund has traded with only the above mentioned 3 brokers / dealers (2020: seven brokers / dealers) during the year ended June 30, 2021.

27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business	33
Sajjad Anwar	Chief Investment Officer	CFA / MBA	21
Asim Wahab Khan	Deputy Chief Investment Officer	CFA	15
Hassan Raza	Head of Research	ACCA / BSC / CFA	10
Muhammad Ali Bhabha (note 27.1)	Head of Fixed Income	CFA, MBA, FRM and MS	26

27.1 The name of the Fund Manager is Muhammad Ali Bhabha. Other funds being managed by the Fund Manager are as follows:

- NBP Active Allocation Riba Free Savings Fund
- NBP Financial Sector Income Fund
- NBP Government Securities Liquid Fund
- NBP Islamic Daily Dividend Fund
- NBP Government Securities Plan - I
- NBP Income Opportunity Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Money Market Fund
- NBP Islamic Savings Fund
- NBP Mahana Amdani Fund
- NBP Money Market Fund
- NBP Riba Free Savings Fund
- NBP Stock Fund
- NBP Islamic Income Fund

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 76th, 77th, 78th, 79th and 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	-	-
Saad ur Rahman Khan [note 28.1]	3	2	1	77th
Syed Hasan Irtiza Kazmi	5	5	-	-
Ali Saigol	5	5	-	-
Imran Zaffar	5	5	-	-
Khalid Mansoor	5	5	-	-
Humayun Bashir	5	5	-	-
Saad Amanullah Khan	5	5	-	-
Dr. Amjad Waheed	5	5	-	-
Mehnaz Salar [note 28.2]	2	2	-	-

28.1 Saad ur Rahman Khan resigned from the Board as Director on December 03, 2020.

28.2 Mehnaz Salar opted as director on the Board with effect from February 03, 2021.

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.

30 GENERAL

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

For NBP Fund Management Limited
(Management Company)

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

PERFORMANCE TABLE

Particulars	For the Period ended June 30, 2021	For the Period ended June 30, 2020	For the Period ended June 30, 2019	For the Period ended June 30, 2018	For the Period ended June 30, 2017	For the Period ended June 30, 2016
Net assets (Rs. '000')	212,537	692,173	1,092,297	143,889	107,761	303,909
Net Income / (loss) (Rs. '000')	11,662	133,433	57,364	7,384	5,983	13,852
Net Asset Value per units (Rs.)	10.3991	10.3490	10.3196	10.8208	10.3042	10.2882
Offer price per unit	10.5166	10.4659	10.4362	10.9431	10.4206	10.4243
Redemption price per unit	10.3991	10.3490	10.3196	10.8208	10.3042	10.2882
Ex - Highest offer price per unit (Rs.)	10.5166	10.4976	10.4362		10.4230	10.4243
Ex - Lowest offer price per unit (Rs.)	9.8529	8.5399	9.6886		9.8660	9.7948
Ex - Highest redemption price per unit (Rs.)	10.3991	10.3803	10.3196		10.3065	10.2882
Ex - Lowest redemption price per unit (Rs.)	9.7726	8.5399	9.5770		9.7451	9.6645
Opening Nav of Fiscal Year	9.8763	8.5372	9.5704		9.7438	9.6627
Total return of the fund	5.29%	21.16%	7.83%		5.75%	6.47%
Capital growth	0.51%	1.78%	0.16%		-0.15%	-0.01%
Income distribution as a % of e x nav	4.79%	19.38%	7.67%	5.01%	5.90%	6.48%
Income distribution as a % of par value	4.97%	20.00%	7.91%	5.16%	5.75%	6.67%
Interim distribution per unit		2.0001			0.5748	0.6667
Final distribution per unit	0.4972		0.7905	0.5162	-	-
Distribution dates						
Interim		29-Oct-19			21-Jun-17	30-Jun-16
Interim		28-Nov-19				
Interim		27-Dec-19				
Interim		28-Jan-20				
Interim		27-Feb-20				
Interim		27-Mar-20				
Interim		29-Apr-20				
Interim		29-May-20				
Final	23-Jun-21		26-Jun-19	4-Jul-18	-	-
Average annual return (launch date 10-07-14)						
(Since inception to June 30, 2021)	9.26%					
(Since inception to June 30, 2020)		9.93%				
(Since inception to June 30, 2019)			7.80%			
(Since inception to June 30, 2017)					8.74%	
(Since inception to June 30, 2016)						10.29%
(Since inception to June 30, 2015)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	174 Days	662 Days	146 Days	13 Days	5 Days	160 Days

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

Head Office

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

UAN: 021-111-111-632
Toll Free: 0800-20002
Sms: INVEST to 9995
Fax: 021-35825335
Email: info@nbpfunds.com
Website: www.nbpfunds.com
/nbpfunds

NBP FUNDS
Managing Your Savings

Aitemaad اعتماد

NBP ISLAMIC ENERGY 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.

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
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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islami Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Summit Bank Limited
United 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 Asset Management Limited is pleased to present the Sixth Annual Report for the period ended June 30, 2021, since launch of **NBP Islamic Energy Fund** on April 21, 2016.

Fund's Performance

After lackluster performance in FY20, the stock market (KMI-30 Index) delivered robust returns of 39.3% 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.

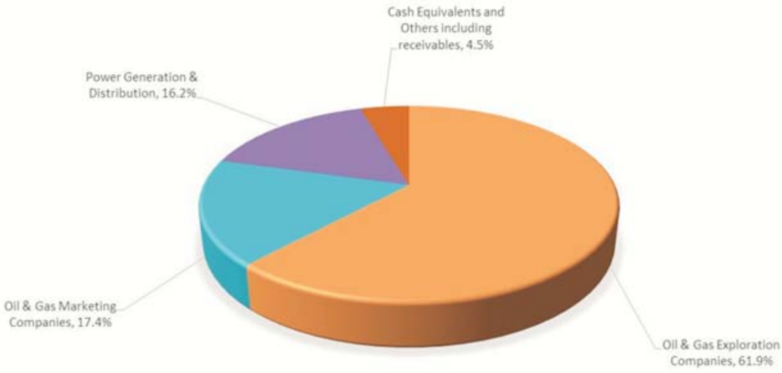
Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The 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 a 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.

During the fiscal year, NBP Islamic Energy Fund increased by 14.6% return as against the KMI-30 index increased by 39.3%, underperforming the benchmark by 24.7% during the year. The Fund underperformed as the fund was overweight in select Energy sector stocks which underperformed the market. Since its inception on April 21, 2016, the return of NBP Islamic Energy Fund was 7.5%, while the benchmark increased by 29.9%. Thus, the Fund underperformed by 22.4% during the period. The performance of the Fund is net of management fee and all other expenses. The Fund size is 865 mln as of June 30, 2021.

