NBP FUNDS
Managing Your Savings

NBP MONEY MARKET 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

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
BankIslami Pakistan Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiati Bank Limited
Faysal Bank Limited
Dubai Islamic 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 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive Officer

Shaikh Muhammad Abdul Wahid Sethi
Chairman

Mr. Khalid Mansoor
Director

Mr. Humayun Bashir
Director

Mr. Tauqeer Mazhar
Director

Mr. Ali Saigol
Director

Mr. Saad Amanullah Khan
Director

Ms. Mehnaz Salar
Director

Mr. Imran Zaffar
Director

Senior Management

Dr. Amjad Waheed, CFA
Chief Executive Officer

Mr. Sajjad Anwar, CFA
Chief Investment Officer

Mr. Samiuddin Ahmed
Country Head Corporate Marketing

Mr. Ozair Khan
Chief Technology Officer

Mr. Salim S Mehdi
Chief Innovation & Strategy Officer

Mr. Muhammad Murtaza Ali
Chief Operating Officer & Company Secretary

Mr. Khalid Mehmood
Chief Financial Officer

Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer

Syed Sharoz Mazhar, CFA
Head of Business & Sales Strategy

Mr. Salman Ahmed, CFA
Head of Fixed Income

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

Mr. Hassan Raza, CFA
Head of Research

Mr. Waheed Abidi
Head of Internal Audit

Mr. Zaheer Iqbal, ACA FPFA
Head of Operations

Muhammad Imran, CFA, ACCA
Head of Portfolio Management

Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Tenth Annual Report of **NBP Money Market Fund** (NMMF) for the year ended June 30, 2021.

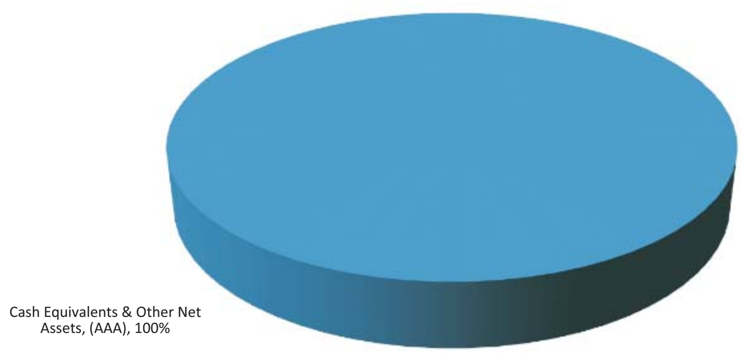
Fund's Performance

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.

NMMF's stability rating awarded by PACRA is 'AA (f)', which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the Fund has stringent investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating requirement is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days.

The size of NBP Money Market Fund has decreased from Rs. 28,236 million to Rs. 21,623 million during the period, i.e., a decline of 23%. During the period, the unit price of the Fund has increased from Rs. 9.2778 (Ex-Div) on June 30, 2020 to Rs. 9.8986 on June 30, 2021 thus posting a return of 6.7% as compared to same return for Benchmark 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. 1,923.97 million during the year. After deducting total expenses of Rs. 227.91 million, the net income is Rs. 1,696.06 million. The asset allocation of NMMF as on June 30, 2021 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 6.33% of the opening ex-NAV (6.26% 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 Money Market Fund amounting to Rs. 180.33 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 Money Market Fund by 0.69% on August 13, 2021. This is 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 A. F. Ferguson & Co. Chartered Accountants, 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 22 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 این بی پی منی مارکیٹ فنڈ (NMMF) کی دسویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

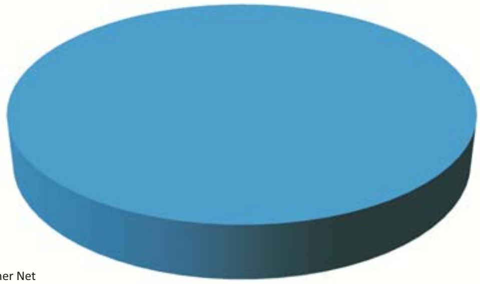
فنڈ کی کارکردگی

سی پی آئی (CPI) کی پیمائش 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 ٹرلین 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۔

NMMF کو PACRA کی طرف سے AA(f) کی اسٹیبلیٹی ریٹنگ دی گئی ہے جو منافع جات میں استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ ایک منی مارکیٹ اسکیم کی حیثیت سے فنڈ سرمایہ کاری کی انتہائی سخت ہدایات رکھتا ہے۔ فنڈ کی منظور شدہ انویسٹمنٹس میں ٹی بلز، بینک ڈپازٹس اور منی مارکیٹ انسٹرومنٹس شامل ہیں۔ ریٹنگ کا کم از کم تقاضا AA ہے، جب کہ فنڈ کو چھ ماہ سے زائد میچورٹی والی کسی سیکورٹی میں انویسٹ کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کی نپی تلی اوسط مدت 90 دن سے زائد نہیں ہو سکتی۔

NBP منی مارکیٹ فنڈ کا سائز اس مدت کے دوران 28,236 ملین روپے سے کم ہو کر 21,623 ملین روپے ہو گیا ہے یعنی 23% کی کمی ہوئی۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.2778 روپے (EX-Div) سے بڑھ کر 30 جون 2021 کو 9.8986 روپے ہو گئی، لہٰذا اسی مدت کے لئے اپنے بینچ مارک منافع کے مقابلے میں 6.7% منافع درج کرایا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے اس مدت کے دوران 1,923.97 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 227.91 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1,696.06 ملین روپے رہی۔
30 جون 2021 کو NMMF 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 6.33% (بنیادی قدر کا 6.26%) عبوری نقد ڈیویڈینڈ منظور کیا 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)

13 اگست 2021 کو NBP منی مارکیٹ فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پرویژننگ کے بعد مراسلہ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیریفکیشن پر میوچل فنڈز ایسوسی ایشن آف پاکستان کو دی گئی 180.33 ملین روپے کی رقم واپس کردی گئی۔ پرویژن کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک ڈیلی ڈیویڈینڈ فنڈ کے NAV میں 0.69% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایک ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز ،میسرز یوسف عادل اینڈ کو، چارٹرڈ اکاؤنٹنٹس ، نے فنڈ کے آڈیٹر کی صلاحیت میں اپنی پانچ سالہ مدت مکمل کر لی ہے۔ نان بینکنگ فنانس کمپنیز کی ریگولیشن (i)38 اور نوٹیفائیڈ ریگولیشنز 2008 کے تقاضے کے مطابق ان کی تبدیلی ضروری ہے۔ بورڈ نے 30 جون 2022 کو ختم ہونے والے سال میں میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ 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 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 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 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 22 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 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 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 Money Market 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 Money Market Fund

NBP Money Market Fund (NMMF) is an Open-End Money Market Scheme.

Investment Objective of the Fund

The objective of NBP Money Market Fund is to provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

Benchmark

70% 3-Month PKRV & 30% average 3-Month deposit rates of three AA rated banks as selected by MUFAP.

Fund Performance Review

This is the Tenth Annual report since the launch of the Fund on February 23, 2012. The Fund size decreased by 23% during FY21 and stands at Rs. 21,623 million as of June 30, 2021. The Fund's return since its inception is 8.2% p.a. versus the benchmark return of 7.0% p.a. This translates into outperformance of 1.2% p.a. The Fund posted a 6.7% return during FY21 versus the benchmark return of 6.7%. This performance is net of management fee and all other expenses.

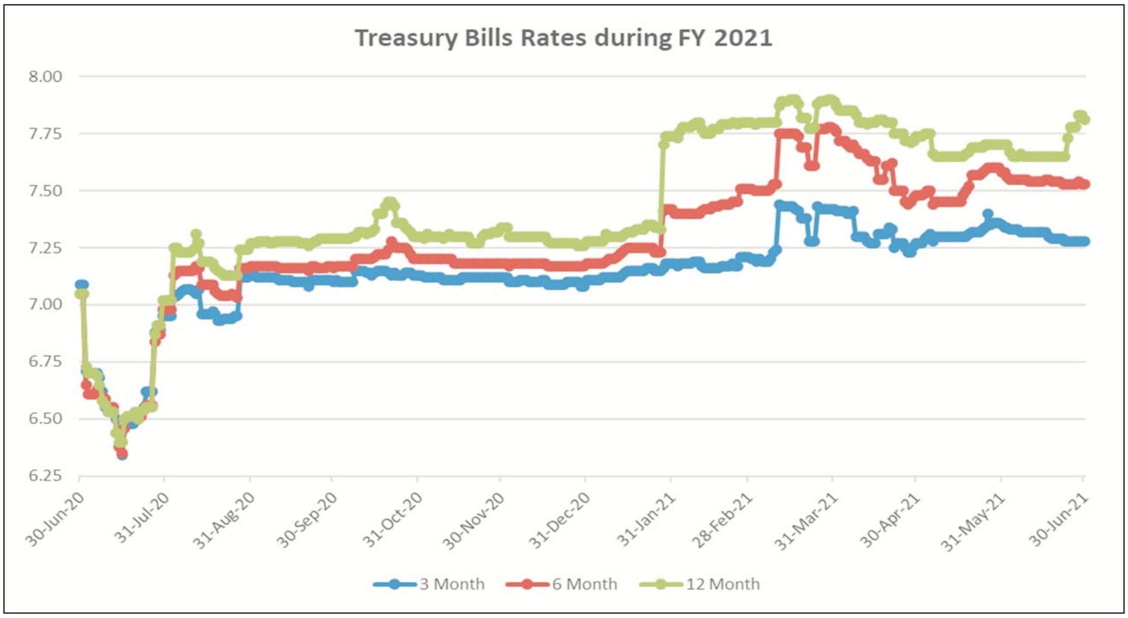
NMMF's stability rating awarded by PACRA is 'AA (f)', which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the Fund has stringent investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits, and Money Market instruments. The minimum rating requirement is AA, while the Fund is not allowed to invest in any security exceeding six months of maturity. The weighted average time to maturity of the Fund cannot exceed 90 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. 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.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
T-Bills	-	21.40%
Cash, Bank Placements & Other Assets	100%	78.60%
Total	**100%**	**100%**

T-Bills yields during the year are shown in the below graph:



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jul-20	0.390%	9.9215	9.8825
Aug-20	0.467%	9.9292	9.8825
Sep-20	0.534%	9.9359	9.8825
Oct-20	0.532%	9.9357	9.8825
Nov-20	0.511%	9.9336	9.8825
Dec-20	0.482%	9.9307	9.8825
Jan-21	0.650%	9.9475	9.8825
Feb-21	0.482%	9.9307	9.8825
Mar-21	0.541%	9.9366	9.8825
Apr-21	0.618%	9.9443	9.8825
May-21	0.519%	9.9344	9.8825
Jun-21	0.531%	9.9356	9.8825

Unit Holding Pattern of NBP Money Market Fund as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
1-1000	2,281
1001-5000	230
5001-10000	85
10001-50000	161
50001-100000	81
100001-500000	246
500001-1000000	56
1000001-5000000	96
5000001-10000000	27
10000001-100000000	49
100000001-1000000000	3
Total	**3,315**

During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Money Market 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. 176.44 million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0808/0.87%. For details, investors are advised to read note 18 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 Money Market Fund amounting to Rs. 180.33 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 Money Market Fund by 0.69% 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 Money Market Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **NBP Money Market 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 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 year.

We have determined that there are no key audit matters to communicate in our report.

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

Date: September 30, 2021
Karachi

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021	2020
		--------- Rupees in '000 ---------	
ASSETS			
Bank balances	5	**21,923,169**	22,428,934
Investments	6	**-**	6,043,726
Mark-up accrued	7	**42,732**	17,435
Deposit and prepayment	8	**361**	337
Receivable against transfer of units	9	**-**	118,817
Total assets		**21,966,262**	28,609,249
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	10	**17,448**	66,177
Payable to Central Depository Company of Pakistan Limited - Trustee	11	**1,150**	1,724
Payable to the Securities and Exchange Commission of Pakistan	12	**5,308**	5,730
Payable against redemption of units	13	**78,515**	82,968
Accrued expenses and other liabilities	14	**240,741**	216,488
Total liabilities		**343,162**	373,087
NET ASSETS		**21,623,100**	28,236,162
UNIT HOLDERS' FUND (as per statement attached)		**21,623,100**	28,236,162
Contingencies and commitments	15		
		------------ Number of units ------------	
Number of units in issue	16	**2,184,470,844**	2,857,199,837
		------------------ Rupees -------------------	
Net asset value per unit		**9.8986**	9.8825

The annexed notes from 1 to 33 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
INCOME		------------ Rupees in '000 ------------	
Return / mark-up on:			
- bank balances		**798,076**	2,316,399
- government securities		**971,528**	1,173,494
- letter of placements		**115,107**	38,949
- commercial papers		**-**	163,560
- sukuks		**-**	16,006
- certificate of investment		**60,156**	-
Net (loss) / gain on sale of investments		**(20,891)**	106,234
Net unrealized gain on re-measurement of investments at fair value through profit or loss		**-**	11,389
Total income		**1,923,976**	3,826,031
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	10.1	**39,815**	79,256
Sindh Sales Tax on remuneration of the Management Company	10.2	**5,176**	10,303
Reimbursement of operational expenses to the Management Company	10.3	**30,571**	28,650
Selling and marketing expenses	10.4	**90,569**	187,692
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	**17,252**	18,622
Sindh Sales Tax on remuneration of the Trustee	11.2	**2,243**	2,421
Annual fee to the Securities and Exchange Commission of Pakistan	12	**5,308**	5,730
Settlement charges		**282**	927
Bank charges		**464**	1,176
Auditors' remuneration	17	**805**	753
Legal and professional charges		**207**	126
Fund rating fee		**498**	452
Annual listing fee		**28**	28
Printing charges		**82**	197
Total expenses		**193,300**	336,333
Net income from operating activities		**1,730,676**	3,489,698
Provision for Sindh Workers' Welfare Fund	18	**(34,613)**	(69,794)
Net income for the year before taxation		**1,696,063**	3,419,904
Taxation	19	**-**	-
Net income for the year after taxation		**1,696,063**	3,419,904
Earnings per unit	20		
Allocation of net income for the year:			
Net income for the year after taxation		**1,696,063**	3,419,904
Income already paid on units redeemed		**(216,218)**	(509,864)
		1,479,845	2,910,040
Accounting income available for distribution:			
Relating to capital gain		**-**	34,766
Excluding capital gain		**1,479,845**	2,875,274
		1,479,845	2,910,040

The annexed notes from 1 to 33 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	**1,696,063**	3,419,904
Other comprehensive income	**-**	-
Total comprehensive income for the year	**1,696,063**	3,419,904

The annexed notes from 1 to 33 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	**28,065,892**	**170,271**	**28,236,163**	20,465,978	132,984	20,598,962
Issuance of 6,621,757,588 units (2020: 9,591,078,275 units)						
- Capital value	**65,439,519**	**-**	**65,439,519**	94,653,595	-	94,653,595
- Element of income	**194,574**	**-**	**194,574**	573,445	-	573,445
Total proceeds on issuance of units	**65,634,093**	**-**	**65,634,093**	95,227,040	-	95,227,040
Redemption of 7,294,486,581 units (2020: 8,821,181,649 units)						
- Capital value	**(72,087,764)**	**-**	**(72,087,764)**	(87,053,595)	-	(87,053,595)
- Element of loss	**(10,996)**	**(216,218)**	**(227,214)**	(63,482)	(509,864)	(573,346)
Total payments on redemption of units	**(72,098,760)**	**(216,218)**	**(72,314,978)**	(87,117,077)	(509,864)	(87,626,941)
Total comprehensive income for the year	**-**	**1,696,063**	**1,696,063**	-	3,419,904	3,419,904
Interim distributions made during the year (note 31)	**(181,410)**	**(1,446,831)**	**(1,628,241)**	(510,049)	(2,872,754)	(3,382,803)
Net assets at end of the year	**21,419,815**	**203,285**	**21,623,100**	28,065,892	170,271	28,236,163

	2021	2020
Undistributed income brought forward		
- Realised	**170,270**	132,984
- Unrealised	**-**	-
	170,270	132,984
Accounting income available for distribution		
- Relating to capital gain	**-**	34,766
- Excluding capital gain	**1,479,845**	2,875,274
	1,479,845	2,910,040
Interim distributions during the year	**(1,446,831)**	(2,872,754)
Undistributed income carried forward	**203,284**	170,270
Undistributed income carried forward		
- Realised	**203,284**	158,881
- Unrealised	**-**	11,389
	203,284	170,270

	2021	2020
	- (Rupees) -	- (Rupees) -
Net assets value per unit at beginning of the year	**9.8825**	9.8687
Net assets value per unit at end of the year	**9.8986**	9.8825

The annexed notes from 1 to 33 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		**1,696,063**	3,419,904
Adjustments:			
Return / mark-up on;			
- bank balances		**(798,076)**	(2,316,399)
- government securities		**(971,528)**	(1,173,494)
- letter of placements		**(115,107)**	(38,949)
- commercial papers		**-**	(163,560)
- sukuks		**-**	(16,006)
- certificate of investment		**(60,156)**	-
Net (gain) / loss on sale of investments		**20,891**	(106,234)
Net unrealised gain on re-measurement of investments at fair value through profit or loss		**-**	(11,389)
Provision for Sindh Workers' Welfare Fund		**34,613**	69,794
		(1,889,363)	(3,756,237)
		(193,300)	(336,332)
Decrease / (increase) in assets			
Investments - net		**6,022,836**	(5,128,470)
Deposit and prepayment		**(24)**	(22)
		6,022,812	(5,128,492)
(Decrease) / increase in liabilities			
Payable to the Management Company		**(48,729)**	30,478
Payable to the Trustee		**(574)**	87
Payable to the Securities and Exchange Commission of Pakistan		**(422)**	(12,322)
Accrued expenses and other liabilities		**(10,360)**	(1,599)
		(60,085)	16,644
Mark-up on bank balances received		**772,779**	2,514,165
Mark-up on letter of placements received		**115,107**	38,949
Mark-up on government securities received		**971,528**	1,173,494
Mark-up on commercial papers received		**-**	163,560
Mark-up on sukuks received		**-**	16,521
Mark-up on certificate of investment received		**60,156**	-
		1,919,570	3,906,689
Net cash flows generated / (used in) from operating activities		**7,688,997**	(1,541,492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		**65,571,500**	94,598,174
Amounts paid on redemption of units		**(72,319,431)**	(87,544,017)
Distributions paid		**(1,446,831)**	(2,872,754)
Net cash flows (used in) / generated from financing activities		**(8,194,762)**	4,181,403
Net (decrease) / increase in cash and cash equivalents during the year		**(505,765)**	2,639,911
Cash and cash equivalents at the beginning of the year		**22,428,934**	19,789,023
Cash and cash equivalents at the end of the year		**21,923,169**	22,428,934

The annexed notes from 1 to 33 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Money Market 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 May 4, 2011 and was approved by Securities and Exchange Commission of Pakistan (SECP) on April 14, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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 categorised as "money market scheme" and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate stable income stream for its unit holders while ensuring capital preservation by investing in AA and above rated banks and money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company and a stability rating of 'AA(f)' to the Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (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) and requirements of the Trust Deed.