NBP Islamic Energy Fund has earned a total income of Rs. 79.921 million during the year. After deducting total expenses of Rs. 31.724 million, the net income is Rs. 48.197 million. During the year, the unit price of Islamic Energy Fund has increased from Rs. 8.2754 (Ex-Div) on June 30, 2020 to Rs. 9.4868 on June 30, 2021. The resultant per unit loss is Rs. 1.2114 (14.6%).

The asset allocation of NBP Islamic Energy 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 2.90% of the opening ex-NAV (2.46% 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 Islamic Energy Fund amounting to Rs. 15.03 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 Islamic Energy Fund by 1.84% 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., Chartered Accountants, retired 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 27 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 18.6 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	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	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

این بی پی فنڈ ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 21 اپریل 2016 کو قائم ہونے والے این بی پی اسلامک انرجی فنڈ کی چھٹی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 20 میں ناقص کارکردگی کے بعد (KMI-30 انڈیکس) نے اسٹاک مارکیٹ کی پُرکشش قیمتوں، توقع سے قبل کاروباری پابندیوں کے خاتمے اور تیز ترین معاشی بحالی، ڈویلپمنٹ اور مؤثر ویکسین کی تیاری اور تعیناتی اور مانیٹری اور فسکل حکام کی طرف سے مربوط کن فیصلہ سازی کے باعث مالی سال 2021 کے دوران 39.3% 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 گنا کی پرکشش Price-to-Earning (P/E) پر تجارت کرتی ہے۔

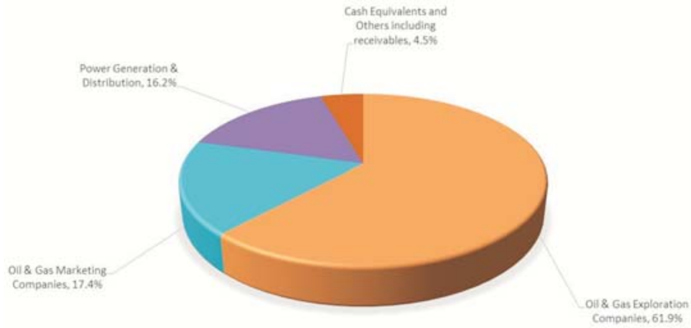
اگرچہ ملک کو زیرِ جائزہ سال کے دوران کوویڈ 19 کی متعدد لہروں کا سامنا کرنا پڑا، لیکن سمارٹ اور ٹارگٹڈ لاک ڈاؤن نے معیشت کو بغیر کسی رکاوٹ کے جاری رکھا۔ معاشی بحالی شروع میں بتدریج تھی اور سازگار مالیاتی اور مانیٹری پالیسیوں کی مدد سے اس کی رفتار تیز ہوگئی۔ مالی سال 20 کے دوران جی ڈی پی میں 0.5 فیصد کی 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 سیمنٹ کی ترسیل، خوردہ ایندھن کی فروخت، بجلی کی کھپت اور آٹو موبائل 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 بیرونِ 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، آخرکار دوبارہ بحال ہوگئی۔ 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 ڈیبٹ مارکیٹ میں یورو بانڈز جاری کر کے 2.5 بلین امریکی ڈالر قرض لینے کی اجازت دی۔ مزید برآں، سنٹرل بینک کی جانب سے پردیسوں کو مستفید کرنے کے لیے شروع کیا گیا روشن ڈیجیٹل اکاؤنٹ (آر ڈی اے) ایک شاندار کامیابی تھی کیونکہ ملک نے سال کے دوران تقریباً 1.6 بلین امریکی ڈالر کا زرِمبادلہ حاصل کیا۔

شعبہ وار کارکردگی کے تناظر میں آٹو اسمبلرز، سیمنٹ، کیمیکلز، انجینئرنگ، گلاس اینڈ سرامکس، تیل اور گیس مارکیٹنگ کمپنیوں، کاغذ اور بورڈ، بجلی کی پیداوار اور تقسیم، ریفائنری، ٹیکنالوجی، 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 چینی، ٹرانسپورٹ اور فارماسیوٹیکلز مارکیٹ سے پیچھے رہ گئے۔ مارکیٹ میں شرکاء وار سرگرمی کے لحاظ سے، انفرادی سرمایہ کار، کمپنیاں، اور دیگر آرگنائزیشنز بالترتیب 332 ملین امریکی ڈالر، 138 ملین امریکی ڈالر اور 45 ملین امریکی ڈالر کے خالص آمد کے ساتھ مارکیٹ میں بڑے خریدار رہے۔ دوسری طرف، غیر ملکی سرمایہ کار، بینک/DFIs اور بروکر پروپرائیٹری ٹریڈنگ بالترتیب تقریباً 387 ملین امریکی ڈالر، 95 ملین امریکی ڈالر اور 32 ملین امریکی ڈالر کے خالص اخراج کے ساتھ مارکیٹ میں اہم فروخت کار رہے۔

مالی سال کے دوران، NBP اسلامک انرجی فنڈ کے منافع میں 14.6% کا اضافہ ہوا جبکہ KMI-30 انڈیکس میں 39.3% کا اضافہ ہوا، سال کے دوران بنچ مارک میں 24.7% کی ابتر کارکردگی دکھائی۔ فنڈ نے ابتر کارکردگی دکھائی کیونکہ فنڈ انرجی سیکٹر اسٹاکس کے انتخاب میں بہت زیادہ دباؤ میں تھا، جس نے مارکیٹ سے ابتر کارکردگی ظاہر کی۔ اپنے قیام (21 اپریل 2016) سے آج تک NBP اسلامک انرجی فنڈ کا منافع 7.5% ہے، جبکہ بینچ مارک 29.9% کا اضافہ ہوا۔ لہٰذا فنڈ نے سال کے دوران 22.4% کی ابتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2021 کو فنڈ کا سائز 865 ملین روپے ہے۔

NBP اسلامک انرجی فنڈ کو اس مدت کے دوران 79.921 ملین روپے کا اضافہ ہوا۔ 31.724 ملین روپے کے اخراجات منہا کرنے کے بعد کل آمدنی 31.724 ملین روپے ہے۔ سال کے دوران، اسلامک انرجی فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 8.2754 (Ex-Div) روپے سے بڑھکر 30 جون 2021 کو 9.4868 روپے ہو چکی ہے۔ جس کے نتیجے فی یونٹ خسارہ 1.2114 روپے (14.6%) ہے۔

30 جون 2021 کو NBP اسلامک انرجی فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 2.09% (بنیادی قدر کا 2.46%) 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 پلان پر انکم 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 فنڈز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP اسلامک انرجی فنڈ میں ریکارڈ کی گئی 15.03 ملین روپے ورکرز ویلفیئر فنڈ کی پرووژننگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پرووژن کی اس ریورسل کے باعث NBP اسلامک انرجی فنڈ کی NAV میں 1.84% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز گرانٹ تھارنٹن انجم رحمان اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوگئے 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۔

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

1• مینجمنٹ 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۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

4• ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔

5• انٹرنل کنٹرول کا نظام مستحکم اور مؤثر 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 وشبہات نہیں ہیں۔

7• کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلوتہی نہیں کی گئی۔

8• پرفارمنس ٹیبل/اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔

9• ٹیکسوں، ڈیوٹیز، 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 مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔

11• یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔

12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید وفروخت ان مالیاتی گوشواروں کے نوٹ 18.6 میں ظاہر کی گئی ہے۔

13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2021 کو بورڈ آف ڈائریکٹرز درجہ ذیل 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 ارتضٰی کاظمی 3• محترمہ مہناز سالار 4• جناب علی سیگل 5• جناب عمران ظفر

اظہار تشکر

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: 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 Islamic Energy 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 Islamic Energy Fund

NBP Islamic Energy Fund is an Open-ended Shariah Compliant Equity Fund.