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 and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

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.

2.4 Critical accounting estimates and judgments

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 and valuation 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 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 periods 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
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

	Effective from accounting periods beginning on or after:
IFRIC 23 - Uncertainty over Income Tax Treatments: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2020

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

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 disclosures.

	Effective from accounting periods 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 laibilities

The fund classifies its financial liabilities in the following catergories

- Measured at amortized cost (AC) ;or
- Measured at Fair value through profit or loss (FVTPL) ;or

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.

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 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 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 (PKRV rates) which are based on the remaining tenor of the securities.

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 set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability 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 capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.

- Mark-up / return on bank balances and term deposits, term finance certificates and sukuks, government securities, letter of placement and commercial papers are recognised on a time apportionment 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 on accural basis

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 Distributions 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
5	**BANK BALANCES**		----------- Rupees in '000	-----------
	Current accounts	5.1	**8,301**	13,491
	Savings accounts	5.2 & 5.3	**21,914,868**	22,415,443
			21,923,169	22,428,934

5.1 These include bank balances of Rs. 0.166 million (2020: Rs. 0.166 million), maintained with National Bank of Pakistan (Related Party).

5.2 These savings accounts carry mark-up at rates ranging from 4.5% to 8% per annum (2020: 10.25% to 14.35%) per annum.

5.3 These include a bank balances of Rs. 2.434 million and 1.074 million (2020: Rs. 2.097 million and 0.993 million), which is maintained with National Bank of Pakistan and BankIslami Pakistan Limited respectively (Related parties) and carries mark-up at the rate of 5.5% and 3.75% respectively (2020: 11.25%) per annum.

		Note	2021	2020
6	**INVESTMENTS**		----------- Rupees in '000	-----------
	Financial assets at fair value through profit or loss			
	Government securities - Market Treasury Bills	6.1	-	6,043,726
			-	6,043,726

6.1 **Investment in government securities**

Issue date	Tenure	Face value			As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2020	Purchases during the period	Sales / matured during the period				
		Rupees in '000					%	
September 12, 2019	12 Months	-	2,650,000	2,650,000	-	-	-	-
September 26, 2019	12 Months	98,000	3,200,000	3,298,000	-	-	-	-
October 10, 2019	12 Months	1,583,000	7,727,000	9,310,000	-	-	-	-
November 7, 2019	12 Months	-	5,335,000	5,335,000	-	-	-	-
November 21, 2019	12 Months	-	500,000	500,000	-	-	-	-
December 5, 2019	12 Months	-	4,500,000	4,500,000	-	-	-	-
December 19, 2019	12 Months	-	6,200,000	6,200,000	-	-	-	-
February 13, 2020	12 Months	-	490,000	490,000	-	-	-	-
February 27, 2020	12 Months	-	35,000	35,000	-	-	-	-
March 26, 2020	6 Months	1,405,000	1,000,000	2,405,000	-	-	-	-
April 9, 2020	6 Months	1,575,000	2,450,000	4,025,000	-	-	-	-
April 23, 2020	6 Months	1,375,000	4,650,000	6,025,000	-	-	-	-
May 7, 2020	6 Months	-	11,210,815	11,210,815	-	-	-	-
May 21, 2020	12 Months	-	2,000,000	2,000,000	-	-	-	-
June 18, 2020	6 Months	125,000	-	125,000	-	-	-	-
July 16, 2020	3 Months	-	3,075,000	3,075,000	-	-	-	-
July 16, 2020	6 Months	-	75,000	75,000	-	-	-	-
August 27, 2020	3 Months	-	5,641,000	5,641,000	-	-	-	-
August 27, 2020	6 Months	-	3,050,000	3,050,000	-	-	-	-
September 10, 2020	3 Months	-	550,000	550,000	-	-	-	-
September 24, 2020	3 Months	-	425,000	425,000	-	-	-	-
October 8, 2020	3 Months	-	3,700,000	3,700,000	-	-	-	-
October 22, 2020	3 Months	-	7,162,500	7,162,500	-	-	-	-
November 5, 2020	3 Months	-	12,632,000	12,632,000	-	-	-	-
November 5, 2020	6 Months	-	500,000	500,000	-	-	-	-
November 19, 2020	3 Months	-	13,016,000	13,016,000	-	-	-	-
December 3, 2020	3 Months	-	7,969,500	7,969,500	-	-	-	-
December 31, 2020	3 Months	-	2,460,000	2,460,000	-	-	-	-
January 14, 2021	3 Months	-	9,387,000	9,387,000	-	-	-	-
January 28, 2021	3 Months	-	7,700,000	7,700,000	-	-	-	-
February 11, 2021	3 Months	-	1,133,200	1,133,200	-	-	-	-
February 25, 2021	3 Months	-	4,071,340	4,071,340	-	-	-	-
March 25, 2021	3 Months	-	69,706,820	69,706,820	-	-	-	-
April 8, 2021	3 Months	-	752,000	752,000	-	-	-	-
April 22, 2021	3 Months	-	6,146,880	6,146,880	-	-	-	-
May 6, 2021	3 Months	-	6,200,000	6,200,000	-	-	-	-
May 20, 2021	3 Months	-	3,236,000	3,236,000	-	-	-	-
May 20, 2021	6 Months	-	200,000	200,000	-	-	-	-
Total as at June 30, 2021						-		
Carrying value before mark to market as at June 30, 2021						-		

		Note	2021	2020
			------------ Rupees in '000 ------------	
7	**MARK-UP ACCRUED**			
	Mark-up accrued on bank balances		**42,732**	17,435
8	**DEPOSIT AND PREPAYMENT**			
	Security deposit with Central Depositery Company		**100**	100
	Prepayments		**261**	237
			361	337

9 **RECEIVABLE AGAINST TRANSFER OF UNITS**

"This represented amount receivable from other collective investment scheme being managed by the Management Company of the Fund. This amount was received during the period in respect of units issued to various unit holders based on their request for transfer of units from other collective investment scheme to the Fund."

		Note	2021	2020
10	**PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY**		------------ Rupees in '000 ------------	
	Remuneration of the Management Company	10.1	**2,349**	3,575
	Sindh Sales Tax on remuneration of the Management Company	10.2	**305**	465
	Operational expenses	10.3	**6,040**	8,703
	Selling and marketing expenses	10.4	**7,247**	52,530
	Sales load and trasnfer load		**1,046**	559
	ADC share Including Sindh Sales Tax		**53**	-
	Sindh Sales Tax and Federal Excise Duty on sales load		**408**	345
			17,448	66,177

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:

1% per annum on the daily income of the Fund subject to minimum 0.15% as average of NAV and maximum 1% of average NAV, applicable from December 13, 2019 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 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 and from 27 October 2020 the rate has revised to 0.125% of the average annual net assets."

10.4 "SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now 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 above circular, the Board has approved the limits to be charged in respect of these expenses. Accordingly effective from May 11, 2020, the Fund has charged 0.5% of daily net asset value of the Fund, thereafter, this has been further revised by the Board as follows;

- 0.4% per annum of daily net asset value of the Fund, applicable from September 14, 2020 till October 26, 2020;

- 0.35% per annum of daily net asset value of the Fund, applicable from October 27, 2020 till November 23, 2020;

- 0.30% per annum of daily net asset value of the Fund, applicable from November 24, 2020 March 29, 2021;

- 0.15% per annum of daily net asset value of the Fund, applicable from March 30, 2021 onwards.

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021	2020
		------------ Rupees in '000 ------------	
Remuneration of the Trustee	11.1	**1,018**	1,526
Sindh Sales Tax on remuneration of the Trustee	11.2	**132**	198
		1,150	1,724

11.1 This amount represents the Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.065% per annum of average 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

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "money market scheme" is required to pay an annual fee to the Securities and Exchange Commission of Pakistan. Fee has been charged at the rate of 0.02% per annum. The fee is paid annually in arrears.

13 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.

14 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
		------------ Rupees in '000 ------------	
Auditors' remuneration		**782**	788
Provision for Sindh Workers' Welfare Fund	18	**176,440**	141,827
Federal Excise Duty on remuneration of the Management Company	14.1	**44,146**	44,146
Withholding tax		**11,126**	17,093
Capital gain tax		**808**	4,780
Legal and professional charges		**81**	127
Bank charges		**91**	265
Printing charges		**78**	79
Brokerage payable		**-**	194
Others		**7,189**	7,189
		240,741	216,488

14.1 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 Funds 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 the Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 44.146 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 Re. 0.0202 per unit (2020: Re. 0.0155 per unit)."

15 CONTINGENCIES AND COMMITMENTS

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

	2021	2020
16 NUMBER OF UNITS IN ISSUE	**Number of units**	
Total units in issue at the beginning of the year	**2,857,199,837**	2,087,303,211
Add: units issued during the year	**6,621,757,588**	9,591,078,275
Less: units redeemed during the year	**(7,294,486,581)**	(8,821,181,649)
Total units in issue at the end of the year	**2,184,470,844**	2,857,199,837

17 AUDITORS' REMUNERATION

Annual audit fee	**435**	420
Half yearly review fee	**170**	174
Out of pocket expenses and sales tax expense	**200**	159
	805	753

18 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) whereby all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs. 0.5 million in a tax year, were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF. In this regard, a constitutional petition was filed by certain CISs through their trustees in the High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication

During 2013 and 2014, judgements were made by Sindh High Court (SHC) and Peshawar High Courts respectively in favor of and against amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS were no more liable to pay contribution to WWF with effect from July 1, 2015.

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.

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. On a query raised by Mutual Funds Association of Pakistan (MUFAP) on applicability of SWWF, SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

"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 a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF amounting to Rs. 69.380 million and started recognising provision for SWWF.

As at June 30, 2021, the provision in relation to SWWF amounted to Rs. 176.440 million (2020: Rs. 141.827 million). Had the provision not been made, the net asset value per unit as at June 30, 2021 would have been higher by Re. 0.0808 (2020: Re. 0.0496) 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.

19 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 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). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the fund is required to distribute 90% of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has already distributed 90% of accounting income for the year ended June 30, 2021 to its unit holder. Accordingly, no provision in respect of taxation has been made in the current year.

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.

20. EARNINGS PER UNIT

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

21. TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 0.86 % per annum including 0.18 % representing government levies on collective investment scheme such as sales tax, Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

22. TRANSACTIONS WITH CONNECTED PERSONS/RELATED PARTIES

22.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company its parent and Sponsor. It also includes 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.

22.2 The transactions with connected persons and related parties are carried at agreed rates.

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

22.4 Remuneration of the Trustee is determined in accordance with the rates agreed between the Management Company and the Trustee.

22.5 **Details of the transactions with connected persons and related parties are as follows:**

	2021	2020
	------ Rupees in '000 ------	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	**39,815**	79,256
Sindh Sales Tax on remuneration of the Management Company	**5,176**	10,303
Reimbursement of operational expenses to the Management Company	**30,571**	28,650
Selling and marketing expenses	**90,569**	187,692
ADC share including Sindh Sales Tax	**100,696**	-
Dividend re-invest: 46,203 (2020: 200,308) units	**457**	1,977
Units issued / transferred in: 27,807,991 (2020: 37,002,012) units	**275,000**	365,875
Units redeemed / transferred out: 6,844,076 (2020: 37,682,745) units	**68,000**	374,500
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	**17,252**	18,622
Sindh Sales Tax on remuneration of the Trustee	**2,243**	2,421
Dividend re-invest: 255,405 (2020:Nil) units	**2,525**	-
Accured Mark-up on bank balances	**240,000**	-
Units redeemed / transferred out: 24,540,784 (2020: Nil) units	**243,516**	-
National Bank of Pakistan (Parent of the Management Company)		
Markup on bank balances	**361**	387
Purchase of treasury bills	**443,170**	4,337,572
Pakistan Stock Exchange Limited ** (Common Directorship with the Management Company)		
Listing fees paid	**28**	25
NBP Income Opportunity Fund (Fund Managed by Management Company)		
Sale of Treasury Bill	**776,531**	147,300
NBP Sarmaya Izafa Fund (Fund Managed by Management Company)		
Purchase of Treasury Bill	**-**	343,899

	2021	2020
	------ Rupees in '000 ------	
NBP Stock Fund		
(Fund Managed by Management Company)		
Purchase of Treasury Bill	-	246,315
NBP Balanced Fund		
(Fund Managed by Management Company)		
Purchase of Treasury Bill	-	98,526
NBP Islamic Daily Dividend Fund		
(Fund Managed by Management Company)		
Sale of Commercial Paper	-	24,457
NBP Savings Fund		
(Fund Managed by Management Company)		
Sale of Treasury Bill	**168,727**	34,370
NBP Government Securities Liquid Fund		
(Fund Managed by Management Company)		
Purchase of Treasury Bill	-	1,824,509
NBP Financial Sector Income Fund*		
(Fund Managed by Management Company)		
Purchase of Treasury Bill	**179,758**	-
Sale of Treasury Bill	**998,146**	-
NBP Mahana Amdani Fund*		
(Fund Managed by Management Company)		
Purchase of Treasury Bill	**149,708**	-
Sale of Treasury Bill	**1,268,564**	-
The Hub Power Company Limited		
(Common Directorship with the Management Company)		
Buy of Commercial Paper	-	464,708
Reliance Enterprises		
(COO Holding more than 10%)		
Dividend re-invest: 157 (2020: 2,642) units	**2**	26
Units redeemed / transferred out: Nil (2020: 140,511) units	-	1,400
Humayun Bashir (Director of the Management Company)		
Dividend re-invest: 44,414 (2020: 13,568) units	**439**	134
Units issued / transferred in: 7,518,730 (2020: 9,126,406) units	**74,315**	90,406
Units redeemed / transferred out: 7,563,145 (2020: 9,139,974) units	**74,925**	90,856
Dr. Amjad Waheed - Chief Executive Officer		
Dividend reinvest: 23,611 (2020: 21,751) units	**233**	215
Units redeemed / transferred in: 5,514,533 (2020: 273,599) units	**54,500**	2,700
Units redeemed / transferred out: 4,994,388 (2020: 24,083) units	**49,499**	238

	2021	2020
	------ Rupees in '000 ------	
Muhammad Murtaza Ali - Company Secretary / COO		
Units redeemed / transferred out: Nil (2020: 779) units	-	8
National Clearing Company of Pakistan Limited * (Common Directorship with the Management Company)		
Dividend reinvest: 13,374 (2020: Nil) units	**132**	-
Units issued / transferred in: 14,153,630 (2020: 32,315,492) units	**139,873**	318,912
Units redeemed / transferred out: 16,966,580 (2020: 32,077,031) units	**168,390**	319,711
Baltoro Partners Private Limited * (Common Directorship with the Management Company)		
Dividend reinvest: 6,405 (2020:6,405) units	**371**	63
Units issued / transferred in: 1,013,305 (2020: 1,013,305) units	**-**	10,000
Units redeemed / transferred out: 16,966,580 (2020: 16,966,580) units	**8,000**	-
Employees of the Management Company		
Dividend reinvest: 38,117 (2020: 21,751) units	**377**	215
Units issued / transferred in: 10,806,042 (2020: 273,599) units	**106,856**	2,700
Units redeemed / transferred out: 8,480,847 (2020: 24,083) units	**83,994**	238
Fauji Fertilizers Company Limited (Common Directorship with the Management Company)		
Dividend reinvest: 15,647,857 (2020: 53,687,073) units	**154,667**	529,993
Units issued / transferred in: 1,626,617,863 (2020: 832,065,425) units	**16,075,032**	8,211,261
Units redeemed / transferred out: 1,642,265,720 (2020: 1,273,215,239) units	**16,270,917**	12,599,265
Capital gain tax refund	**-**	394,897
Syed Hasan Irtiza Kazmi - Director		
Dividend reinvest: 11,217 (2020: 744) units	**111**	7
Units issued / transferred in: 2 (2020: 202,661) units	**-**	2,000
Imran Zaffar - Director *		
Re-Invest 438 (2020: Nil) units	**4**	-
Units Issued 505,945 (2020: Nil) units	**5,000**	-
National Fullerton Asset Management Employee Provident Fund (Provident Fund of the parent of the Management Company)		
Dividend reinvest: 612 (2020: Nil) units	**6**	-
Units issued / transferred in: 24,806,361 (2020: 1,805,595) units	**245,170**	17,839
Units redeemed / transferred out: 23,176,239 (2020: 1,519,293) units	**230,255**	15,128
Mutual Funds Assocaition of Pakistan (Common Directorship with the Management Company)		
Dividend re-invest units issued: 1,525 (2020: 37,378) units	**15**	369
Units issued / transferred in: Nil (2020: 506,667) units	**-**	5,000
Units redeemed / transferred out: 61,733 (2020: 483,838) units	**613**	4,825

	2021	2020
	------ Rupees in '000 ------	
Khalid Mehmood - Chief Financial Officer		
Dividend re-invest units issued: Nil (2020: 609) units	-	6
Units issued / transferred in: Nil (2020: 183,290) units	-	1,809
Units redeemed / transferred out: 183,899 (2020: 183,999) units	-	1,819
Ibrahim Holdings Private Limited (Holding more than 10%)		
Dividend re-invest units: Nil (2020: 11,623,171) units	-	114,743
Units issued / transferred in: Nil (2020: 296,975,345) units	-	2,954,497
Units redeemed / transferred out: Nil (2020: 51,622,495) units	-	509,798
Capital gain tax refund	-	19,156
Portfolios managed by the Management Company		
Dividend re-invested: 608,257 (2020: 2,602,288) units	**6,014**	25,690
Units issued transferred in: 217,780,819 (2020: 164,634,781) units	**2,155,025**	1,627,076
Units redeemed / transferred out: 217,493,419 (2020: 165,879,113) units	**2,157,904**	1,646,702
Purchase of Treasury Bills	**10,953**	80,258

** Current year transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the year.

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

22.6 Balances outstanding as at are as follows

	2021	2020
	------ Rupees in '000 ------	
NBP Fund Management Limited (Management Company)		
Remuneration of the Management Company	**2,349**	3,575
Sindh Sales Tax on remuneration of the Management Company	**305**	465
Operational expenses	**6,039**	8,703
Selling and marketing expenses	**7,247**	52,530
Sales load	**1,046**	559
ADC share including Sindh Sales Tax	**53**	-
Sindh Sales Tax and Federal Excise Duty on sales load	**408**	345
Investment held in the Fund: 21,010,118 (2020: Nil) units	**207,971**	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	**1,018**	1,526
Sindh Sales Tax on remuneration of the Trustee	**132**	198
Security deposit	**100**	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balances		
- in savings account	**2,434**	2,097
- in current account	**166**	166
Accrued markup	**255**	61

	2021	2020
	------ Rupees in '000 ------	
BankIslami Pakistan Limited		
(Common Directorship with the Management Company) **		
Bank balance in Saving account	**1,074**	-
Employees of the Management Company		
Investment held in the Fund: 4,120,282 (2020: 1,758,071) units	**40,785**	17,374
National Fullerton Asset Management Limited Employee Provident Fund		
(Provident Fund of the parent of the Management Company)		
Investment held in the Fund: 1,917,035 (2020: 286,302) units	**18,796**	2,829
Dr. Amjad Waheed - Chief Executive Officer		
Investment held in the Fund: 1,018,152 (2020: 474,397) units	**10,078**	4,688
National Clearing Company of Pakistan Limited (NCCPL)		
(Common Directorship with the Management Company)		
Investment held in the Fund: Nil (2020: 2,799,576) units	**-**	27,667
Mutual Fund Association of Pakistan (MUFAP)		
(Common Directorship with the Management Company)		
Investment held in the Fund: Nil (2020: 60,207) units	**-**	595
Baltoro Partners Private Limited		
(Common Directorship with the Management Company)		
Investment held in the Fund: Nil (2020: 1,019,710) units	**-**	10,077
Reliance Enterprises		
(COO Holding more than 10%)		
Investment held in the Fund: 3,009 (2020: 2,852) units	**30**	1,389
Ibrahim Holdings Private Limited *		
(Holding more than 10%)		
Investment held in the Fund: Nil units (2020: 310,581,797) units	**-**	3,069,325
Syed Hasan Irtiza Kazmi - Director		
Investment held in the Fund: 214,624 (2020: 203,405) units	**2,124**	2,010
Portfolios Managed By the Management Company		
Investment held in the Fund: 16,323,778 (2020: 27,052,457) units	**161,581**	267,345
Imran Zaffar - Director*		
Investment held in the Fund: 506,382 (2020: Nil) units	**5,012**	-

23. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	33
2	Mr. Sajjad Anwar	CFA and 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

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

24. TRANSACTIONS WITH BROKERS / DEALERS

List of brokers by percentage of commission charged during the year ended June 30, 2021.

S.No.	Particulars	"Percentage (%)"
1	Paramount Capital (Private) Limited	23.93
2	Continental Exchange (Private) Limited	16.70
3	Invest One Markets Limited	13.12
4	Optimus Markets (Private) Limited	10.66
5	Mangenta Capital (Private) Limited	7.48
6	Summit Capital (Private) Limited	7.30
7	Bright Capital (Private) Limited	7.00
8	Vector Capital (Private) Limited	6.53
9	Arif Habib Securities Limited	2.52
10	Pearl Securities (Private) Limited	2.28
11	Currency Market Associates (Private) Limited	1.44
12	Js Global Capital Limited	0.71
13	Continental Exchange (Private) Limited	0.12
14	ICON Capital Management (Private) Limited	0.11
15	Continental Exchange (Private) Limited	0.10

List of brokers by percentage of commission charged during the year ended June 30, 2020.

S.No.	Particulars	"Percentage (%)"
1	Bright Capital (Private) Limited	21.78
2	Invest One Markets Limited	17.54
3	Vector Securities (Private) Limited	15.09
4	Vector Capital (Private) Limited	10.53
5	Continental Capital Management (Private) Limited	8.23
6	ICON Securities (Private) Limited	6.77
7	Paramount Capital (Private) Limited	6.09
8	Continental Exchange (Private) Limited	3.83
9	ICON Capital Management (Private) Limited	3.56
10	Optimus Markets (Private) Limited	2.46
11	Mangenta Capital (Private) Limited	2.13
12	Continental Exchange (Private) Limited	1.54
13	Invest One Markets Limited	0.30
14	BMA Capital Management Limited	0.15

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)	
Associated Company & Directors	**5**	**244,162**	**1.13**
Individuals	**3,059**	**6,014,003**	**27.81**
Insurance Companies	**3**	**54,175**	**0.25**
Listed Companies	**18**	**3,505,874**	**16.21**
NBFCs	**1**	**0**	**0.00**
Others	**160**	**9,179,382**	**42.45**
Retirement funds	**69**	**2,625,504**	**12.14**
	3,315	**21,623,100**	**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	2,807	9,528	0.03
Associated Companies and Directors	3	5,158,341	18.27
Insurance Companies	3	51,451	0.18
NBFCs	2	28,327	0
Retirement funds	87	3,996,908	14.16
Public Limited Companies	14	4,141,365	14.67
Others	166	14,850,242	52.59
	3,082	28,236,162	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	-	-

26.1 Mr. Saad ur Rahman Khan resigned as Director on December 03, 2020

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

27 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2021		
	At fair value through profit or loss	Amortized cost	Total
	---------- Rupees in '000 ----------		
Financial assets			
Bank balances	-	21,923,169	21,923,169
Mark-up accrued	-	42,732	42,732
Deposit	-	100	100
	-	21,966,001	21,966,001
Financial liabilities			
Payable to the Management Company	-	17,448	17,448
Payable to the Trustee	-	1,150	1,150
Payable against redemption of units	-	78,515	78,515
Accrued expenses and other liabilities	-	240,741	240,741
Net assets attributable to redeemable units	-	21,623,100	21,623,100
	-	21,960,954	21,960,954

	As at June 30, 2020		
	At fair value through profit or loss	Amortized cost	Total
	---------- Rupees in '000 ----------		
Financial assets			
Bank balances	-	22,428,934	22,428,934
Investments	6,043,726	-	6,043,726
Mark-up accrued	-	17,435	17,435
Deposit	-	100	100
Receivable against transfer of units	-	118,817	118,817
	6,043,726	22,565,286	28,609,012
Financial Liabilities			
Payable to the Management Company	-	66,177	66,177
Payable to the Trustee	-	1,724	1,724
Payable against redemption of units	-	82,968	82,968
Accrued expenses and other liabilities	-	8,563	8,563
Net assets attributable to redeemable units	-	28,236,162	28,236,162
	-	28,395,594	28,395,594

28 FINANCIAL RISK MANAGEMENT

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 regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and other 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 all transactions are carried out in Pak Rupees.

28.1.2 Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.The Fund is mainly exposed to interest rate risk on balances held with banks in savings account.

- **Sensitivity analysis for variable rate instruments**

Presently, the Fund has investment in variable rate instruments such as balances in saving accounts. 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 would have been higher / lower by approximately Rs.219.15 million (June 30, 2020: Rs. 284.59 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

- **Sensitivity analysis for fixed rate instruments**

Presently, the fund does not hold any fixed rate instrument that has been designated at fair value through profit and loss. Therefore, a change in interest rate as at June 30, 2021, would not have any affect on the income statement.

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

As at June 30, 2021

	Yield / Interest rate	Total	Exposed to yield / interest rate risk: Upto three months	Exposed to yield / interest rate risk: More than three months and upto one year	Exposed to yield / interest rate risk: More than one year	Not exposed to yield / interest rate risk
On-balance sheet financial instruments	%	Rupees in '000				
Financial assets						
Bank balances	4.5 -8	21,906,567	21,914,868	-	-	8,301
Mark-up accrued		42,732	42,732	-	-	-
Deposit		100	100	-	-	100
		21,949,399	21,957,700	-	-	8,401
Financial liabilities						
Payable to the Management Company		17,448	-	-	-	17,448
Payable to the Trustee		1,150	-	-	-	1,150
Payable against redemption of units		78,515	-	-	-	78,515
Accrued expenses and other liabilities		240,741	-	-	-	240,741
Net assets attributable to redeemable units		21,623,100	-	-	-	21,623,100
		21,960,954	-	-	-	21,960,954
On-balance sheet gap		(11,555)	21,957,700	-	-	(21,952,553)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

As at June 30, 2020

	Yield / Interest rate	Total	Exposed to yield / interest rate risk: Upto three months	Exposed to yield / interest rate risk: More than three months and upto one year	Exposed to yield / interest rate risk: More than one year	Not exposed to yield / interest rate risk
On-balance sheet financial instruments	%	Rupees in '000				
Financial assets						
Bank balances	10.25 -14.35	22,428,934	22,415,443	-	-	13,491
Investments	8.25 -13.35	6,043,726	-	6,043,726	-	-
Mark-up accrued		17,435	-	-	-	17,435
Receivable against transfer of units		118,817	118,817	-	-	118,817
Deposit		100	-	-	-	100
		28,609,012	22,534,260	6,043,726	-	149,843

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	
	%	Rupees in '000				
Financial liabilities						
Payable to the Management Company		66,177	-	-	-	66,177
Payable to the Trustee		1,724	-	-	-	1,724
Payable against redemption of units		82,968	-	-	-	82,968
Accrued expenses and other liabilities		8,563	-	-	-	8,563
Net assets attributable to redeemable units		28,236,162	-	-	-	28,236,162
		28,395,594	-	-	-	28,395,594
On-balance sheet gap		213,418	22,534,260	6,043,726	-	(28,245,751)
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 any price risk.

28.2 Credit risk

"Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, receivable against transfer of units, mark-up accrued and deposits. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that have reasonably high credit ratings. The Fund does not expect to incur material credit losses on its financial assets."

The Fund's significant credit risk arises mainly on account of its balances with banks. The credit rating profile of balances with banks is as follow:

Bank balances by rating category	June 30, 2021	June 30, 2020
AAA	**79.49%**	97.61%
AA+	**20.47%**	2.37%
AA	**0.000%**	0.00%
AA-	**0.00%**	0.01%
A+	**0.00%**	0.01%
A-	**0.00%**	0.00%
BBB-	**0.04%**	0.00%
	100%	100%

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 -------------------------			
Bank balances	**21,923,169**	**21,923,169**	22,428,934	22,428,934
Mark-up accrued	**42,732**	**42,732**	17,435	17,435
Receivable against transfer of units	**-**	**-**	118,817	118,817
Deposit	**100**	**100**	100	100

Concentration of credit risk

"Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

The Fund's major asset balances (97.61%) are held with three banks. The management believes that these are credit-worthy counterparties."

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 10% 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	**17,448**	**17,448**	-	-
Payable to the Trustee	**1,150**	**1,150**	-	-
Payable against redemption of units	**78,515**	**78,515**	-	-
Accrued expenses and other liabilities	**240,741**	**240,741**	**-**	**-**
Net assets attributable to redeemable units	**21,623,100**	**21,623,100**	**-**	**-**
	21,960,954	**21,960,954**	**-**	**-**

	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	66,177	66,177	-	-
Payable to the Trustee	1,724	1,724	-	-
Payable against redemption of units	82,968	82,968	-	-
Accrued expenses and other liabilities	8,563	8,563	-	-
Net assets attributable to redeemable units	28,236,162	28,236,162	-	-
	28,395,594	28,395,594	-	-

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. There is no specific capital requirement which is applicable on the Fund.

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 27, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or 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.

Fair value hierarchy

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 (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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 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			
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 measured at fair value								
Government Securities - Treasury Bills	6	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Bank balances	5	-	21,923,169	21,923,169	-	-	-	-
Accured Mark-up on bank balances	7		42,732	42,732	-	-	-	-
Deposit	8	-	100	100	-	-	-	-
		-	21,966,001	21,966,001	-	-	-	-
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company	10	-	17,448	17,448	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	11	-	1,150	1,150	-	-	-	-
Payable against redemption of units	13	-	78,515	78,515	-	-	-	-
Accrued expenses and other liabilities	14	-	240,741	240,741	-	-	-	-
		-	337,854	337,854	-	-	-	-

		Carrying amount						
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								
Government Securities - Treasury Bills	6	6,043,726	-	6,043,726	-	6,043,726	-	6,043,726
		6,043,726	-	6,043,726	-	6,043,726	-	6,043,726

June 30, 2020	Note	Carrying amount						
		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	-	22,428,934	22,428,934	-	-	-	-
Accured Mark-up on bank balances	7		17,435	17,435	-	-	-	-
Financial assets			118,817	118,817	-	-	-	-
Deposit	8	-	100	100	-	-	-	-
		-	22,565,286	22,565,286		-	-	-
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company	10	-	66,177	66,177	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	11	-	1,724	1,724	-	-	-	-
Payable against redemption of units	13	-	82,968	82,968	-	-	-	-
Accrued expenses and other liabilities	14	-	8,563	8,563	-	-	-	-
		-	159,432	159,432	-	-	-	-
		6,043,726	22,405,854	28,449,580	-	6,043,726	-	6,043,726

"The Fund has not disclosed the fair values for other financial assets and financial liabilities, as these are either short term in nature or repriced frequently. Therefore, their carrying amounts are reasonable approximation of fair value."

31 INTERIM DISTRIBUTIONS MADE DURING THE YEAR

	---------- For the year ended June 30, 2021 ----------				
	Rate per unit	Declaration date	Cash distribution		
			Capital value	Undistributed income	Total
			---------- Rupees in '000 ----------		
For the month of July 2020	Re. 0.0390	July 28, 2020	21,334	114,110	135,444
For the month of August 2020	Re. 0.0467	August 28, 2020	11,246	123,698	134,944
For the month of September 2020	Re. 0.0534	September 28, 2020	20,360	159,417	179,777
For the month of October 2020	Re. 0.0532	October 27, 2020	15,419	135,246	150,665
For the month of November 2020	Re. 0.0511	November 26, 2020	12,813	132,894	145,707
For the month of December 2020	Re. 0.0482	December 23, 2020	24,846	118,479	143,325
For the month of January 2021	Re.0.0650	January 27, 2021	15,590	174,173	189,763
For the month of February 2021	Re. 0.0482	February 24, 2021	9,048	99,698	108,746
For the month of March 2021	Re. 0.0541	March 26, 2021	10,835	101,778	112,613
For the month of April 2021	Re. 0.0618	April 27, 2021	15,808	119,013	134,821
For the month of May 2021	Re. 0.0519	May 26, 2021	10,602	79,861	90,463
For the month of June 2021	Re. 0.0531	June 23, 2021	13,509	88,464	101,973
			181,410	**1,446,831**	**1,628,241**

	For the year ended June 30, 2020				
	Rate per unit	Declaration date	Cash distribution		
			Capital value	Undistributed income	Total
			Rupees in '000		
For the month of July 2019	Re. 0.0968	July 30, 2019	47,977	189,543	237,520
For the month of August 2019	Re. 0.1014	August 29, 2019	30,492	240,420	270,912
For the month of September 2019	Re. 0.1018	September 28, 2019	24,516	236,314	260,830
For the month of October 2019	Re. 0.1071	October 29, 2019	26,400	256,505	282,905
For the month of November 2019	Re. 0.0937	November 28, 2019	27,916	224,059	251,975
For the month of December 2019	Re. 0.1009	December 27, 2019	27,803	194,345	222,148
For the month of January 2020	Re. 0.1171	January 28, 2020	61,641	255,357	316,998
For the month of February 2020	Re. 0.1028	February 27, 2020	33,318	249,640	282,958
For the month of March 2020	Re. 0.1183	March 27, 2020	68,331	308,916	377,247
For the month of April 2020	Re. 0.1327	April 29, 2020	121,818	441,652	563,470
For the month of May 2020	Re. 0.0551	May 29, 2020	19,051	148,885	167,936
For the month of June 2020	Re. 0.0539	June 26, 2020	20,786	127,118	147,904
			510,049	2,872,754	3,382,803

32 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 .