Investment Objective of the Fund

The objective of NBP Islamic Energy Fund is to provide investors with long term capital growth from an actively managed portfolio of Shari'ah Compliant listed equities belonging to the Energy Sector.

Benchmark

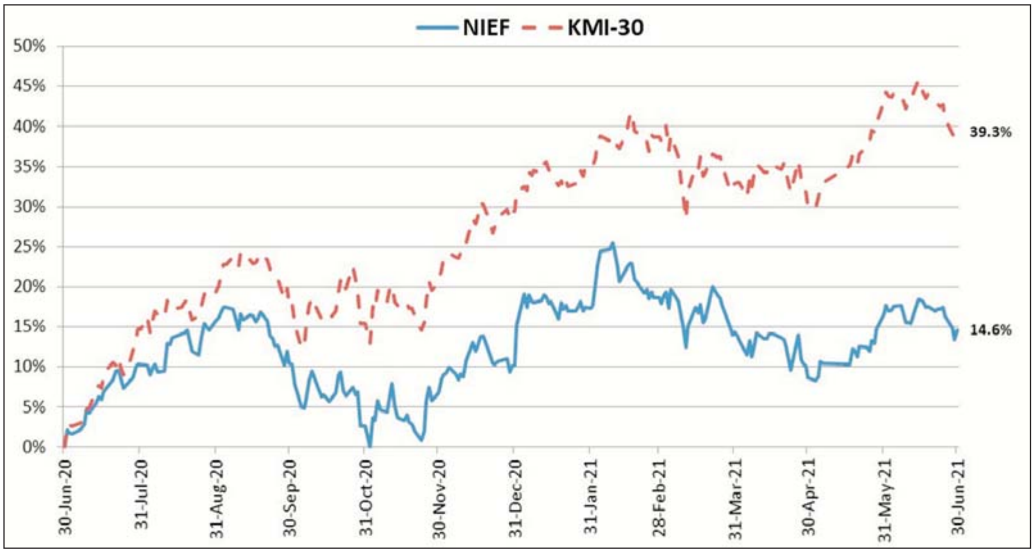
The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the sixth annual report of the Fund. During the fiscal year, NBP Islamic Energy Fund increased by 14.6% return as against the KMI-30 index increased by 39.3%, underperforming the benchmark by 24.7% during the year. Since its inception on April 21, 2016, the NBP Islamic Energy Fund was increased by 7.5%, while the benchmark increased by 29.9%. Thus, the Fund underperformed by 22.4% during the period. The performance of the Fund is net of management fee and all other expenses. The fund size of NBP Islamic Energy Fund is Rs.865 mln as of June 30, 2021.

NIEF underperformed during the year as the Fund was overweight in select Energy sectors stocks which underperformed the market. The chart below shows the performance of NIEF against the Benchmark for the year. The chart below shows the performance of NIEF against the Benchmark for the year.

NIEF Performance vs. Benchmark during FY21



After lackluster performance in FY20, the stock market (KMI-30 Index) delivered robust returns of 39.3% 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 a 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.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
Equities / Stocks	98.2%	97.3%
Cash Equivalents	5.7%	5.6%
Other Net Liabilities	(3.9%)	(2.9%)
Total	**100.0%**	**100.0%**

Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	2.46%	9.8763	9.6305

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	404
1-1000	385
1001-5000	163
5001-10000	128
10001-50000	286
50001-100000	73
100001-500000	67
500001-1000000	14
1000001-5000000	10
5000001-10000000	4
100000001-100000000	1
Total	**1,535**

Sindh Workers' Welfare Fund (SWWF)

During the year, the provision in respect of Sindh Workers' Welfare Fund has been made on a prudent basis with effect from launch date of the fund, based on recommendation by MUFAP to all its members. For further details, refer note 11.2 to the financial statements.

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Energy Fund amounting to Rs. 15.03 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 Islamic Energy Fund by 1.84% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

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.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Energy Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2021. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, the period from July 1, 2020 to June 30, 2021 was the Fifth year of operations of NBP Islamic Energy Fund (NIEF). This report is being issued in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance in line with the Shari'ah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries from the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

i) We have reviewed and approved the modes of equity investments of NIEF in light of Shari'ah requirements. Following is a list of top investments of NIEF as on June 30, 2021 and their evaluation according to the screening criteria established by us. (December 31, 2020 accounts of the Investee companies have been used)

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
						Net Liquid Assets vs. Share Price (B>A)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets per Share (A)**	**Share Price (B)**
Oil & Gas Development Company Limited.	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%	29.95%	100.44	103.77
Mari Petroleum Co. Limited	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	42.91%	356.34	1339.82
Pakistan Petroleum Limited.	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	30.57%	76.47	90.33
Pakistan Oilfields Limited	Oil & Gas Exploration Companies	0.00%	5.56%	2.34%	38.84%	13.65	395.41
The Hub Power Co. Limited.	Power Generation & Distribution Companies	23.52%	0.00%	4.66%	52.68%	(38.21)	
Pakistan State Oil Company Limited	Oil & Gas Marketing Companies	19.79%	0.00%	0.46%	35.35%	(33.23)	
Sui Northern Gas Pipelines Limited	Oil and Gas Marketing Companies	17.66%	0.00%	1.41%	34.54%	(365.82)	

ii) On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIEF are Shari'ah Compliant and in accordance with the criteria established by us.

iii) There are investments made by NIEF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NIEF for the year ended June 30, 2021 are not in compliance with the Shari'ah principles.

During the year, fund booked charity of amounting PKR 1,804,076/- wherein amount available for disbursement is PKR 956,842/-, which is inclusive of PKR 327,144/- provisional amount of previous year adjusted after availability of the respective financial statements.

May Allah bless us with best Tawfeeq to accomplish our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and On Behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Islamic Energy Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Energy 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.

Key Audit Matter	How the matter was addressed in our audit
Net assets value (NAV) (refer note 5 to the financial statements)	
Investments constitute the most significant component of the net assets value (NAV). Investments of the Fund as at June 30, 2021 amounted to Rs. 849.498 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered as a high risk area and therefore, we consider this as a Key Audit Matter (KAM).	We performed the following audit procedures: • Tested the design and operating effectiveness of the key controls for valuation of investment. • Obtained independent external report for verifying the existence of the investment portfolio as at June 30, 2021 and reconciled it with the books and records of the Fund. • Re-performed valuation to assess that the investments are carried as per the valuation methodology specified in the accounting policies.