33 GENERAL

33.1 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
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
Net assets at the year / period ended (Rs. '000')	21,623,100	28,236,162	20,598,962	23,192,394	14,845,458	7,109,729
Net Income at the year / period ended (Rs. '000')	1,696,063	3,419,904	2,028,526	1,247,527	208,404	45,907
Net Asset Value per unit at the year / period ended (Rs.)	9.8986	9.8825	9.8687	10.4050	9.8585	9.8377
Offer price per unit	10.0105	9.9383	9.9244	10.4638	9.9142	9.8996
Redemption price per unit	9.8986	9.8825	9.8687	10.4050	9.8585	9.8346
Ex - Highest offer price per unit (Rs.)	10.0105	9.9383	9.9244	10.4638	10.5062	9.8996
Ex - Lowest offer price per unit (Rs.)	9.3318	8.7636	9.1122	9.9084	9.8985	9.3150
Ex - Highest redemption price per unit (Rs.)	9.8986	9.8825	9.8687	10.4050	9.8985	9.8346
Ex - Lowest redemption price per unit (Rs.)	9.2795	8.7636	9.0578	9.8528	9.2482	9.2500
Fiscal Year Opening Ex Nav	9.2778	8.7606	9.0528	9.8513	9.2513	9.2466
Since Inception Nav						8.1810
Total return of the fund	6.69%	12.77%	9.01%	5.62%	6.56%	8.30%
Capital growth	0.36%	0.80%	0.47%	0.01%	-0.14%	1.99%
Income distribution as a % of ex nav	6.33%	11.97%	8.54%	5.61%	6.70%	6.31%
Income distribution as a % of par value	6.26%	11.82%	8.41%	5.53%	6.20%	5.83%
Distribution						
Interim distribution per unit	0.6257	1.1816	0.7580	0.5531	0.6201	0.5801
Final distribution per unit	-	-	0.0830	-	0.0073	0.0031
Distribution dates						
Interim	28-Jul-20	30-Jul-19	-	-	-	-
Interim	28-Aug-20	29-Aug-19	-	-	-	-
Interim	28-Sep-20	28-Sep-19	-	-	-	-
Interim	27-Oct-20	29-Oct-19	-	-	-	-
Interim	26-Nov-20	28-Nov-19	-	-	-	-
Interim	23-Dec-20	27-Dec-19	-	-	-	-
Interim	26-Jan-21	28-Jan-20	21-Dec-18	-	-	-
Interim	24-Feb-21	27-Feb-20	29-Jan-19	-	-	-
Interim	26-Mar-21	27-Mar-20	27-Feb-19	-	-	-
Interim	27-Apr-21	29-Apr-20	29-Mar-19	-	-	-
Interim	26-May-21	29-May-20	26-Apr-19	-	-	-
Interim	23-Jun-21	26-Jun-20	30-May-19	4-Jul-18	19-Jun-17	29-Jun-16
Final	-	-	26-Jun-19	-	15-Sep-17	23-Sep-16
Average annual return of the Fund (launch date February 24' 2012)						
(Since inception to June 30, 2021)	8.22%					
(Since inception to June 30, 2020)		8.40%				
(Since inception to June 30, 2019)			7.82%			
(Since inception to June 30, 2018)				7.63%		
(Since inception to June 30, 2017)					8.01%	
(Since inception to June 30, 2016)						8.30%
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
Weighted average portfolio duration	1 Days	22 Days	2 Days	1 Days	1 Days	1 Days

"Past performance is not necessarily indicative of future performance and that unit prices and investment return 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 FINANCIAL SECTOR INCOME 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

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
National Bank of Pakistan

Samba Bank Limited
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
The Bank of Punjab
Albaraka Bank of Pakistan
Bank Islami Pakistan Limited
U Microfinance Bank Limited
Telenor Microfinance Bank Limited
Khushali Microfinance Bank Limited
The First Microfinance Bank Limited
Mobilink Micro Finance Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive 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 Tenth Annual Report of **NBP Financial Sector Income Fund** (NFSIF) 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.

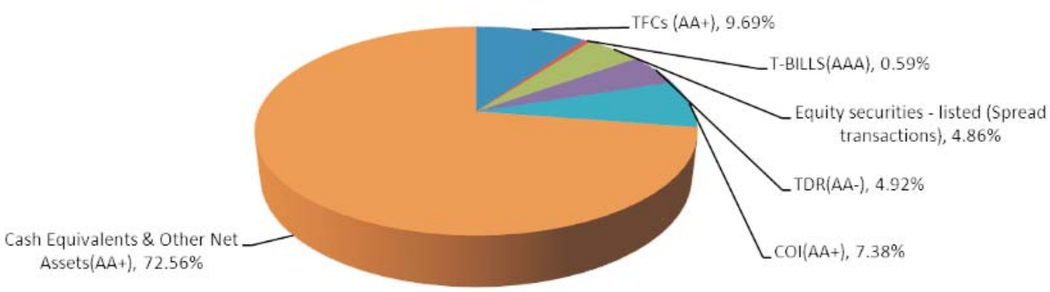
The Fund is unique as it invests a minimum of 70% of its assets in financial sector (mainly banks) debt securities, instruments or deposits. Minimum entity/instrument rating of debt securities are AA-. This minimizes credit risk and at the same time enhances the liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund.

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

The size of NBP Financial Sector Income Fund increased significantly by 340% from Rs. 9,238 million to Rs. 40,638 million. However, during the period, the unit price of the Fund has increased from Rs. 9.7821 (Ex-Div) on June 30, 2020 to Rs. 10.5414 on June 30, 2021 thus posting a return of 7.8% as compared to its Benchmark return of 7.4% 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. 2,425.52 million during the year. After deducting total expenses of Rs. 361.76 million, the net income is Rs. 2,063.76 million.

The asset allocation of NBP Financial Sector Income 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 7.42% of the opening ex-NAV (7.81% 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 FINANCIAL SECTOR INCOME FUND amounting to Rs. 82.31 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 FINANCIAL SECTOR INCOME FUND by 0.18% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., 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 Yousuf Adil 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 22 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 فنانشل سیکٹر انکم فنڈ (NFSIF) کی نویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021ء پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

سی پی آئی (CPI) کی پیمائش 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۔

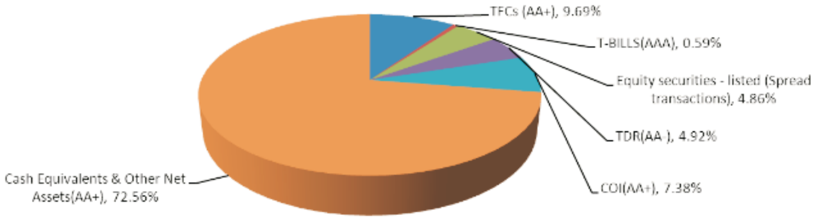
فنڈ ایک منفرد ہے کیونکہ یہ اپنے اثاثوں کا کم از کم 70 فیصد مالیاتی شعبے (بنیادی بینکوں) ڈیبٹ سیکورٹیز میں، انسٹرومنٹ یا ڈیپازٹس کے طور پر میں سرمایہ کاری کرتا ہے۔ ڈیبٹ سیکیورٹیز کی کم از کم اینٹٹی/ انسٹرومنٹ ریٹنگ -AA ہے۔ یہ کریڈٹ رسک کو کم کرتا ہے اور ساتھ ہی فنڈ کی لیکویڈیٹی میں بھی اضافہ کرتا ہے۔ فنڈ کی مدت ایک سال سے زیادہ نہیں ہوسکتی ہے۔ اس سے سود کی شرح یا قیمتوں کا خطرہ کم ہوجاتا ہے۔ فنڈ اپنے 25 فیصد اثاثوں کو بینکوں کے ہاں 90 دن سے کم ٹی بلوں میں یا سیونگ اکاؤنٹ میں سرمایہ کاری کرتا ہے، جس سے فنڈ کی لیکویڈیٹی پروفائل میں مزید اضافہ ہوتا ہے۔

کارپوریٹ ڈیبٹ سیکورٹیز میں تجارتی سرگرمی کم رہی کیونکہ مجموعی تجارتی قدر 21.8 بلین روپے رہی۔ تاہم، مارکیٹ نے پاور اینڈ ڈسٹری بیوشن اور بینکنگ سیکٹرز میں TFCs اور سکوکس کے نئے اجراء کا مشاہدہ کیا۔

NBP فنانشل سیکٹر انکم فنڈ کا سائز اس مدت کے دوران خاطر خواہ 340% اضافہ کے بعد 9,328 ملین روپے سے بڑھ کر 40,638 ملین روپے ہوگیا۔ تاہم، زیرِ جائزہ مدت کے دوران، فنڈ کی یونٹ قیمت 30 جون 2020 کو 9.7821 روپے (EX-Div) سے بڑھ کر 30 جون 2021 کو 10.5414 روپے ہوچکی ہے، لہٰذا فنڈ نے گزشتہ اسی مدت کے دوران 7.4% بینچ مارک منافع کے مقابلے میں 7.8% کا منافع دیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے سال کے دوران 2,425.52 ملین روپے کی کل آمدنی کمائی ہے۔ 361.76 ملین روپے کے اخراجات کے منہا کرنے کے بعد، خالص آمدنی 2,063.76 ملین روپے ہے۔

30 جون 2021 کے مطابق NBP فنانشل سیکٹر انکم فنڈ کی ایسٹ ایلوکیشن 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 7.42% (بنیادی قدر کا 7.81%) 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 فنانشل سیکٹر انکم فنڈ میں ریکارڈ کی گئی 82.31 ملین روپے ورکرز ویلفیئر فنڈ کی پرووِیژننگ کو 13 اگست 2021 ریورس کردیا گیا۔ پرووِیژن کی اس ریورسل کے باعث NBP فنانشل سیکٹر انکم فنڈ کی NAV میں 0.18% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ، نے فنڈ کے آڈیٹر کی صلاحیت میں اپنی پانچ سالہ مدت مکمل کرلی ہے۔نان بینکنگ فنانس کمپنیز کے ریگولیشن اور نوٹیفائیڈ انٹیز کے ریگولیشنز، 2008 کے تقاضے (i)38 کے مطابق ان کی تبدیلی ضروری ہوگی۔ بورڈ نے میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2022 کو ختم ہونے والے سال کے لئے اپنے آپ کو تقرری کے لئے 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 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 22 میں ظاہر کی گئی ہے۔

13• کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 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

اظہارتشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو **ڈائریکٹر**

تاریخ: 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 Financial Sector Income 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 Operating Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2021

FUND MANAGER REPORT

NBP Financial Sector Income Fund

NBP Financial Sector Income Fund (NFSIF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP Financial Sector Income Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

Benchmark

6-Month KIBOR.

Fund Performance Review

This is the Tenth Annual report since the launch of the Fund on October 28, 2011. The Fund size significantly increased by 340% during FY21 and stands at Rs. 40,638 million as of June 30, 2021. During FY21 the Fund posted a return of 7.8% versus the benchmark return of 7.4%. The Fund's return since inception is 9.1% p.a. During the same period, the benchmark return has been 8.4% p.a. This translates into outperformance of 0.7% p.a. This outperformance is net of management fee and all other expenses.

The Fund is unique as it invests a minimum of 70% of its assets in the financial sector (mainly banks) debt securities, instruments, or deposits. The minimum entity/instrument rating of debt securities is AA. This minimizes credit risk and at the same time enhances the liquidity of the Fund. The duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund.

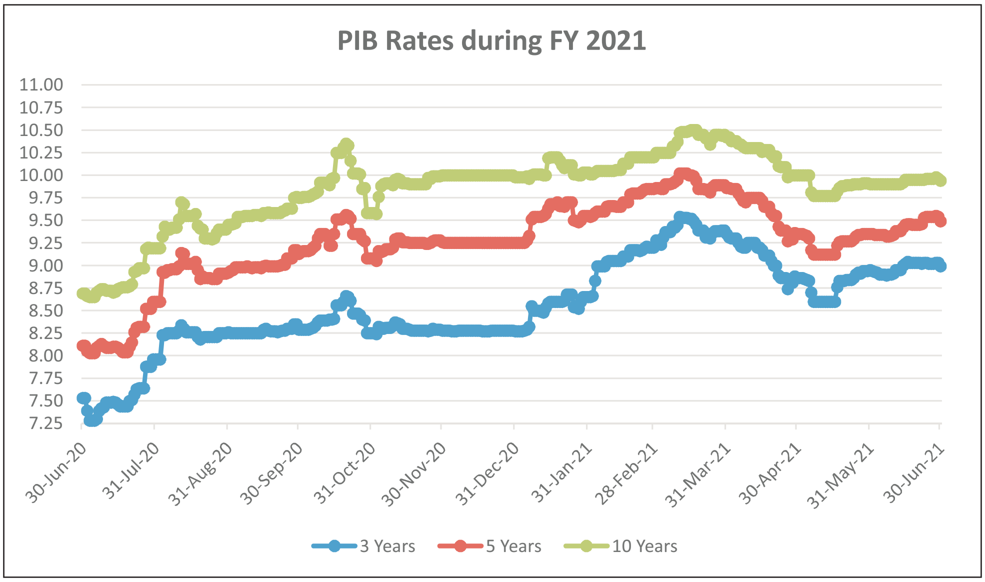
The trading activity in corporate debt securities remained subdued as the cumulative traded value stood at Rs. 21.8 billion. However, market witnessed fresh issuance of TFCs and Sukuks in the Power & Distribution and Banking sectors.

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

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
Term finance certificates	9.69%	27.60%
Certificate of investments	7.38%	-
Equity securities - listed (Spread transactions)	4.86%	-
Term deposit receipt	4.92%	-
Market Treasury Bills	0.59%	9.03%
Cash (Cash Equivalents) & Other Assets	72.56%	63.37%
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
September 2020	10.7584	0.2302	10.5282
December 2020	10.7011	0.1729	10.5282
March 2021	10.7264	0.1982	10.5282
June 2021	10.7080	0.1798	10.5282

Unit Holding Pattern of NBP Financial Sector Income Fund as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	247
1-1000	1130
1001-5000	378
5001-10000	306
10001-50000	891
50001-100000	486
100001-500000	781
500001-1000000	159
1000001-5000000	145
5000001-10000000	21
10000001-100000000	31
100000001-1000000000	4
Total	**4579**

During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Financial Sector Income 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. 74.725 million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0194. For details, investors are advised to read note 14.1 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 FINANCIAL SECTOR INCOME FUND amounting to Rs. 82.31 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 FINANCIAL SECTOR INCOME FUND by 0.18% 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 the NBP Financial Sector Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Financial Sector Income Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2021, 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 30 June 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
Bank balances and investments (Refer notes 5 and 6 to the financial statements)	
The bank balances and investments constitute the most significant component of the Net Asset Value (NAV). As at 30 June 2021, the bank balances and investments of the Fund amounted to Rs. 29,289.39 million and Rs. 11,150.16 million respectively. The valuation of investments and existence of bank balances for the determination of NAV of the Fund as at 30 June 2021 were considered high-risk area and therefore, we considered this as a key audit matter.	Our audit procedures included the following: • Tested the design and implementation of the key controls for valuation of investments; • Re-performed valuations to assess that investments are carried as per the valuation methodology specified in the accounting policies; • Obtained bank reconciliation statements and tested reconciling items on a sample basis; and • Obtained independent confirmations for verifying bank balances as at 30 June 2021 and reconciled them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.

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 auditors' report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is **Amyn Malik**.