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

	Note	2021	2020
		---------- Rupees in '000 ----------	
Assets			
Bank balances	4	**38,604**	30,237
Investments	5	**849,498**	582,638
Profit receivable		**217**	172
Dividend receivable		**1,269**	-
Deposits and other receivables	6	**5,604**	5,604
Receivable against issuance of units		**-**	3,345
Preliminary expenses and floatation costs	7	**-**	375
Total assets		**895,192**	622,371
Liabilities			
Payable to NBP Fund Management Limited - the Management Company	8	**8,234**	6,321
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	**171**	113
Payable to the Securities and Exchange Commission of Pakistan	10	**136**	110
Payable against redemption of units		**1,210**	399
Payable against purchase of investments		**310**	175
Accrued expenses and other liabilities	11	**19,691**	16,694
Total liabilities		**29,752**	23,812
NET ASSETS		**865,440**	598,559
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**865,440**	598,559
CONTINGENCIES AND COMMITMENTS	12		
		---------- Number of units ----------	
NUMBER OF UNITS IN ISSUE	13	**91,226,104**	70,530,143
		---------------- Rupees ----------------	
NET ASSET VALUE PER UNIT		**9.4868**	8.4866

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		---------- Rupees in '000 ------------	
Income			
Profit on bank deposits		**2,194**	4,397
Dividend income		**36,231**	13,940
Gain / (loss) on sale of investments - net		**42,400**	(10,858)
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2	**(904)**	(18,637)
		41,496	(29,495)
Total profit / (loss)		**79,921**	(11,158)
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	8.1	**10,186**	8,339
Sindh sales tax on remuneration of the Management Company	8.2	**1,324**	1,084
Allocated expenses	8.4	**929**	549
Selling and marketing expenses	8.5	**12,561**	6,884
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	9.1	**1,358**	1,099
Sindh sales tax on remuneration of the Trustee	9.2	**177**	143
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	**136**	110
Auditors' remuneration	14	**693**	505
Amortization of preliminary expenses and floatation costs	7	**375**	455
Annual listing and supervising fee		**28**	28
Printing charges		**69**	-
Shariah advisor fee		**83**	81
Securities transaction cost		**2,211**	2,209
Settlement and bank charges		**482**	314
Legal and professional charges		**128**	37
Total operating expenses		**30,740**	21,837
Net profit / (loss) from operating activities		**49,181**	(32,995)
Provision for Sindh Workers' Welfare Fund	11.2	**(984)**	-
Net profit / (loss) for the year before taxation		**48,197**	(32,995)
Taxation	15	**-**	-
Net profit / (loss) for the year after taxation		**48,197**	(32,995)
Earnings/(loss) per unit	16		
Allocation of net income for the year			
Net income for the year after taxation		**48,197**	-
Income already paid on units redeemed		**(5,306)**	-
		42,891	-
Accounting income available for distribution			
- Relating to capital gains		**38,334**	-
- Excluding capital gains		**4,557**	-
		42,891	-

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	-------- Rupees in '000 --------	
Net profit / (loss) for the year after taxation	**48,197**	(32,995)
Other comprehensive income for the year	**-**	-
Total comprehensive income / (loss) for the year	**48,197**	(32,995)

The annexed notes from 1 to 30 form an integral part of these financial statements.

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	573,989	24,570	598,559	608,471	57,565	666,036
Issue of 130,679,830 units (2020: 87,905,076 units)						
- Capital value (at ex-net asset value per unit)	1,109,027	-	1,109,027	804,270	-	804,270
- Element of income/(loss)	184,926	-	184,926	(31,048)	-	(31,048)
Total proceeds on issuance of units	1,293,953	-	1,293,953	773,222	-	773,222
Redemption of 109,983,869 units (2020: 90,170,914 units)						
- Capital value (at ex-net asset value per unit)	(933,389)	-	(933,389)	(825,001)	-	(825,001)
- Element of income/(loss)	(114,646)	(5,306)	(119,952)	17,297	-	17,297
Total payments on redemption of units	(1,048,035)	(5,306)	(1,053,341)	(807,704)	-	(807,704)
Total comprehensive profit / (loss) for the year	-	48,197	48,197	-	(32,995)	(32,995)
Interim cash distribution for the year ended June 30, 2021 @ Rs. 0.2458 per unit (Date of declaration June 28, 2021)	(12,929)	(8,999)	(21,928)	-	-	-
Net assets at end of the year	806,978	58,462	865,440	573,989	24,570	598,559

	2021	2020
Undistributed income brought forward		
- Realised income	43,207	209,700
- Unrealised loss	(18,637)	(152,135)
	24,570	57,565
Accounting income available for distribution		
- Relating to capital gains	38,334	-
- Excluding capital gains	4,557	-
	42,891	-
Net loss for the year after taxation	-	(32,995)
Interim cash distribution for the year ended June 30, 2021 @ Rs. 0.2458 per unit (Date of declaration June 28, 2021)	(8,999)	-
Undistributed income carried forward	58,462	24,570
Undistributed income carried forward		
- Realised income	59,366	43,207
- Unrealised loss	(904)	(18,637)
	58,462	24,570

	2021 (Rupees)	2020 (Rupees)
Net assets value per unit at the beginning of the year	8.4866	9.1493
Net assets value per unit at the end of the year	9.4868	8.4866

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the year after taxation		**48,197**	(32,995)
Adjustments for:			
Profit on bank deposits		**(2,194)**	(4,397)
Dividend income		**(36,231)**	(13,940)
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2	**904**	18,637
Provision for Sindh Workers' Welfare Fund		**984**	-
Amortization of preliminary expenses and floatation costs	7	**375**	455
		(36,162)	755
(Increase) / decrease in assets			
Investments		**(267,764)**	22,049
Receivable against sale of investments		**-**	26,783
Receivable against issuance of units		**3,345**	(3,345)
		(264,419)	45,487
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - the Management Company		**1,913**	211
Payable to Central Depository Company of Pakistan Limited - the Trustee		**58**	(19)
Payable to the Securities and Exchange Commission of Pakistan		**26**	(1,022)
Payable against redemption of units		**811**	399
Payable against purchase of investments		**135**	175
Accrued expenses and other liabilities		**2,013**	(646)
		4,956	(902)
		(247,428)	12,345
Dividend received		**34,962**	13,940
Profit received on bank deposits		**2,149**	4,646
Net cash (used) / generated from operating activities		**(210,317)**	30,931
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		**1,281,024**	773,222
Amount paid on redemption of units		**(1,053,341)**	(807,704)
Dvidend Distributed		**(8,999)**	-
Net cash generated/(used) in financing activities		**218,684**	(34,482)
Net increase / (decrease) in cash and cash equivalents		**8,367**	(3,551)
Cash and cash equivalents at the beginning of the year		**30,237**	33,788
Cash and cash equivalents at the end of the year	4	**38,604**	30,237

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Energy Fund (the Fund) is an open ended mutual fund constituted under a trust deed entered into on March 28, 2016 between NBP Fund Management Limited (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an asset management company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Shariah compliant equity scheme' by the Board of Directors (the Board) of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of Shariah compliant energy sector equity instruments. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has maintained an asset manager rating of AM1 as at June 23, 2021 (2020: AM1) to the Management Company. The Fund has not yet been rated.