Date: September 30, 2021
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Assets			
Bank balances	5	**29,289,389**	6,844,509
Investments	6	**11,150,164**	3,384,071
Receivable against Margin Trading System	7	**107,127**	-
Profit receivables	8	**302,360**	101,295
Receivables from funds under management by Management Company against conversion of units		**67,366**	91,398
Advance, deposit and prepayment	9	**3,819**	590
Total assets		**40,920,225**	10,421,863
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10	**49,519**	36,541
Payable to Central Depository Company of Pakistan Limited - Trustee	11	**2,949**	698
Payable to Securities and Exchange Commission of Pakistan	12	**5,692**	1,672
Payable against redemption / conversion of units	13	**28,751**	147,006
Payable against purchase of investments		**-**	833,945
Accrued expenses and other liabilities	14	**195,716**	163,656
Total liabilities		**282,627**	1,183,518
Net assets		**40,637,598**	9,238,345
Unitholders' fund (as per statement attached)		**40,637,598**	9,238,345
Contingency and commitment	15		
		(Number of units)	
Number of units in issue	16	**3,855,034,331**	877,488,440
		(Rupees)	
Net assets value per unit		**10.5414**	10.5282

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			
Gain on sale of investments		**10,262**	48,265
Income on spread transactions		**10,526**	-
Dividend income - spread transactions (listed)		**40,369**	-
Income from term deposit receipts		**114,146**	-
Income from term finance certificates, sukuks and commercial papers		**318,994**	288,517
Income from government securities		**167,667**	58,389
Income from letter of placement		**177,735**	-
Income from certificate of investment		**78,444**	-
Income from margin trading system		**28,980**	-
Profit on bank deposits		**1,439,577**	840,220
Net unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss'		**38,816**	(546)
Total income		**2,425,516**	1,234,845
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	10.1	**149,501**	69,772
Sindh Sales Tax on remuneration to Management Company	10.2	**19,435**	9,070
Remuneration of Central Depository Company Pakistan Limited - Trustee	11.1	**21,346**	6,269
Sindh Sales Tax on remuneration to Trustee	11.2	**2,775**	815
Selling and marketing expenses	10.3	**67,802**	58,105
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	**34,267**	8,359
Annual fee - Securities and Exchange Commission of Pakistan		**5,692**	1,672
Settlement and bank charges		**5,266**	1,494
Auditors' remuneration	17	**954**	880
Mutual fund rating fee		**348**	420
Securities transaction cost		**11,888**	137
Legal and professional charges		**173**	62
Annual listing fee		**28**	28
Other charges		**166**	48
Total expenses		**319,641**	157,131
Net income from operating activities		**2,105,875**	1,077,714
Provision for Sindh Workers' Welfare Fund	14.1	**(42,118)**	(21,554)
Net income for the year before taxation		**2,063,757**	1,056,160
Taxation	18	**-**	-
Net income for the year		**2,063,757**	1,056,160
Allocation of net income for the year			
Net income for the year		**2,063,757**	1,056,160
Income already paid on units redeemed		**(267,620)**	(561,687)
		1,796,137	494,473
Accounting income available for distribution:			
- Relating to capital gains		**26,750**	22,824
- Excluding capital gains		**1,769,387**	471,649
		1,796,137	494,473

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 income for the year	**2,063,757**	1,056,160
Other comprehensive income	**-**	-
Total comprehensive income for the year	**2,063,757**	1,056,160

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

	Notes	2021 Value	2021 Undistributed income	2021 Total	2020 Value	2020 Undistributed income	2020 Total
		---- (Rupees in '000) ----					
Net assets at beginning of the year		9,115,885	122,460	9,238,345	4,069,622	109,311	4,178,933
Issue of 6,226,742,057 units (2020: 2,203,745,876 units)							
- Capital value		65,556,386	-	65,556,386	23,167,163	-	23,167,163
- Element of income		534,315	-	534,315	1,315,964	-	1,315,964
Total proceeds on issuance of units		66,090,701	-	66,090,701	24,483,127	-	24,483,127
Redemption of 3,249,196,166 units (2020: 1,723,782,139 units)							
- Capital value		(34,208,187)	-	(34,208,187)	(18,121,087)	-	(18,121,087)
- Element of loss		(100,694)	(267,620)	(368,314)	(761,386)	(561,687)	(1,323,073)
Total payments on redemption of units		(34,308,881)	(267,620)	(34,576,501)	(18,882,473)	(561,687)	(19,444,160)
Interim Distribution for the year ended 30 June 2021: Re. 0.2302 (Date of distribution: 29 September 2020)	16.2						
- Capital value		-	(262,124)	(262,124)	-	(481,324)	(481,324)
- Refund of capital		(89,848)	-	(89,848)	(554,391)	-	(554,391)
Total distribution		(89,848)	(262,124)	(351,972)	(554,391)	(481,324)	(1,035,715)
Interim Distribution for the year ended 30 June 2021: Re. 0.1729 (Date of distribution: 23 December 2020)	16.2						
- Capital value		-	(329,180)	(329,180)	-	-	-
- Refund of capital		(92,581)	-	(92,581)	-	-	-
Total distribution		(92,581)	(329,180)	(421,761)	-	-	-
Interim Distribution for the year ended 30 June 2021: Re. 0.1982 (Date of distribution: 29 March 2021)	16.2						
- Capital value		-	(535,075)	(535,075)	-	-	-
- Refund of capital		(199,224)	-	(199,224)	-	-	-
Total distribution		(199,224)	(535,075)	(734,299)	-	-	-
Interim Distribution for the year ended 30 June 2021: Re. 0.1798 (Date of distribution: 25 June 2021)	16.2						
- Capital value		-	(620,040)	(620,040)	-	-	-
- Refund of capital		(50,632)	-	(50,632)	-	-	-
Total distribution		(50,632)	(620,040)	(670,672)	-	-	-
Total comprehensive income for the year		-	2,063,757	2,063,757	-	1,056,160	1,056,160
Net assets at end of the year		40,465,420	172,178	40,637,598	9,115,885	122,460	9,238,345
Undistributed income brought forward							
- Realised			123,006			111,674	
- Unrealised			(546)			(2,363)	
			122,460			109,311	
Accounting income available for distribution:							
- Relating to capital gains			26,750			22,824	
- Excluding capital gains			1,769,387			471,649	
			1,796,137			494,473	
- Cash distribution	16.2		(1,746,419)			(481,324)	
Undistributed income carried forward			172,178			122,460	
Undistributed income carried forward							
- Realised			133,362			123,006	
- Unrealised			38,816			(546)	
			172,178			122,460	
				(Rupees)			(Rupees)
Net assets value per unit at beginning of the year				10.5282			10.5124
Net assets value per unit at end of the year				10.5414			10.5282

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 FROM OPERATING ACTIVITIES			
Net income for the year		**2,063,757**	1,056,160
Adjustments:			
Net unrealised (appreciation) / diminution on re-measurement of investments at 'fair value through profit or loss'		**(38,816)**	546
Provision for Sindh Workers' Welfare Fund		**42,118**	21,554
		2,067,059	1,078,260
Increase in assets			
Investments		**(7,727,277)**	(2,494,909)
Profit receivables		**(201,065)**	(40,445)
Receivable against Margin Trading System		**(107,127)**	-
Advance, deposit and prepayment		**(3,229)**	(20)
		(8,038,698)	(2,535,374)
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - Management Company		**12,978**	18,842
Payable to Central Depository Company of Pakistan Limited - Trustee		**2,251**	238
Payable to Securities and Exchange Commission of Pakistan		**4,020**	(1,050)
Payable against purchase of investment		**(833,945)**	833,945
Accrued expenses and other liabilities		**(10,058)**	86,967
		(824,754)	938,942
Net cash used in operating activities		**(6,796,393)**	(518,172)
CASH FLOWS FROM FINANCING ACTIVITIES	*19*		
Amounts received against issuance of units		**65,682,448**	23,837,338
Payment against redemption of units		**(34,694,756)**	(19,297,234)
Distribution paid		**(1,746,419)**	(481,324)
Net cash generated from financing activities		**29,241,273**	4,058,780
Net increase in cash and cash equivalents		**22,444,880**	3,540,608
Cash and cash equivalents at beginning of the year		**6,844,509**	3,303,901
Cash and cash equivalents at end of the year	*5*	**29,289,389**	6,844,509

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

1.1 NBP Financial Sector Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 28 July 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 July 2011 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

1.3 The Fund is an open-ended mutual fund classified as an "income scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

1.4 The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuks, bank deposits and short-term money market instruments.

1.5 The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' (2020: AM1) to the Management Company and stability rating of 'A+(f)' (2020: A+(f)) to the Fund.

1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

1.7 The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unitholders of the Fund as stated in the Offering Document.

The cost of premium is borne by the investor (where applicable). Such premium cost is deducted from the unit holder's investment on a monthly basis in case of life insurance and annual basis in case of health insurance and deposited with the Insurance Company / Takaful Operator by the Management Company as per the terms and conditions of the Insurance / Takaful coverage defined in the Insurance / Takaful policy document signed between the Insurance Company / Takaful Operator and Management Company.

1.8 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 Trust Act have been introduced. The Management Company, to fulfil therequirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Collective Investment Scheme's Trust Deed to Registrar (acting under Sindh Trusts Act, 2020).

1.9 Impact of COVID- 19 on the financial statements

The Management Company of the Fund expects that going forward uncertainties associated with COVID-19 would reduce and have concluded that there were no significant impact of COVID-19 that could have materially affected the operations and financial position of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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

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

2.1.2 The SECP vide SRO 800 (I)/2021 dated 22 June 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after 30 June 2022 (earlier application permitted)". However, as permitted the Fund had already applied the IFRS 9 during the period ended 30 June 2019 with the exception of below mentioned impairment requirements as referred in note 2.1.3 of these financial statements.

2.1.3 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

2.2 Accounting convention

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousand rupees, unless otherwise stated.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the subsequent year is included in the following notes:

- Classification and valuation of financial instruments (Note 4.1.2, 4.1.3 and 6);
- Impairment of financial assets (Note 4.1.7); and
- Provision (Note 4.2).

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

Following are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on or after 1 July 2021. However, these do not have any significant impact on the Fund's financial reporting.

- Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) - the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  - Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

  - There is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

  - IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  - IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  - IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a entity's financial statements.

- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)- The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

4 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 consistently applied to all the periods presented in the financial statements.

4.1 Financial instruments

The Fund applied IFRS 9 (refer note 2.1.2) except for impairment requirements for which the Fund has continued to follow the requirements of SECP (refer note 2.1.3).

4.1.1 Recognition and initial measurement

"The Fund initially recognises regular-way transactions in financial assets and financial liabilities at FVTPL on" the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

4.1.2 Classification - Financial assets

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

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

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

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

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

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

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

Business model assessment

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

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Fund's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets

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

The Fund has determined that it has two business models.

- Held-to-collect business model: This includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.

- Other business model: This includes debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

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

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

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

- contingent events that would change the amount and timing of cash flows;

- leverage features;

- prepayment and extension terms;

- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and

- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

4.1.3 Subsequent measurement - Financial assets

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

Debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities (note 2.1.3). In determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

The government securities 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 (PKRSV rates) which are based on the remaining tenure of the securities.

4.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognised in income statement.

Financial liabilities are initially classified as measured at amortised cost and also subsequently measured at "amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses" are recognised in income statement. Any gain or loss on derecognition is also recognised in income statement.

4.1.5 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. 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.

4.1.6 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

4.1.7 Impairment of financial assets

The Fund at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 the recoverable amount.

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

4.1.8 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. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in income statement.

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognised.

4.1.9 Offsetting of financial assets and 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.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

4.1.10 Derivatives

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

4.1.11 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.1.12 Spread transactions (ready-future transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as 'financial assets at fair value through profit or loss' and carried on the statements of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement.

The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the Income Statement in accordance with the requirements of IFRS 9 'Financial Instruments: Recognition and Measurement'.

4.1.13 Receivable against Margin Trading System (MTS)

Securities purchased under margin financing are included as 'receivable against Margin Trading System (MTS)' at the fair value of consideration given. All MTS transactions are accounted for on the settlement date. Income on MTS is calculated on outstanding balance at agreed rates and recorded in the income statement. Transaction costs are expensed in the income statement.

4.2 Provisions

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

4.3 Taxation

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

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

4.4 Issue and redemption of units

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

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

4.5 Element of income

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

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

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

4.6 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.7 Earnings per unit

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

4.8 Income recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss ' are included in the income statement in the period in which they arise.
- Income on deposits with banks and mark-up / return on investments in debt and government securities is recognised in the income statements using effective yield method.
- Dividend income on equity securities held for spread transactions is recognised when the right to receive the dividend is established. For quoted equity securities, this is usually the ex-dividend date.

4.9 Distribution

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

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

			2021	2020
5	**BANK BALANCES**	*Note*	**(Rupees in '000)**	
	In current accounts		**7,663**	6,698
	In savings accounts	*5.1 & 5.2*	**29,281,726**	6,837,811
			29,289,389	6,844,509

5.1 These accounts carry profit at the rates ranging from 6.5% to 9.0% (30 June 2020: 6.5% to 15.5%) per annum.

5.2 These include cheques amounting to Rs. 234.302 million (2020: Rs. 181.107 million) received on account of issuance of units and cheques amounting to Rs. 157.078 (2020: Rs. Nil) issued on account of redemption of units as at year end.

			2021	2020
6	**INVESTMENTS**	*Note*	**(Rupees in '000)**	
	Investments by category			
	Financial assets 'at fair value through profit or loss'			
	Term finance certificates (TFCs) and sukuks - listed	*6.1*	**1,864,533**	1,860,465
	Term finance certificates (TFCs) and sukuks - unlisted	*6.2*	**2,073,174**	689,522
	Market Treasury Bills	*6.4*	**238,739**	834,084
	Equity securities - listed (Spread transactions)	*6.5*	**1,973,718**	-
			6,150,164	3,384,071
	At amortised cost			
	Term deposit receipt	*6.6*	**2,000,000**	-
	Certificate of investments	*6.7*	**3,000,000**	-
			5,000,000	**-**
			11,150,164	3,384,071

6.1 Term finance certificates (TFCs) and sukuks - listed

Name of the investee company	As at 1 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021	Market value/ carrying value as at 30 June 2021	Market value/ carrying value as a percentage of net assets	Market value/ carrying value as a percentage of total investments
	(Number of certificates)				(Rupees in '000)	(%)	
JS Bank Limited - TFC (6.1.1)	1,150	-	-	1,150	112,725	0.28	1.01
Habib Bank Limited - TFC	2,000	-	2,000	-	-	-	-
Hub Power Company Limited - Sukuk	2,416	-	-	2,416	247,398	0.61	2.22
K- Electric - Sukuk	98,460	34,116	-	132,576	673,155	1.66	6.04
Hub Power Company Limited - Sukuk	8,150	-	-	8,150	831,255	2.05	7.46
	112,176	34,116	2,000	144,292	1,864,533	4.60	16.73
Carrying value before fair value adjustments as at 30 June 2021					1,837,622		

6.1.1 The Fund has applied discretionary mark-down on 28 June 2021 to the fair value of the security. Post to discretionary mark-down the price of JS Bank Limited has decreased from Rs. 100.9057 (MUFAP Price) to Rs. 98.1595 per unit.

6.2 Term finance certificates (TFCs) and sukuks - unlisted

	As at 1 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021	Market value/ carrying value as at 30 June 2021	Market value/ carrying value as a percentage of net assets	Market value/ carrying value as a percentage of total investments
	(Number of certificates)				(Rupees in '000)	(%)	
JS Bank Limited	23,400	-	-	23,400	114,940	0.28	1.03
Jahangir Siddiqui and Company Limited	12,000	-	12,000	-	-	-	-
Jahangir Siddiqui and Company Limited	28,000	-	-	28,000	66,756	0.16	0.60
Jahangir Siddiqui and Company Limited	32,800	-	-	32,800	130,357	0.32	1.17
Askari Commercial Bank Limited	7,400	-	7,400	-	-	-	-
Askari Commercial Bank Limited	233	100	-	333	334,490	0.82	3.00
Bank of Punjab	500	-	-	500	49,928	0.12	0.45
Hub Power Holding Limited - Sukuk	-	6,000	-	6,000	530,303	1.30	4.76
Samba Bank Limited (note 6.2.1)	-	8,464	-	8,464	846,400	2.08	7.59
	104,333	14,564	19,400	99,497	2,073,174	5.08	18.60
Carrying value before fair value adjustments as at 30 June 2021					2,062,377		

6.2.1 TFC of Samba Bank Limited has been measured at their initial investment value, as their market values are not available at MUFAP.

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

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Listed term finance certificates and sukuks							
JS Bank Limited	1,150	Semi Annually	99,860	6-months KIBOR + 1.40%	29 December 2017	29 December 2024	AA-
Hub Power Company Limited - Sukuk	2,416	Semi Annually	100,000	6-months KIBOR + 1.95%	19 March 2020	19 March 2024	AA+
K-Electric -Sukuks	132,576	Quarterly	5,000	3-months KIBOR + 1.70%	3 August 2020	3 August 2027	AA
Hub Power Company Limited - Sukuk	8,150	Quarterly	100,000	3-months KIBOR + 1.90%	22 August 2019	22 August 2023	AA+
Unlisted term finance certificates and sukuks							
JS Bank Limited	23,400	Semi Annually	4,993	6-months KIBOR + 1.40%	14 December 2016	14 December 2023	AA-
Jahangir Siddiqui and Company Limited	28,000	Semi Annually	3,125	6-months KIBOR + 1.40%	18 July 2017	18 July 2022	AA
Jahangir Siddiqui and Company Limited	32,800	Semi Annually	5,000	6-months KIBOR + 1.40%	6 March 2018	6 March 2023	AA
Bank of Punjab	500	Semi Annually	99,920	6-months KIBOR + 1.25%	23 April 2018	23 April 2028	AA
Askari Commercial Bank Limited	333	Quarterly	1,000,000	3-months KIBOR + 1.28%	17 March 2020	17 March 2030	AA+
Hub Power Holding Limited - Sukuk	6,000	-	100,000	-	12 November 2020	12 November 2025	-
Samba Bank Limited	8,464	-	100,000	-	1 March 2021	1 March 2031	-
Market Treasury Bills							

6.4 Market Treasury Bills

Issue date	Tenor	Face value				Market value / carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 1 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021			
		(Rupees in '000)					(%)	
29 August 2019	12 months	-	1,020,000	1,020,000	-	-	-	-
12 September 2019	12 months	-	1,167,000	1,167,000	-	-	-	-
26 September 2019	12 months	-	750,000	750,000	-	-	-	-
10 October 2019	12 months	-	2,075,000	2,075,000	-	-	-	-
5 December 2019	12 months	-	2,700,000	2,700,000	-	-	-	-
19 December 2019	12 months	-	1,000,000	1,000,000	-	-	-	-
16 January 2020	12 months	-	250,000	250,000	-	-	-	-
27 February 2020	12 months	250,000	506,000	756,000	-	-	-	-
12 March 2020	12 months	250,000	-	250,000	-	-	-	-
26 March 2020	12 months	375,000	258,000	633,000	-	-	-	-
9 April 2020	6 months	-	155,000	155,000	-	-	-	-
23 April 2020	6 months	-	312,200	312,200	-	-	-	-
7 May 2020	6 months	-	1,350,000	1,350,000	-	-	-	-
4 June 2020	6 months	-	175,500	175,500	-	-	-	-
16 July 2020	3 months	-	75,000	75,000	-	-	-	-
16 July 2020	6 months	-	75,000	75,000	-	-	-	-
13 August 2020	3 months	-	200,000	200,000	-	-	-	-
27 August 2020	3 months	-	2,860,120	2,860,120	-	-	-	-
10 September 2020	3 months	-	762,265	762,265	-	-	-	-
24 September 2020	3 months	-	530,000	530,000	-	-	-	-
22 October 2020	3 months	-	250,000	250,000	-	-	-	-
5 November 2020	3 months	-	6,100,000	6,100,000	-	-	-	-
19 November 2020	3 months	-	450,000	450,000	-	-	-	-
3 December 2020	3 months	-	1,381,000	1,381,000	-	-	-	-
31 December 2020	3 months	-	805,000	805,000	-	-	-	-
14 January 2021	3 months	-	7,465,000	7,465,000	-	-	-	-
28 January 2021	3 months	-	6,433,700	6,433,700	-	-	-	-
11 February 2021	6 months	-	1,000,000	859,000	141,000	139,838	0.34	1.25
25 February 2021	3 months	-	2,135,000	2,135,000	-	-	-	-
11 March 2021	3 months	-	1,500,000	1,500,000	-	-	-	-
25 March 2021	3 months	-	30,183,000	30,183,000	-	-	-	-
8 April 2021	3 months	-	500,000	500,000	-	-	-	-
22 April 2021	3 months	-	930,000	930,000	-	-	-	-
6 May 2021	3 months	-	500,000	500,000	-	-	-	-
20 May 2021	3 months	-	500,000	500,000	-	-	-	-
3 June 2021	3 months	-	1,400,000	1,300,000	100,000	98,901	0.24	0.89
		875,000	77,753,785	78,387,785	241,000	238,739	0.58	2.14
Carrying value before fair value adjustments as at 30 June 2021						238,721		

6.4.1 As at 30 June 2021, all T-Bills held are pledged with National Clearing Company of Pakistan Limited.

6.5 Equity securities - listed (spread transactions) at fair value through profit or loss

The movement in equity securities represent spread transactions entered into by the Fund. The Fund purchases equity securities in ready market and sells them in

future market on the same day, resulting in spread income due to difference in ready and future stock prices. This way the Fund has no open exposure to the stock market.

All shares have a nominal face value of Rs. 10 each.

	As at 1 July 2020	Purchased during the year	Settled during the year	As at 30 June 2021	Market value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
	Number of shares				(Rupees in '000)	%	
Automobile Assembler							
Pak Suzuki Motor Co. Limited	-	308,500	99,000	209,500	74,465	0.18	0.67
Ghandhara Industries Limited	-	8,500	8,500	-	-	-	-
Ghandhara Nissan Limited	-	7,000	7,000	-	-	-	-
Automobile Parts & Accessories							
General Tyre & Rubber Limited	-	2,500	2,500	-	-	-	-
Cable & Electrical Goods							
Pak Elektron Limited	-	12,357,000	9,667,500	2,689,500	94,294	0.23	0.85
Cement							
Cherat Cement Company Limited	-	101,000	96,500	4,500	798	0.00	0.01
D.G. Khan Cement Co. Limited	-	5,677,500	3,757,500	1,920,000	226,406	0.56	2.03
Fauji Cement Co. Limited	-	2,633,500	1,693,500	940,000	21,620	0.05	0.19
Lucky Cement Limited	-	378,500	225,500	153,000	132,106	0.33	1.18
Maple Leaf Cement Factory Limited	-	13,654,000	9,603,500	4,050,500	190,292	0.47	1.71
Pioneer Cement Limited	-	1,083,500	901,000	182,500	23,920	0.06	0.21
Power Cement Limited	-	124,500	124,500	-	-	-	-
Chemical							
Engro Polymer & Chemicals Limited	-	3,899,500	2,187,500	1,712,000	80,875	0.20	0.73
Lotte Chemical Pakistan Limited	-	7,189,000	6,023,000	1,166,000	18,003	0.04	0.16
Descon Oxychem Limited	-	754,500	754,500	-	-	-	-
Commercial Banks							
Bank Al Habib Limited	-	2,056,500	2,030,000	26,500	1,858	0.00	0.02
The Bank of Punjab	-	14,750,000	12,556,000	2,194,000	18,430	0.05	0.17
Faysal Bank Limited	-	1,500	-	1,500	25	0.00	0.00
Habib Bank Limited	-	3,106,000	3,017,000	89,000	10,891	0.03	0.10
MCB Bank Limited	-	353,000	350,500	2,500	400	0.00	0.00
United Bank Limited	-	2,694,500	2,676,500	18,000	2,200	0.01	0.02
Askari Bank Limited	-	279,000	279,000	-	-	-	-
Bank Alfalah Limited	-	119,000	119,000	-	-	-	-
Meezan Bank Limited	-	278,500	278,500	-	-	-	-
Engineering							
Aisha Steel Mills Limited	-	4,900,000	2,666,500	2,233,500	55,636	0.14	0.50
Amreli Steels Limited	-	2,218,500	2,000,500	218,000	9,470	0.02	0.08
International Industries Limited	-	1,336,000	958,000	378,000	79,766	0.20	0.72
Mughal Iron & Steel Industries	-	936,500	622,000	314,500	32,834	0.08	0.29
Ittefaq Iron Industries Limited	-	2,000	2,000	-	-	-	-
Fertilizer							
Engro Corporation Limited	-	345,500	230,500	115,000	33,880	0.08	0.30
Fauji Fertilizer Bin Qasim Limited	-	5,690,000	4,724,500	965,500	25,499	0.06	0.23
Engro Fertilizers Limited	-	372,500	372,500	-	-	-	-
Food & Personal Care Products							
Treet Corporation Limited	-	11,500	11,500	-	-	-	-
Unity Foods Limited	-	335,500	335,500	-	-	-	-
Glass & Ceramics							
Shabbir Tiles and Ceramics Limited	-	69,000	-	69,000	2,301	0.01	0.02
Tariq Glass Industries Limited	-	323,000	252,000	71,000	7,553	0.02	0.07

	As at 1 July 2020	Purchased during the year	Settled during the year	As at 30 June 2021	Market value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
	---------------------------- Number of shares			----------------------------	(Rupees in '000)	-------------------- %	--------------------
Insurance							
Adamjee Insurance Company Limited	-	1,500	1,500	-		-	-
Oil & Gas Exploration Companies							
Oil & Gas Development Company Limited	-	5,540,500	5,004,500	536,000	50,936	0.13	0.46
Pakistan Petroleum Limited	-	1,685,000	1,428,500	256,500	22,272	0.05	0.20
Oil & Gas Marketing Companies							
Pakistan State Oil Company Limited	-	2,282,000	1,813,000	469,000	105,173	0.26	0.94
Sui Northern Gas Pipelines Limited	-	7,117,000	4,636,000	2,481,000	120,527	0.30	1.08
Hascol Petroleum Limited	-	698,500	698,500	-	-	-	-
Sui Southern Gas Company Limited	-	6,500	6,500	-	-	-	-
Pharmaceuticals							
The Searle Company Limited	-	426,000	364,500	61,500	14,921	0.04	0.13
Ferozsons Laboratories Limited	-	2,000	2,000	-	-	-	-
Power Generation & Distribution							
Kot Addu Power Company Limited	-	2,028,000	1,639,500	388,500	17,230	0.04	0.15
K-Electric Limited	-	4,076,000	708,000	3,368,000	14,078	0.03	0.13
Paper and Board							
Century Paper & Board Mills Limited	-	30,000	30,000	-	-	-	-
Refinery							
Byco Petroleum Pakistan Limited	-	21,854,500	-	21,854,500	253,731	0.62	2.28
Attock Refinery Limited	-	105,500	105,500	-	-	-	-
National Refinery Limited	-	46,000	46,000	-	-	-	-
Pakistan Refinery Limited	-	1,352,500	1,352,500	-	-	-	-
Technology & Communication							
Pakistan Telecommunication Company Limited	-	4,131,000	1,822,000	2,309,000	27,339	0.07	0.25
Avanceon Limited	-	607,000	607,000	-	-	-	-
NetSol Technologies Limited	-	6,500	6,500	-	-	-	-
TRG Pakistan Limited	-	1,396,500	1,396,500	-	-	-	-
Textile Composite							
Nishat (Chunian) Limited	-	2,555,000	1,390,000	1,165,000	58,588	0.14	0.53
Nishat Mills Limited	-	1,296,500	885,500	411,000	38,347	0.09	0.34
Transport							
Pakistan Int. Bulk Terminal Limited	-	19,121,500	14,030,000	5,091,500	57,941	0.14	0.52
					1,924,605	**4.74**	**17.26**

Market value as at 30 June 2021	1,924,605
Net impact of mark to market on future contracts	49,113
Total Market Value of Investment in Spread Transactions as at 30 June 2021	**1,973,718**
Carrying value as at 30 June 2021	**1,972,669**

6.5.1 Shares having market value of Rs. 1,658 million have been pledged as collateral in favour of National Clearing Company of Pakistan Limited.

6.6 Term deposit receipts - at amortised cost

Name of the Bank	Profit rate per annum	Maturity date	As at 1 July 2020	TDR's placed during the year	Matured during the year	As at 30 June 2021	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
			---------- (Rupees in '000) ----------				---------- % ----------	
Soneri Bank Limited	7.40%	11 February 2021	-	1,700,000	1,700,000	-	-	-
Soneri Bank Limited	7.40%	30 December 2020	-	2,945,000	2,945,000	-	-	-
U Microfinance Bank	9.00%	31 March 2021	-	1,000,000	1,000,000	-	-	-
Soneri Bank Limited	7.15%	11 March 2021	-	2,800,000	2,800,000	-	-	-
Soneri Bank Limited	7.50%	22 July 2021	-	2,000,000	-	2,000,000	4.92	17.94
			-	**10,445,000**	**8,445,000**	**2,000,000**	**4.92**	**17.94**

6.7 Certificate of investments - at amortised cost

Name of Issuer	Profit rate per annum	Maturity date	As at 1 July 2020	TDR's placed during the year	Matured during the year	As at 30 June 2021	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
			---------- (Rupees in '000) ----------				---------- % ----------	
Pak-Oman Investment Company Limited	7.15%	23 November 2020	-	1,000,000	1,000,000	-	-	-
Pak-Oman Investment Company Limited	7.15%	23 November 2020	-	500,000	500,000	-	-	-
Pak-Oman Investment Company Limited	7.45%	9 July 2021	-	3,000,000	-	3,000,000	7.38	26.91
			-	**4,500,000**	**1,500,000**	**3,000,000**	**7.38**	**26.91**

7 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

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

8 PROFIT RECEIVABLES

	Note	2021	2020
		(Rupees in '000)	
Profit receivables on savings accounts		**162,488**	54,618
Accrued mark-up on Term finance certificates		**59,516**	46,677
Accrued mark-up on Certificate of investments		**50,823**	-
Accrued mark-up on Term deposit receipts		**28,811**	-
Accrued mark-up on Margin Trading System		**722**	-
		302,360	101,295

9 ADVANCE, DEPOSIT AND PREPAYMENT

	Note	2021	2020
Advance tax	*9.1*	**3,453**	268
Security deposit		**100**	100
Prepaid mutual fund rating fee		**266**	222
		3,819	590

9.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on bank deposit and investment paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008- VOL.II-

66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholdee. The tax withheld on dividends, profit on bank deposits and profit on letter of placement as at 30 June 2021 amounts to Rs. 3.453 million (2020: Rs. 0.268 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2021 and 30 June 2020, as in the opinion of the management, the amount of tax deducted at source will be refunded.

10 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	2021	2020
		(Rupees in '000)	
Management remuneration	10.1	**18,018**	5,827
Sindh Sales Tax on Management remuneration	10.2	**2,342**	758
Sales load and transfer load		**4,682**	8,310
Sindh Sales Tax on sales and transfer load		**609**	1,080
Selling and marketing expenses	10.3	**10,450**	17,848
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	**13,062**	2,549
Other expenses		**356**	169
		49,519	36,541

10.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 7% of net income subject to minimum of 0.5 % of average annual net assets and maximum of 1.5 % of average annual net assets of the Fund till 11 July 2019 and with effective from 12 July 2019, the Management Company has revised its remuneration to the rate of 6% of net income subject to minimum of 0.5 % of average annual net assets and maximum of 1.5 % of average annual net assets.

10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on management remuneration and sales load.

10.3 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated circular and has revised the conditions and waived capping for charging selling and marketing expense. The Management Company has charged selling and marketing expenses at the rate of 0.7% per annum upto 13 September 2020, 0.5% per annum from 14 September 2020 till 26 October 2020, 0.2% per annum from 27 October till 29 March 2021 and thereafter 0.1% per annum of average annual net assets of the Fund.

10.4 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019, SECP vide S.R.O. 639 (I)/2019, has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. Accordingly, such expenses have been charged at the rate of 0.1% per annum upto 26 October 2020 and thereafter at the rate of 0.125% per annum of average annual net assets of the Fund.

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	**2021**	2020
		(Rupees in '000)	
Trustee remuneration	*11.1*	**2,610**	618
Sindh Sales Tax on Trustee remuneration	*11.2*	**339**	80
		2,949	698

11.1 Effective from 1 July 2019 the Trustee has charged remuneration at the rate of 0.075% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

11.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on trustee remuneration.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as Income scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan, at an amount equal to 0.02% of the average annual net assets of the Fund.

13 PAYABLE AGAINST REDEMPTION / CONVERSION OF UNITS

This includes an amount of Rs. 0.633 million and Rs. 0.678 million payable on account of conversion of units from NBP Stock Fund and NBP Islamic Sarmaya Izafa Fund respectively.

14 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	**2021**	2020
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	*14.1*	**74,733**	32,616
Federal Excise Duty on remuneration to Management Company	*14.2*	**14,947**	14,947
Federal Excise Duty on sales and transfer load		**467**	467
Auditors' remuneration		**966**	664
Printing charges		**350**	36
Bank and CDC charges		**1,540**	171
Withholding tax		**87,364**	74,467
Capital gain tax		**9,423**	39,218
Legal and professional charges		**119**	60
Brokerage		**5,057**	10
Others		**750**	1,000
		195,716	163,656

14.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF.

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

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not industrial establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF. In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till June 30, 2015, to be reversed on 12 January 2017; and

- the provision in respect of Sindh WWF should be made on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. The reversal of provision for WWF amounting to Rs. 17.975 million and a provision for SWWF of Rs. 1.542 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis.

Subsequent to the year ended 30 June 2021, SRB through its letter dated 12 August 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 21 May 2015 to 12 August 2021, on 13 August 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 SWWF not been provided, the NAV per unit of the Fund as at 30 June 2021 would have been higher by Re. 0.0194 per unit (2020: Re. 0.0372 per unit).

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

The Honorable Sindh High Court (SHC) through its order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) on services, other than shipping agents and related services, is ultra vires to the Constitution from 1 July 2011. However, the declaration made by the Honorable Court, as directed, will have effect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 16.443 million out of which Rs. 1.496 million have been paid to the Management Company (30 June 2020: Rs. 1.496 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.0039 (30 June 2020: Re. 0.0170) per unit.

15 CONTINGENCY AND COMMITMENT

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

16 NUMBER OF UNITS IN ISSUE

	Note	**2021**	2020
		(Number of units)	
Total units in issue at beginning of the year		**877,488,440**	397,524,703
Add: units issued against			
- Sale	*16.1*	**6,185,725,515**	2,151,057,022
- Refund of capital at zero value	*16.2*	**41,016,542**	52,688,854
		6,226,742,057	2,203,745,876
Less: Units redeemed		**(3,249,196,166)**	(1,723,782,139)
Total units in issue at end of the year		**3,855,034,331**	877,488,440

16.1 This includes 140,876,856 units (2020: 37,240,348 units) issued against dividend reinvestment amounting to Rs. 1,483,466,395 (2020: Rs. 391,700,030), net of taxation.

16.2 The Management Company on 29 September 2020, 23 December 2020, 29 March 2021 and 25 June 2021 (2020: 26 June 2020) declared interim distribution amounting to Re. 0.2302 per unit, Re. 0.1729 per unit, Re. 0.1982 per unit and Re. 0.1798 per unit (2020: Rs. 1.4007 per unit) respectively (for full period) for the year ended 30 June 2021. The aggregate cash distribution amounted to Rs. 1,746 million. The refund of capital / element of income was made by issuing 41,016,542 additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above. This refund of capital is in addition to cash distribution.