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

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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the 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 the requirements of the trust deed have been followed.

2.2 Standards, amendments and interpretations to the published standards that may be relevant to the Fund 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 period;

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

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

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 (accounting periods beginning on or after)
- Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2022
- IFRS 3 - References to Conceptual Framework	January 01, 2022
- IAS 16 - Proceeds before intended use	January 01, 2022
- IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
- IAS 8 - 'Definition of Accounting Estimates	January 1, 2023
- 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 Company.

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)	July 1, 2021

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity 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 recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for Federal Excise Duty (note 8.3) and provision for taxation (notes 3.13 and 15).

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 on an accrual basis except for the statement of 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 Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.2 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.

3.3 Financial assets

3.3.1 Classification and subsequent measurement

3.3.1.1 Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of assets and liabilities at fair value, with gains and losses recognized in the income statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognized in the income statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the income statement.

3.3.2 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with it's financial assets (other than debt instruments) carried at amortized cost and FVOCI. The Fund recognizes loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- "An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;"

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.3.3 Regular way contracts

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.3.4 Initial recognition and measurement

Financial assets are recognized at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognized 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 recognized at fair value and transaction costs are recognized in the income statement.

3.3.5 Derecognition

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

3.4 Financial liabilities

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

3.5 Offsetting of financial assets and financial liabilities

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

3.6 Provisions

Provisions are recognized 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.

3.7 Net asset value per unit

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

3.8 Issue and redemption of units

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

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

3.9 Distributions to unit holders

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

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

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

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

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.

- Unrealized gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.

- Profit on bank balances is recognized on an accrual basis.

- Dividend income is recognized when the right to receive the dividend is established.

3.12 Expenses

All expenses including management fee and trustee fee are recognized in the income statement on an accrual basis.

3.13 Taxation

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

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

3.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 16.

3.15 Foreign currency translation

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

4 BANK BALANCES

	Note	2021	2020
		--------- Rupees in '000 --------	
Savings accounts	4.1	**34,173**	27,096
Current accounts		**4,431**	3,141
		38,604	30,237

4.1 These include a balance of Rs 25.176 million (2020: Rs 23.274 million) maintained with BankIslami Pakistan Limited (a related party) that carries a profit at the rate of 6.5% per annum (2020: 7.25% per annum). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 6.5% to 7.16% per annum (2020: 4.5% to 7.65% per annum).

5 INVESTMENTS

	Note	2021	2020
		--------- Rupees in '000 --------	
Financial assets 'at fair value through profit or loss'			
Quoted equity securities	5.1	**849,498**	582,638

5.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated other wise.

Name of the Investee Company	As at July 01, 2020	Acquired during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	------------------- Number of shares --------------------					Rupees in '000	--------- Percentage ---------		
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	89,475	59,020	-	56,900	91,595	139,626	16.44	16.13	0.07
Oil & Gas Development Company Limited	878,700	1,364,500	-	750,900	1,492,300	141,813	16.69	16.39	0.03
Pakistan Oil Fields Limited	202,341	251,200	-	161,900	291,641	114,866	13.52	13.27	0.10
Pakistan Petroleum Limited	1,074,496	1,357,200	-	829,200	1,602,496	139,145	16.38	16.08	0.06
						535,449	63.03	61.87	
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	44,100	33,400	-	4,100	73,400	23,564	2.77	2.72	0.07
Hascol Petroleum Limited	540,000	167,500	-	707,500	-	-	-	-	-
Hi-Tech Lubricants Limited	439,700	70,000	-	448,500	61,200	4,340	0.51	0.50	0.05
Pakistan State Oil Company Limited (Note 5.1.2)	261,789	348,400	-	273,100	337,089	75,592	8.90	8.73	0.07
Shell Pakistan Limited	27,900	76,900	22,900	37,900	89,800	15,733	1.85	1.82	0.04
Sui Northern Gas Pipelines Limited	754,700	641,500	-	743,500	652,700	31,708	3.73	3.66	0.10
						150,937	17.76	17.44	
POWER GENERATION AND DISTRIBUTION									
Hub Power Company Limited	1,027,929	804,000	-	531,400	1,300,529	103,613	12.20	11.97	0.10
K-Electric Limited	1,915,500	4,526,000	-	459,000	5,982,500	25,007	2.94	2.89	0.02
Nishat Power Limited	71,000	-	-	71,000	-	-	-	-	-
Lalpir Power Limited	711,000	-	-	84,500	626,500	11,189	1.32	1.29	0.16
						139,809	16.46	16.15	
REFINERY									
Attock Refinery Limited	-	31,500	-	1,700	29,800	7,642	0.90	0.88	0.03
Byco Petroleum Pakistan Limited	-	700,000		-	700,000	8,127	0.96	0.94	0.01
National Refinery Limited	-	22,500	-	8,100	14,400	7,534	1	1	0.02
						23,303	3	3	
Total as at June 30, 2021						849,498	100.00	98.16	
Carrying value as at June 30, 2021						850,402			
Market value as at June 30, 2020						582,638			
Carrying value as at June 30, 2020						601,275			

5.1.1 Investments include shares with a market value of Rs. 81.133 million (2020: Rs. 73.315 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 October 23, 2007 issued by the SECP.

5.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the Honorable High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I of the Second Schedule to the Income Tax Ordinance, 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the Honorable High Court of Sindh (HCS) in favour of CISs.

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

Further, the Finance Act, 2018 effective from July 1, 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.

As at June 30, 2021, the following bonus shares of the Fund have been withheld by investee company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the company	2021		2020	
	Bonus shares			
	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 Company Limited	4,805	224	4,805	760

5.2 **Unrealized diminution on re-measurement of investments classified as financial assets at fair value through profit or loss**

	Note	2021	2020
		--------- Rupees in '000 ---------	
Market value of investments	5.1	849,498	582,638
Carrying value of investments	5.1	(850,402)	(601,275)
		(904)	(18,637)

6 DEPOSITS AND OTHER RECEIVABLE

	Note	2021	2020
		--------- Rupees in '000 ---------	
Security deposit with Central Depository Company of Pakistan Limited *		**100**	100
Security deposit with National Clearing Company of Pakistan Limited *		**2,500**	2,500
Advance tax	6.1	**3,004**	3,004
		5,604	5,604

* related party balances

6.1 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 sections 151 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The tax withheld on dividends and profit on bank deposits as at June 30, 2021 amounts to Rs 3.004 million (2020: Rs 3.004 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honorable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on dividends and profit on bank deposits has been shown as other receivable as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7 PRELIMINARY EXPENSES AND FLOATATION COSTS

	2021	2020
	--------- Rupees in '000 ---------	
At the beginning of the year	375	830
Less: amortization during the year	(375)	(455)
At the end of the year	-	375

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortized over a period of five years in accordance with the requirements set out in the trust deed of the Fund.

8 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	2021	2020
		---------- Rupees in '000 --------	
Management fee payable	8.1	**1,135**	753
Sindh sales tax payable on remuneration of the Management Company	8.2	**148**	98
Federal Excise Duty payable on remuneration of the Management Company	8.3	**583**	583
Front end load payable		**46**	1,275
Federal Excise Duty on front end load		**1,501**	1,501
Sindh sales tax on front end load		**27**	10
Allocated expenses payable	8.4	**333**	135
Selling and marketing expenses payable	8.5	**4,443**	1,950
ADC Share - Payable To Management Company		**2**	-
Other payable		**16**	16
		8,234	6,321

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

Rate applicable from July 1, 2020 to June 30, 2021	Rate applicable from July 12, 2019 to June 30, 2021	Rate applicable from July 1, 2019 to July 11, 2019
1.5% of the average annual net assets	1.5% of the average annual net assets	2% of the average annual net assets

8.2 During the year, an amount of Rs. 1.324 million (2020: Rs. 1.084 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

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

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from April 19, 2016 till June 30, 2016 amounting to Rs 0.583 million is being retained in these financial statements of the Fund as the matter is pending before the Honorable Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2021 would have been higher by Re 0.0064 (2020: Re 0.0083) per unit.

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

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 (1) / 2019 dated June 20, 2019 has removed the maximum cap of 0.1%.

Accordingly, the Management Company has charged 0.1 % of the average annual net assets, and from October 27, 2020 the rate has been revised 0.15% of the average annual net assets.

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

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

Management has charged selling and marketing expenses at the below mentioned rates, duly approved by the Board of the management company.

Year	Effective dates	Applicable Rates
2019-2020	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 June 30, 2020	1.5% per annum of average daily net assets
2020-2021	From July 1, 2020 till October 26, 2020	1.5% per annum of average daily net assets
	From October 27, 2020 till January 25, 2021	1.9% per annum of average daily net assets
	From January 26, 2021 till June 30, 2021	2% per annum of average daily net assets

		Note	2021	2020
9	**PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE**	**Note**	**--------- Rupees in '000**	**---------**
	Trustee fee payable	9.1	**151**	100
	Sindh sales tax payable on trustee fee	9.2	**20**	13
			171	113

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs 1 billion	0.2% per annum of net assets
- on an amount exceeding Rs 1 billion	Rs 2.0 million plus 0.10% per annum of net assets, on amount exceeding Rs 1 billion

9.2 During the year, an amount of Rs 0.177 million (2020: Rs 0.143 million) was charged on account of sales tax @ 13% (2020: 13%) on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

		Note	2021	2020
10	**PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**	**Note**	**--------- Rupees in '000**	**---------**
	Annual fee payable	10.1	**136**	110

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

The fund has charged SECP fee at the rate of 0.02% per anum of the average annual net assets during the current period, (2020: 0.02% per anum of the average annual net assets).

		Note	2021	2020
11	**ACCRUED EXPENSES AND OTHER LIABILITIES**		**--------- Rupees in '000 ---------**	
	Auditors' remuneration payable		**379**	338
	Printing charges payable		**20**	34
	Bank charges payable		**85**	52
	Charity payable	11.1	**2,381**	1,533
	Legal and professional charges payable		**18**	54
	Shariah advisor fee payable		**93**	90
	Withholding tax payable		**1,487**	1
	Capital gain tax payable		**123**	538
	Settlement charges		**71**	3
	Provision for Sindh Workers' Welfare Fund	11.2	**15,034**	14,051
			19,691	16,694

11.1 According to the instructions of the Shariah advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year, non Shariah compliant income amounting to Rs. 1.804 million (2020: Rs. 0.558 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of Shariah Advisor. The dividend income is recorded net of charity portion.

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

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 April 19, 2016 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.165 per unit (2020: Re 0.199).

12 CONTINGENCIES AND COMMITMENTS

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

13	NUMBER OF UNITS IN ISSUE	Note	2021	2020
			----Number of Units----	
	Total units in issue at the beginning of the year		**70,530,143**	72,795,981
	Units issued during the year		**130,679,830**	87,905,076
	Units redeemed during the year		**(109,983,869)**	(90,170,914)
	Total units in issue at the end of the year		**91,226,104**	70,530,143

14	AUDITORS' REMUNERATION	2021	2020
		----- Rupees in '000 -----	
	Annual audit fee	**352**	286
	Half yearly review fee	**151**	141
	Other certification	**-**	65
	Out of pocket expenses	**190**	13
		693	505

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June, 30 2021 to the unit holders in cash, no provision for taxation has been made in theses financial statements during the year.

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

16 Earning / (loss) per unit

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

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 4.67% (2020: 3.98%) which includes 0.39% (2020: 0.25%) representing government levies on the fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as 'Shariah compliant equity scheme'.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the trust deed.

18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the trust deed.

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

18.6 Details of the transactions with related parties / connected persons during the year are as follows:

	2021	2020
	----- Rupees in '000 ------	
NBP Fund Management Limited - the Management Company		
Remuneration for the year	**10,186**	8,339
Sindh sales tax on remuneration of the Management Company	**1,324**	1,084
Selling and marketing expense	**12,561**	6,884
Allocated expenses	**929**	549
Sales and transfer load	**2,516**	1,407
Sindh sales tax on sales load	**327**	183
ADC charges including SST	**7**	-
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration for the year	**1,358**	1,099
Sindh sales tax on remuneration	**177**	143
Settlement charges	**-**	286
Pakistan Stock Exchange Limited - common directorship		
Listing fee	**28**	28
Farida Ali Asghar (more than 10% holding) **		
Units Issued 13,685,309 (2020: Nil)	**140,000**	-
Dividend Reinvest 140,772 (2020: Nil)	**1,338**	-
Key management personnel of the Management Company		
Dividend Re-invest Units Issued - 28,124 units (2020: Nil)	**267**	-
Units Issued / Transferred In - 18,730,933 units (2020: 516,924 units)	**176,832**	106,408
Units Redeemed / Transferred Out - 15,747,084 units (2020: 11,412,361) units	**149,819**	102,118
Taurus Securities Limited - common directorship		
Brokerage expenses	**125**	116
National Clearing Company of Pakistan Limited - Common directorship **		
NCCPL charges	**412**	-
Humayun Bashir - Director **		
Dividend Re-invest Units Issued - 1,423 units (2020: Nil)	**14**	-
Units Issued / Transferred In - 1,615,614 units (2020: Nil)	**16,608**	-
Units Redeemed / Transferred Out - 528,100 units (2020: Nil)	**5,000**	-
Portfolio managed by the Management Company **		
Dividend Re-invest Units Issued - 7,579 units (2020: Nil)	**72**	-
Hub Power Company Limited - Common Directorship **		
Shares purchased - 804,000 (2020: Nil)	**71,747**	-
Shares sold - 531,400 (2020: Nil)	**43,835**	-
Dividend income (2020: Nil)	**6,400**	-
BankIslami Pakistan Limited - Common directorship		
Profit on bank deposits	**1,061**	2,908