17 AUDITORS' REMUNERATION

	2021	2020
	(Rupees in '000)	
Annual audit fee	**425**	399
Half yearly review	**175**	160
Other certifications	**200**	180
Out of pocket expenses and others including government levy	**154**	141
	954	880

18 TAXATION

18.1 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 to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders as per distribution policy (refer note 4.3 and 16.2), no provision for taxation has been made in these financial statements.

19 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
	(Rupees in '000)			
Balance as at 1 July 2020	**91,398**	**(147,006)**	**-**	**(55,608)**
Total amount received against issuance of units	(65,682,448)	-	-	(65,682,448)
Total amount paid against redemption of units	-	34,694,756	-	34,694,756
Dividend paid	-	-	1,746,419	1,746,419
Net cash generated from financing activities	**(65,682,448)**	**34,694,756**	**1,746,419**	**(29,241,273)**
Issuance of units	66,090,701	-	-	66,090,701
Redemption of units	-	(34,576,501)	-	(34,576,501)
Dividend announced	-	-	(2,178,704)	(2,178,704)
Refund of units on zero value	(432,285)		432,285	-
	65,658,416	**(34,576,501)**	**(1,746,419)**	**29,335,496**
Balance as at 30 June 2021	**67,366**	**(28,751)**	**-**	**38,615**

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 1.27% per annum (2020: 2.13% per annum). Total expense ratio (excluding government levies) is 1.02% per annum (2020: 1.74% per annum).

21 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2021		
	Amortised Cost	At Fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	**29,289,389**	**-**	**29,289,389**
Investments	**5,000,000**	**6,150,164**	**11,150,164**
Receivable against Margin Trading System	**107,127**	**-**	**107,127**
Profit receivable	**302,360**	**-**	**302,360**
Receivables from funds under management by Management Company against conversion of units	**67,366**	**-**	**67,366**
Security deposit	**100**	**-**	**100**
	34,766,342	**6,150,164**	**40,916,506**

	30 June 2021		
	At Fair value through profit or loss	**Other financial liabilities**	**Total**
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	**-**	**49,519**	**49,519**
Payable to Central Depository Company of Pakistan Limited - Trustee	**-**	**2,949**	**2,949**
Payable against redemption / conversion of units	**-**	**28,751**	**28,751**
Accrued expenses and other liabilities	**-**	**8,782**	**8,782**
	-	**90,001**	**90,001**

	30 June 2020		
	Amortised Cost	At Fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	6,844,509	-	6,844,509
Investments	-	3,384,071	3,384,071
Profit receivable	101,295	-	101,295
Receivables from funds under management by Management Company against conversion of units	91,398	-	91,398
Security deposit	100	-	100
	7,037,302	3,384,071	10,421,373

	30 June 2020		
	At Fair value through profit or loss	Other financial liabilities	Total
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	36,541	36,541
Payable to Central Depository Company of Pakistan Limited -Trustee	-	698	698
Payable against redemption of units	-	147,006	147,006
Payable against purchase of investment	-	833,945	833,945
Accrued expenses and other liabilities	-	1,941	1,941
		1,020,131	1,020,131

22 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

22.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.

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

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

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

22.5 Transactions during the year:

	2021	2020
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration to Management Company	**149,501**	69,772
Sindh Sales Tax on remuneration to Management Company	**19,435**	9,070
Sales load and transfer load including SST	**18,404**	13,265
Selling and marketing expenses	**67,802**	58,105
Allocation of expenses related to registrar services, accounting, operation and valuation services	**34,267**	8,359
Divided re-invested: 175,760 units (2020: Nil units)	**1,851**	-
Units issued: 40,824,206 units (2020: 17,367,912 units)	**431,099**	188,467
Units redeemed: 40,999,966 units (2020: 24,177,674 units)	**435,366**	263,527
ADC charges including SST	**587**	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	**21,346**	6,269
Sindh Sales Tax on Trustee remuneration	**2,775**	815
National Bank of Pakistan - Parent of the Management Company		
Profit earned	**678**	757
Hub Power Company Limited (Common Directorship)		
Purchase of Sukuk and TFC	**-**	651,600
Interest income on sukuk earned	**107,341**	113,842
Hub Power Holding Limited (Common Directorship)		
Purchase of Sukuk and TFC	**494,751**	**-**
Interest income on sukuk earned	**3,222**	**-**
Bank Islami Pakistan Limited (Common Directorship)		
Profit earned	**192**	192
Taurus Securities Limited (Common Directorship)		
Brokerage charges	**951**	-
Fauji Fertilizer Company Limited (Common Directorship)		
Units issued: 728,543,024 units (2020: 447,533,748 units)	**7,670,212**	4,907,936
Units redeemed: Nil units (2020: 447,533,748 units)	**-**	5,023,377
Dividend re-invested: 27,072,344 units (2020: Nil units)	**285,078**	-

	2021	2020
	(Rupees in '000)	
National Clearing Company of Pakistan (Common Directorship)		
Dividend re-invested: 348,635 units (2020: 544,211 units)	**3,671**	5,724
Units issued: 74,591 units (2020: Nil units)	**785**	-
Khushhali Microfinance Bank Limited (Common Directorship)**		
Mark-up on bank deposit	**114,067**	-
Telenor Microfinance Bank Limited (Common Directorship)**		
Mark-up on bank deposit	**50**	-
Potential Engineers Staff Provident Fund Trust - Related Party*		
Units Redeemed: Nil units (2020: 1,557,627 units)	**-**	16,688
Employees of the Management Company		
Dividend re-invested: 140,684 units (2020: 315,592 units)	**1,481**	3,319
Units issued: 39,930,697 units (2020: 28,068,485 units)	**423,121**	308,036
Units redeemed: 46,356,744 units (2020: 23,215,047 units)	**493,937**	262,221
Muhammad Murtaza Ali - Company Secretary/COO		
Units issued: 94,445 units (2020: 838 units)	**1,000**	9
Units redeemed: 94,445 units (2020: 193,103 units)	**1,006**	2,079
Khalid Mehmood - CFO		
Dividend re-invest units issued (78) (2020: Nil units)	**1**	-
Units Issued / Transferred In (18,997) (2020: Nil units)	**200**	-
NBP Government Securities Liquid Fund		
Sale of Treasury Bill	**24,966**	-
NBP Money Market Fund		
Purchase of Treasury Bill	**998,146**	-
Sale of Treasury Bill	**179,758**	-
NBP Government Securities Saving Fund		
Sale of Treasury Bill	**-**	179,430
NBP Savings Fund		
Purchase of Term Finance Certificate	**-**	75,485
Sale of Treasury Bill	**900,375**	-
NBP Islamic Money Market Fund		
Sale of Commercial Paper	**-**	305,515
NBP Islamic Mahana Amdani Fund		
Sale of Commercial Paper	**-**	96,989
NBP Islamic Savings Fund		
Sale of Commercial Paper	**-**	82,441
Pakistan Stock Exchange Limited (Common Directorship)		
Listing fee	**25**	25

	2021	2020
	(Rupees in '000)	
Portfolios managed by NBP Funds		
Dividend re-invested: 2,082,448 units (2020: 22,374)	**21,930**	235
Units issued: 202,093,673 units (2020: 591,727)	**2,131,311**	6,245
Units redeemed: 128,216,051 units (2020: 649,005)	**1,373,899**	6,997
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
Ibrahim Holdings Private Limited**		
Dividend re-invested: 25,595,887 units	**269,525**	-
Units issued: 843,545,840 units	**8,880,992**	-
Amounts outstanding at year end		
NBP Fund Management Limited - Management Company		
Management remuneration payable	**18,018**	5,827
Sindh Sales Tax payable	**2,342**	758
Sales load and transfer load payable	**4,682**	8,310
Sindh Sales Tax on sales and transfer load	**609**	1,080
Selling and marketing expenses	**10,450**	17,848
Allocation of expenses related to registrar services, accounting, operation and valuation services	**13,062**	2,549
ADC charges including SST	**187**	-
Other payable	**169**	169
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	**2,610**	618
Sindh Sales Tax on Trustee remuneration	**339**	80
Security deposit	**100**	100
National Bank of Pakistan - Parent of the Management Company		
Balance in current account	**325**	325
Balance in savings account	**2,059**	19,437
Profit receivable on bank deposit	**9**	77
Portfolios managed by NBP Funds		
76,9250,696 units held (2020: 220,054 units)	**810,905**	2,317
Fauji Fertilizer Company Limited (Common Directorship)		
Units held: 755,615,367 (2020: Nil units)	**7,965,244**	-
Hub Power Holding Limited (Common Directorship)		
Interest Income receivable	**222**	-
Hub Power Company Limited - Sukuk (Common Directorship)		
Interest Income receivable	**15,333**	18,826
Khushhali Microfinance Bank Limited (Common Directorship)**		
Bank Balance	**1,076,055**	-
Interest income receivable	**6,748**	-
Telenor Microfinance Bank Limited (Common Directorship)**		
Bank Balance	**23**	-
Interest income receivable	**271**	-

	2021	2020
	(Rupees in '000)	
Bank Islami Pakistan Limited (Common Directorship)		
Bank Balance	**17,025**	4,070
Profit receivable	**72**	77
National Clearing Company of Pakistan Limited (Common Directorship)		
5,775,177 units held (2020: 5,351,951 units)	**60,878**	56,346
Employees of the Management Company		
2,100,737units held (2020: 8,893,525 units)	**22,145**	93,633
Khalid Mehmood - CFO		
19,074 units held (2020: Nil units)	**201**	-
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
Ibrahim Holdings Private Limited**		
869,141,727 units held (2020: Nil units)	**9,161,971**	-
Fauji Akbar Portia Marine Terminals Ltd*		
Nil units held (2020: 121,342,447 units)	**-**	1,277,518
Interloop Holdings (Pvt.) Limited*		
Nil units held (2020: 100,667,182 units)	**-**	1,059,844

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

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

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualifications	Experience in years
1.	Dr. Amjad Waheed	Chief Executive Officer	Doctorate in Business Administration, MBA and CFA	33
2.	Mr. Sajjad Anwar	Chief Investment Officer	CFA and MBA	21
3.	Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	15
4.	Mr. Muhammad Ali Bhabha (note 23.1)	Head of Fixed Income	CFA, MBA, FRM and MS	26
5.	Mr. Hassan Raza	Head of Research	ACCA, BSC and CFA	10

23.1 Mr. Muhammad Ali Bhabha is the Fund manager. He is also managing NBP Income Opportunity Fund , NAFA

Government Securities Savings Fund, NBP Money Market Fund, NBP Mahana Amdani Fund, NBP Government Securities Liquid Fund, NBP Stock Fund, NBP Islamic Income Fund, NAFA Riba Free Savings Fund, NBP Islamic Money Market Fund, NBP Savings Fund and NBP Active Allocation Riba Free Savings Fund.

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

List of top ten brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2021:

S. No	Particulars	2021 (%)
1	M. R.A Securities	**47.68**
2	Adam Securities (Pvt) Limited	**28.36**
3	Taurus Securities Limited	**8.79**
4	Aqeel Karim Dehdi Securities (Pvt) Limited	**6.06**
5	BMA Capital Management Limited	**3.24**
6	Al Habib Capital Markets (Pvt) Limited	**1.47**
7	Topline Securities Limited	**1.31**
8	J.S. Global Capital Limited	**1.2**
9	Darson Securities (Pvt) Limited	**0.82**
10	Next Capital Limited	**0.42**

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

S. No	Particulars	2020 (%)
1	Next Capital Limited	**32.76**
2	Bright Capital (Private) Limited	**17.84**
3	BMA Capital Management Limited	**49.4**

25 PATTERN OF UNIT HOLDING

	As at 30 June 2021		
	Number of unit holders'	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Category			
Individuals	4,332	6,309,373	15.53
Associated Companies and Directors	2	3,075,442	7.57
Insurance Companies	2	958	-
Bank and DFIs	1	-	-
NBFCs	-	-	-
Retirement Funds	81	2,845,345	7.00
Public Limited Companies	11	10,448,649	25.71
Others	150	17,957,831	44.19
	4,579	40,637,598	100.00

Category	Number of unit holders'	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
	As at 30 June 2020		
Individuals	3,682	4,508,601	48.80
Associated Companies and Directors	-	-	-
Insurance Companies	2	7,132	0.08
Bank and DFIs	1	-	-
Retirement Funds	31	619,119	6.70
Public Limited Companies	4	1,211,867	13.12
Others	104	2,891,626	31.30
	3,824	9,238,345	100.00

26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 76th, 77th, 78th, 79th, 80th Board meetings were held on 16 July 2020, 17 September 2020, 27 October 2020, 26 February 2021 and 30 April 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 during tenure of directorship	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 3 December 2020.
**Ms. Mehnaz Salar was appointed as Director on the Board with effect from 3 February 2021.

27 FINANCIAL RISK MANAGEMENT

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

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

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

The Fund primarily invest in a portfolio of money market investments such as government securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk.

These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

27.1 Market risk

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

Management of market risk

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

27.1.1 Currency risk

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

27.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing term finance certificates and bank balances exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date of these term finance certificates 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 332.19 million (2020: Rs 93.625 million).

(b) Sensitivity analysis for fixed rate instruments

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

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

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

	30 June 2021					
	Effective yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to Yield/ Interest risk	Total
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments		----------	----------	(Rupees in '000)	----------	----------
Financial Assets						
Bank balances	5.5% - 15.5%	29,281,726	-	-	7,663	29,289,389
Investments	7.22% - 7.5%	5,238,739	-	3,937,707	1,973,718	11,150,164
Receivable against Margin Trading System	8.25% - 15.47%	107,127	-	-	-	107,127
Profit receivable		-	-	-	302,360	302,360
Receivables from fund under management by Management Company against conversion of units		-	-	-	67,366	67,366
Deposit		-	-	-	100	100
		34,627,592	-	3,937,707	2,351,207	40,916,506
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	49,519	49,519
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,949	2,949
Payable against redemption / conversion of units		-	-	-	28,751	28,751
Payable against purchase of investment		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	8,782	8,782
		-	-	-	90,001	90,001
On-balance sheet gap		34,627,592	-	3,937,707	2,261,206	40,826,505
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	
Total interest rate sensitivity gap		34,627,592	-	3,937,707	2,261,206	40,826,505
Cumulative interest rate sensitivity gap		34,627,592	34,627,592	38,565,299		

	30 June 2020					
	Effective yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to Yield/ Interest risk	Total
		Upto three months	More than three months and upto one year	More than one year		
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial Assets						
Bank balances	6.5% - 15.5%	6,837,811	-	-	6,698	6,844,509
Investments	8.62% - 15.81%	834,084	-	2,549,987	-	3,384,071
Profit receivable		-	-	-	101,295	101,295
Receivables from fund under management by Management Company against conversion of units		-	-	-	91,398	91,398
Deposit		-	-	-	100	100
		7,671,895	-	2,549,987	199,491	10,421,373
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	36,541	36,541
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	698	698
Payable against redemption / conversion of units		-	-	-	147,006	147,006
Payable against purchase of investment		-	-	-	833,945	833,945
Accrued expenses and other liabilities		-	-	-	1,941	1,941
		-	-	-	1,020,131	1,020,131
On-balance sheet gap		7,671,895	-	2,549,987	(820,640)	9,401,242
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	
Total interest rate sensitivity gap		7,671,895	-	2,549,987	(820,640)	9,401,242
Cumulative interest rate sensitivity gap		7,671,895	7,671,895	10,221,882		

27.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund does not hold any security which exposes the Fund to significant price risk.

27.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Term Finance Certificates is limited as the counter parties are financial institutions with reasonably high credit ratings. While bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2021 and 30 June 2020.

Ratings	2021	2020
	(Rupees in '000)	
AAA	**199,523**	258,316
AA+	**7,524,594**	228,990
AA	**380**	1,402
AA-	**4,325,570**	799,331
A+	**8,994,237**	2,738,114
A	**8,237,747**	2,811,983
Suspended	**7,338**	6,373
	29,289,389	6,844,509

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

Concentration of credit risk

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

27.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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

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

	30 June 2021			
	Upto three months	**Over three months and upto one year**	**Over one year**	**Total**
	(Rupees in '000)			
Financial Liabilities				
Payable to NBP Fund Management Limited - Management Company	**49,519**			**49,519**
Payable to Central Depository Company of Pakistan Limited - Trustee	**2,949**	**-**	**-**	**2,949**
Payable against redemption / conversion of units	**28,751**	**-**	**-**	**28,751**
Accrued expenses and other liabilities	**8,782**	**-**	**-**	**8,782**
	90,001	**-**	**-**	**90,001**
Net assets attributable to redeemable units	**40,637,598**	**-**	**-**	**40,637,598**

	30 June 2020			
	Upto three months	Over three months and upto one year	Over one year	Total
	(Rupees in '000)			
Financial Liabilities				
Payable to NBP Fund Management Limited - Management Company	36,541			36,541
Payable to Central Depository Company of Pakistan Limited - Trustee	698	-	-	698
Payable against redemption / conversion of units	147,006	-	-	147,006
Payable against purchase of investment	833,945			833,945
Accrued expenses and other liabilities	1,941	-	-	1,941
	1,020,131	-	-	1,020,131
Net assets attributable to redeemable units	9,238,345	-	-	9,238,345

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 or indirectly.