		2021	2020
18.7	**Amounts / balances outstanding as at year end**	----- Rupees in '000 ------	
	NBP Fund Management Limited - the Management Company		
	Remuneration payable to the Management Company	**1,135**	753
	Sindh sales tax on remuneration of the Management Company	**148**	98
	Federal Excise Duty on remuneration of the Management Company	**583**	583
	Front-end load payable	**46**	1,275
	Sindh sales tax on front end load	**27**	10
	Federal Excise Duty on front end load	**1,501**	1,501
	Selling and marketing expense payable	**4,443**	1,950
	Others	**16**	16
	Allocated expenses payable	**333**	135
	ADC Share - Payable To Management Company	**2**	-
	Central Depository Company of Pakistan Limited - the Trustee		
	Trustee fee	**151**	100
	Sindh sales tax on the remuneration of the Trustee	**20**	13
	Security deposit	**100**	100
	Settlement charges	**-**	3
	Key management personnel of the Management Company		
	Units held 3,943,419 (2020: 930,726 units)	**37,410**	7,899
	BankIslami Pakistan Limited - common directorship		
	Bank balances	**25,176**	23,274
	Profit receivable	**101**	152
	Taurus Securities Limited - common directorship **		
	Brokerage payable	**20**	-
	Portfolio managed by the Management Company		
	Units held 352,267 (2020: 344,688 units)	**3,342**	2,925
	Farida Ali Asghar (more than 10% holding) **		
	Units held 20,228,241 (2020: Nil)	**191,901**	-
	Humayun Bashir - Directors **		
	Units held 1,088,937 - (2020: Nil)	**10,331**	-
	Hub Power Company Limited - Common Directorship **		
	Shares held - 1,300,529 (2020: Nil)	**103,613**	-
	National Clearing Company of Pakistan Limited - Common directorship		
	Security deposit	**2,500**	-
	NCCPL charges payable	**71**	-

* Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2021.

** Prior year comparative has not been presented as the person was not a related party / connected person of the Fund as at June 30, 2020.

18.8 Other balances due to / from related parties / connected persons are included in respective notes to the financial statements.

19. FINANCIAL INSTRUMENTS BY CATEGORY

	2021		
	At fair value through profit or loss	At amortized cost	Total
	Rupees in '000		
Financial assets			
Bank balances	**-**	**38,604**	**38,604**
Investments	**849,498**	**-**	**849,498**
Profit receivable	**-**	**217**	**217**
Dividend receivable	**-**	**1,269**	**1,269**
Deposits and other receivables	**-**	**2,600**	**2,600**
	849,498	**42,690**	**892,188**
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	**-**	**8,234**	**8,234**
Payable to Central Depository Company of Pakistan - the Trustee	**-**	**171**	**171**
Payable against redemption of units	**-**	**1,210**	**1,210**
Payable against purchase of investments	**-**	**310**	**310**
Accrued expenses and other liabilities	**-**	**3,047**	**3,047**
	-	**12,972**	**12,972**

	2020		
	At fair value through profit or loss	At amortized cost	Total
	Rupees in '000		
Financial assets			
Bank balances	-	30,237	30,237
Investments	582,638	-	582,638
Profit receivable	-	172	172
Deposits and other receivables	-	2,600	2,600
Receivable against sale of investments	-	3,345	3,345
	582,638	36,354	618,992
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	6,321	6,321
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	113	113
Payable against redemption of units	-	399	399
Payable against purchase of investments	-	175	175
Accrued expenses and other liabilities	-	2,101	2,101
	-	9,109	9,109

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund 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 the Fund is willing to accept. The Board of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As at June 30, 2021, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.341 million (2020: Rs. 0.271 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

	2021					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Bank balances	6%-7.16%	34,173	-	-	4,431	38,604
Investments		-	-	-	849,498	849,498
Profit receivable		-	-	-	217	217
Deposits and other receivables		-	-	-	2,600	2,600
Dividend receivable		-	-	-	1,269	1,269
		34,173	-	-	858,015	892,188
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	8,234	8,234
Payable to Central Depository Company of Pakistan - the Trustee		-	-	-	171	171
Payable against redemption of units		-	-	-	1,210	1,210
Payable against purchase of investments		-	-	-	310	310
Accrued expenses and other liabilities		-	-	-	3,047	3,047
		-	-	-	12,972	12,972
On-balance sheet gap		34,173	-	-	845,043	879,216
Total profit rate sensitivity gap		34,173	-	-		
Cumulative profit rate sensitivity gap		34,173	34,173	34,173		

	2020					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Bank balances	4.5%-7.65%	27,096	-	-	3,141	30,237
Investments		-	-	-	582,638	582,638
Profit receivable		-	-	-	172	172
Deposits and other receivables		-	-	-	2,600	2,600
Receivable against sale of investments		-	-	-	3,345	3,345
		27,096	-	-	591,896	618,992
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	6,321	6,321
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	113	113
Payable against redemption of units		-	-	-	399	399
Payable against purchase of investments		-	-	-	175	175
Accrued expenses and other liabilities		-	-	-	2,101	2,101
		-	-	-	9,109	9,109
On-balance sheet gap		27,096	-	-	582,787	609,883
Total profit rate sensitivity gap		27,096	-	-		
Cumulative profit rate sensitivity gap		27,096	27,096	27,096		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) 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 profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the trust deed. The NBFC Regulations also limit individual equity securities to no more than 20% of net assets. There is no sector exposure limit on sector specific fund under NBFC Regulations.

In case of 5% increase / decrease in KMI 30 index on June 30, 2021, with all other variables held constant, the net loss of the Fund for the year would decrease / increase by Rs. 42.475 million (2020: Rs. 29.132 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or 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 KMI 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 KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

	2021						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Bank balances	38,604	-	-	-	-	-	38,604
Investments	-	-	-	-	-	849,498	849,498
Profit receivable	217	-	-	-	-	-	217
Deposits and other receivables	-	-	-	-	-	2,600	2,600
Dividend receivable	1,269	-	-	-	-	-	1,269
	40,090	-	-	-	-	852,098	892,188
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	8,234	-	-	-	-	-	8,234
Payable to Central Depository Company of Pakistan - the Trustee	171	-	-	-	-	-	171
Payable against redemption of units	1,210	-	-	-	-	-	1,210
Payable against purchase of investments	310	-	-	-	-	-	310
Accrued expenses and other liabilities	3,047	-	-	-	-	-	3,047
	12,972	-	-	-	-	-	12,972
Net assets	27,118	-	-	-	-	852,098	879,216

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial assets							
Bank balances	30,237	-	-	-	-	-	30,237
Investments	-	-	-	-	-	582,638	582,638
Profit receivable	172	-	-	-	-	-	172
Deposits and other receivables	-	-	-	-	-	2,600	2,600
Receivable against sale of investments	3,345	-	-	-	-	-	3,345
	33,754	-	-	-	-	585,238	618,992
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	6,321	-	-	-	-	-	6,321
Payable to Central Depository Company of Pakistan Limited - the Trustee	113	-	-	-	-	-	113
Payable against redemption of units	399						399
Payable against purchase of investments	175						175
Accrued expenses and other liabilities	2,101	-	-	-	-	-	2,101
	9,109	-	-	-	-	-	9,109
Net assets	24,645	-	-	-	-	585,238	609,883

20.3 Credit risk

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

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	---------------------------- Rupees in '000 ----------------------------			
Bank balances	**38,604**	**38,604**	30,237	30,237
Investments	**849,498**	**-**	582,638	-
Profit receivable	**217**	**217**	172	172
Deposits and other receivables	**2,600**	**2,600**	2,600	2,600
Dividend receivable	**1,269**	**1,269**	-	-
Receivable against issuance of units	**-**	**-**	3,345	3,345
	892,188	**42,690**	618,992	36,354

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

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of bank balances is as follows:

Rating	**% of financial assets exposed to credit risk**	
	2021	**2020**
AAA	**0.81**	0.42
AA+	**-**	0.23
AA-	**0.08**	0.14
AA	**0.20**	0.16
A-1+	**0.00**	-
A+	**2.82**	3.76
A-	**0.00**	-
A	**0.32**	-
Suspended*	**0.10**	0.16
	4.33	4.88

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

21 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at the reporting date, the Fund held the following financial instruments measured at fair values:

	------------------------ 2021 ------------------------		
	Level 1	**Level 2**	**Level 3**
	----------------------- Rupees in '000 ------------------------		
Financial assets			
At fair value through profit or loss	849,498	-	-

	------------------------ 2020 ------------------------		
	Level 1	**Level 2**	**Level 3**
	----------------------- Rupees in '000 ------------------------		
Financial assets			
At fair value through profit or loss	582,638	-	-

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

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

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

In accordance with the risk management policies as stated in note 20, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2021 Number of unit holders	2021 Investment amount (Rupees in '000)	2021 Percentage of total	2020 Number of unit holders	2020 Investment amount (Rupees in '000)	2020 Percentage of total
Individuals	1,510	621,864	71.86	1,510	460,330	76.91
Public Limited Companies	3	7	0.00	3	17,831	2.98
Retirement Funds	8	46,899	5.42	8	24,721	4.13
Associated Companies and Directors	1	10,331	1.19	-	-	-
Others	13	186,340	21.53	13	95,677	15.98
	1,535	865,440	100%	1,534	598,559	100%

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2021 Name of broker	2021 Percentage of commission paid	2020 Name of broker	2020 Percentage of commission paid
Taurus Securities Ltd.	6.40%	Ismail Iqbal Securities (Private) Limited	5.74%
J.S. Global Capital Ltd.	5.17%	Topline Securities (Private) Limited	5.52%
Foundation Securities	5.14%	Taurus Securities Limited	5.31%
Insight Securities (Pvt.) Limited	5.06%	Intermarket Securities Limited	4.98%
BMA Capital Management Limited	4.36%	Alfalah Securities (Private) Limited	4.69%
EFG Hermes Pakistan Ltd	4.15%	Arif Habib Securities Limited	4.48%
Topline Securities Limited	4.15%	J.S. Global Capital Limited	4.45%
Alfalah Securities (Pvt) Limited	4.07%	BMA Capital Management Limited	4.13%
Intermarket Securities	4.07%	EFG Hermes Pakistan Limited	4.09%
Optimus Capital Management Limited	3.96%	Optimus Capital Management Limited	4.04%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	33
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	21
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	15
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	10

26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	NBF, NFSF, NIAAEF, NIRIF, NISIF, NSIF, NSF, NBP-GETF

27 MEETINGS OF BOARD OF THE MANAGEMENT COMPANY

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.

28 CORRESPONDING FIGURES

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

29 DATE OF AUTHORISATION FOR ISSUE

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

30 GENERAL

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

For NBP Fund Management Limited
(Management Company)

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

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the the period from April 19, 2016 to June 30, 2016
Net assets at the year / period ended (Rs '000)	865,440	598,559	666,036	1,647,183	2,315,526	1,033,099
Net income for the year / period ended (Rs '000)	48,197	(32,995)	(360,298)	(86,123)	601,343	88,784
Net Asset Value per unit at the year / period ended (Rs)	9.4868	8.4866	9.1493	12.6711	13.0957	10.5499
Offer Price per unit	9.8084	8.7743	9.4595	13.1007	13.5396	10.9684
Redemption Price per unit	9.4868	8.4866	9.1493	12.6711	13.0957	10.5499
Ex - Highest offer price per unit (Rs.)	10.7422	11.6523	13.0998	14.7179	15.5854	11.3450
Ex - Lowest offer price per unit (Rs.)	8.5568	6.645	9.1925	12.0731	10.2984	9.6356
Ex - Highest redemption price per unit (Rs.)	10.3900	11.2702	12.6703	14.2353	15.0743	10.9121
Ex - Lowest redemption price per unit (Rs.)	8.2763	6.4271	8.8911	11.6772	10.0673	9.6356
Fiscal Year Opening Ex NAV	8.2754	9.1493	12.6711	13.0957	9.9054	9.6356
Total return of the fund	14.64%	-7.24%	-27.80%	-3.24%	32.21%	9.49%
Capital gowth	12.09%	-7.24%	-27.80%	-3.24%	23.82%	5.71%
Income distribution as a % of e x nav	2.55%	-	-	-	8.39%	3.78%
Income distribution as a % of par value	0	-	-		8.31%	4.00%
Distribution						
Interim distribution per unit	0.2458	-	-	-	0.8310	0.4000
Final distribution per unit	-	-	-	-	-	-
Distrubution Dates						
Interim	28-Jun-21	-	-		21-Jun-17	30-Jun-16
Final						
Total return of the fund (launch date January 09, 2015)						
(Since inception to June 30, 2021)	1.41%					
(Since inception to June 30, 2020)		-1.51%				
(Since inception to June 30, 2019)			1.10%			
(Since inception to June 30, 2018)				16.61%		
(Since inception to June 30, 2017)					36.39%	
(Since inception to June 30, 2016)						9.49%
Portfolio Composition (Please see Fund Manager Report)						
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 Islamic Energy 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 ISLAMIC ENERGY FUND			
Resolutions	**For**	**Against**	**Abstain**
3	**3**	Nil	N/A
100%	**100%**	-	-

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