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

For valuation techniques for specific instruments, refer note 4.1.3.

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

		June 30, 2021							
		Carrying value				Fair value			
	Note	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Financial assets measured at fair value									
Investment in term finance certificates - listed		1,864,533	-	-	1,864,533	-	1,864,533	-	1,864,533
Investment in term finance certificates - unlisted		2,073,174	-	-	2,073,174	-	2,073,174	-	2,073,174
Treasury Bills		238,739	-	-	238,739	-	238,739	-	238,739
Equity securities - listed (Spread transactions)		1,973,718	-	-	1,973,718	1,973,718	-	-	1,973,718
		6,150,164	-	-	6,150,164	1,973,718	4,176,446	-	6,150,164
Financial assets not measured at fair value	*28.1*								
Term deposit receipt		-	2,000,000	-	2,000,000				
Certificate of investments		-	3,000,000	-	3,000,000				
Bank balances		-	29,289,389	-	29,289,389				
Receivable against Margin Trading System			107,127		107,127				
Profit receivables		-	302,360	-	302,360				
Receivables from fund under management by Management Company against conversion of units		-	67,366	-	67,366				
Deposit		-	100	-	100				
		-	34,766,342	-	34,766,342				
Financial liabilities not measured at fair value	*28.1*								
Payable to NBP Fund Management Limited - Management Company		-	-	49,519	49,519				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	2,949	2,949				
Payable against redemption / conversion of units		-	-	28,751	28,751				
Accrued expenses and other liabilities		-	-	8,782	8,782				
		-	-	90,001	90,001				

	June 30, 2020							
	Carrying value				Fair value			
	Fair value through profit or loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial assets measured at fair value								
Investment in term finance certificates - listed	1,860,465	-	-	1,860,465	-	1,860,465	-	1,860,465
Investment in term finance certificates - unlisted	689,522	-	-	689,522	-	689,522	-	689,522
Treasury Bills	834,084	-	-	834,084	-	834,084	-	834,084
	3,384,071	-	-	3,384,071	-	3,384,071	-	3,384,071
Financial assets not measured at fair value *28.1*								
Bank balances	-	6,844,509	-	6,844,509				
Profit receivables	-	101,295	-	101,295				
Receivables from fund under management by Management Company against conversion of units	-	91,398	-	91,398				
Deposit	-	100	-	100				
	-	7,037,302	-	7,037,302				
Financial liabilities not measured at fair value *28.1*								
Payable to NBP Fund Management Limited - Management Company	-	-	36,541	36,541				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	698	698				
Payable against redemption / conversion of units	-	-	147,006	147,006				
Payable against purchase of investment	-	-	833,945	833,945				
Accrued expenses and other liabilities	-	-	1,941	1,941				
	-	-	1,020,131	1,020,131				

28.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

28.2 Financial instruments not measured at FVTPL include Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

29 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units.

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

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

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

30 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

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

PERFORMANCE TABLE

Particulars	For the year ended 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 (Rs. '000')	40,637,598	9,238,345	4,178,933	2,354,909	1,152,369	1,254,699
Net Income (Rs. '000')	2,063,757	1,056,160	334,121	116,066	56,911	35,666
Net Asset Value per units (Rs.)	10.5414	10.5282	10.5124	11.1248	10.4933	10.4723
Offer price per unit	10.6605	10.6472	10.6312	11.2505	10.6119	10.6108
Redemption price per unit	10.5414	10.5282	10.5124	11.1248	10.4933	10.4723
Ex - Highest offer price per unit (Rs.)	10.6605	10.6472	10.6312	11.2505	10.6119	10.6108
Ex - Lowest offer price per unit (Rs.)	9.8950	9.2795	9.1714	10.6136	9.8018	9.9805
Ex - Highest redemption price per unit (Rs.)	10.5414	10.5282	10.5124	11.1248	10.4933	10.4723
Ex - Lowest redemption price per unit (Rs.)	9.7844	9.2795	9.0657	10.4950	9.6854	9.8464
Fiscal Year Opening Ex Nav	9.7821	9.2764	9.6155	10.4933	9.6844	9.8421
Total return of the fund (Annualized)	7.76%	13.46%	9.33%	6.02%	8.35%	6.40%
Capital growth	0.34%	0.13%	0.38%	0.01%	-0.45%	0.04%
Income distribution as a % of ex nav	7.42%	13.32%	8.94%	6.01%	8.80%	6.36%
Income distribution as a % of par value	7.81%	14.01%	9.39%	6.31%	8.52%	6.66%
Distribution dates						
Interim						
29-Sep-20	0.2302					
23-Dec-20	0.1729					
29-Mar-21	0.1982					
25-Jun-21	0.1798					
26-Jun-20		1.4007				
21-Dec-18			0.3729			
24-Jun-19			0.5657			
4-Jul-18				0.6309		
19-Jun-17					0.8520	
29-Jun-16						0.6656
30-Jun-15						
Average annual return (launch date October 28, 2011)						
(Since inception to June 30, 2021)	9.07%					
(Since inception to June 30, 2020)		9.22%				
(Since inception to June 30, 2019)			8.68%			
(Since inception to June 30, 2018)				8.58%		
(Since inception to June 30, 2017)					9.04%	
(Since inception to June 30, 2016)						9.19%
(Since inception to June 30, 2015)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	9 Days	13 Days	13 Days	46 Days	56 Days	183 Days

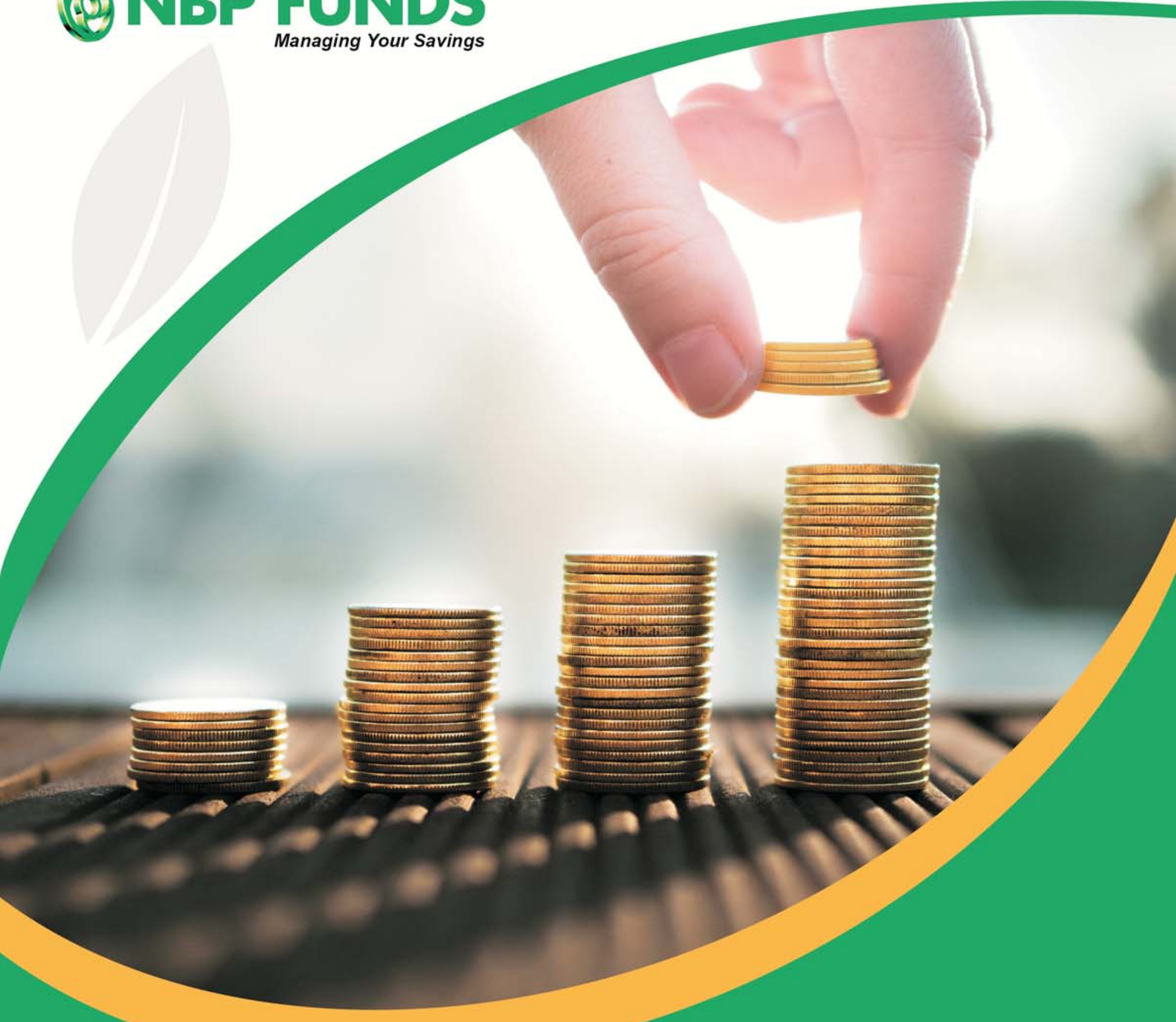
Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up

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



NBP FINANCIAL SECTOR FUND

AM1
Rated by PACRA

ANNUAL REPORT
2021

MISSION STATEMENT

To rank in the top quartile

in performance of

NBP FUNDS

relative to the competition,

and to consistently offer

Superior risk-adjusted returns to investors.

Contents

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
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

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited
National Bank of Pakistan

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 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive Officer

Shaikh Muhammad Abdul Wahid Sethi
Chairman

Mr. Khalid Mansoor
Director

Mr. Humayun Bashir
Director

Mr. Tauqeer Mazhar
Director

Mr. Ali Saigol
Director

Mr. Saad Amanullah Khan
Director

Ms. Mehnaz Salar
Director

Mr. Imran Zaffar
Director

Senior Management

Dr. Amjad Waheed, CFA
Chief Executive Officer

Mr. Sajjad Anwar, CFA
Chief Investment Officer

Mr. Samiuddin Ahmed
Country Head Corporate Marketing

Mr. Ozair Khan
Chief Technology Officer

Mr. Salim S Mehdi
Chief Innovation & Strategy Officer

Mr. Muhammad Murtaza Ali
Chief Operating Officer & Company Secretary

Mr. Khalid Mehmood
Chief Financial Officer

Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer

Syed Sharoz Mazhar, CFA
Head of Business & Sales Strategy

Mr. Salman Ahmed, CFA
Head of Fixed Income

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

Mr. Hassan Raza, CFA
Head of Research

Mr. Waheed Abidi
Head of Internal Audit

Mr. Zaheer Iqbal, ACA FPFA
Head of Operations

Muhammad Imran, CFA, ACCA
Head of Portfolio Management

Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Fourth Annual Report for the period ended June 30, 2021, since launch of **NBP Financial Sector Fund** (NFSF) on February 14, 2018.

Fund's Performance

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

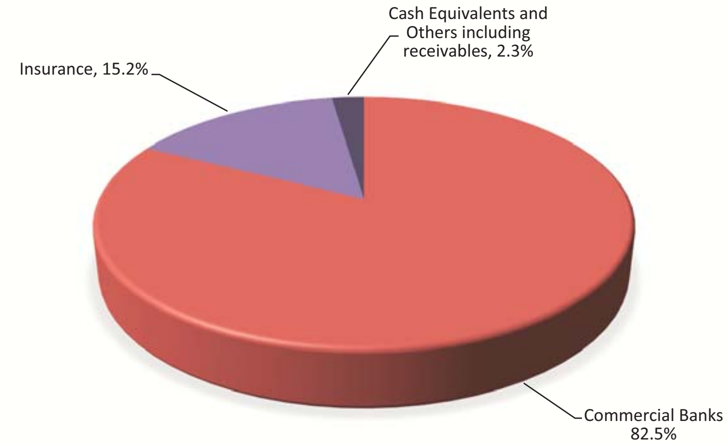
Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The economic growth rate for FY21 stood at 3.9% after GDP contraction of 0.5% during FY20. The frequently released economic data such as cement dispatches, retail fuels sales, electricity consumption and automobile sales volume also corroborated sharp economic rebound. Coronavirus-induced travel restrictions proved beneficial for the external account as workers' remittances registered a hefty 27% growth during FY2021, clocking-in at USD 29.4 billion. Resultantly, the country posted a Current Account Deficit (CAD) of USD 1.8 billion during FY21 versus USD 4.4 billion last year. The Extended Fund Facility (EFF) with the International Monetary Fund (IMF) that was put on hold in April last year, finally resumed. As a result the country secured the IMF tranche of around USD 500 million. The resumption of IMF program allowed the country to borrow USD 2.5 billion by issuing Eurobonds in the international debt market. Furthermore, the Roshan Digital Account (RDA) launched by the central bank to tap the diaspora was a resounding 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. In terms of participants-wise market activity, Individuals, Companies, and Other Organizations stood as main buyers in the market, with net inflows amounting to USD 332 million, USD 138 million and USD 45 million, respectively. On the other hand, Foreign Investors, Banks/DFIs and Broker Proprietary Trading were large sellers with net outflows of around USD 387 million, USD 95 million, and USD 32 million, respectively.

During the fiscal year, NBP Financial Sector Fund increased by 20.6% return as against the KSE-30 index increased by 36.5%, underperforming the benchmark by 15.9% during the year. The Fund underperformed as the fund was overweight in select Commercial Banks sector stocks which outperformed the market. Since inception (February 14, 2018), NBP Financial Sector Fund has decreased by 7.7%, whereas the KSE-30 index has increased by 8.1%, thus to date underperformance is 15.8%. This outperformance is net of management fee and all other expenses.

NBP Financial Sector Fund has earned a total income of Rs. 159.360 million during the year. After incurring total expenses of Rs. 27.318 million, the net income is Rs. 132.042 million. During the year, the unit price of NBP Financial Sector Fund has increased from Rs. 7.3801 (Ex-Div) on June 30, 2020 to Rs. 8.9014 on June 30, 2021. The resultant per unit gain is Rs. 1.5213 (20.6%).

The asset allocation of NBP Financial Sector 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 4.29% of the opening ex-NAV (3.28% 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 Financial Sector Fund amounting to Rs. 2.90 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 Financial Sector Fund by 0.65% 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 27 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 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 مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز اپنے آغاز (14 فروری 2018) سے NBP فنانشل سیکٹر فنڈ کی چوتھی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021ء پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

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

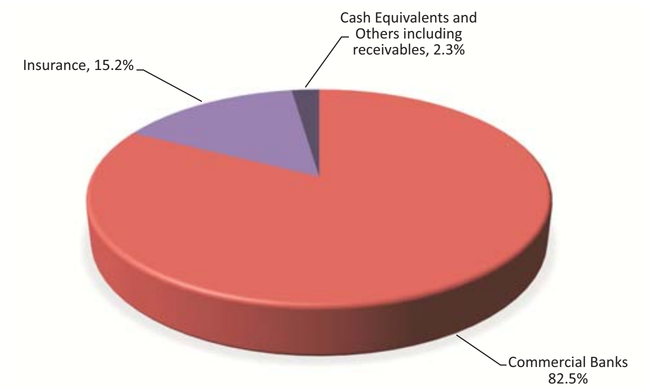
اگرچہ ملک کو زیرِ جائزہ سال کے دوران کوویڈ 19 کی متعدد لہروں کا سامنا کرنا پڑا، لیکن سمارٹ اور ٹارگٹڈ لاک ڈاؤن نے معیشت کو بغیر کسی رکاوٹ کے جاری رکھا۔ معاشی بحالی شروع میں بتدریج تھی اور سازگار مالیاتی اور مانیٹری پالیسیوں کی مدد سے اس کی رفتار تیز ہوگئی۔ مالی سال 20 کے دوران جی ڈی پی میں 0.5 فیصد کی 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 رہے۔ نتیجتاً ملک نے مالی سال 21 کے دوران 1.8 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) درج کیا جو گزشتہ سال 4.4 بلین امریکی ڈالر تھا۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ توسیعی فنڈ سہولت (ای ایف ایف) جو کہ گزشتہ سال اپریل میں روک دی گئی تھی، آخر کار دوبارہ بحال ہوگئی۔ اس کے نتیجے میں ملک نے آئی ایم ایف کی تقریباً 500 ملین امریکی ڈالر کی قسط حاصل کرلی۔ 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 زرِ مبادلہ 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۔

زیر جائزہ مالی سال کے دوران، NBP فنانشل سیکٹر فنڈ KSE-30 انڈیکس میں 36.5% اضافہ کے مقابلے 20.6% کا اضافہ ہوا، سال کے دوران اپنے بنچ مارک سے 15.9% ابتر کارکردگی دیکھائی۔ فنڈ کی ابتر کارکردگی کمرشل بینکس سیکٹر اسٹاکس کے انتخاب میں تھی جس نے مارکیٹ میں بہتر کارکردگی دکھائی۔ اپنے آغاز (14 فروری 2018) سے، NBP فنانشل سیکٹر فنڈ میں 7.7 فیصد کمی ہوئی، جبکہ KSE-30 انڈیکس 8.1 فیصد اضافہ ہوا، چنانچہ آج تک ابتر کارکردگی 15.8% ہے۔ یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP فنانشل سیکٹر فنڈ کو سال کے دوران 159.360 ملین روپے کی مجموعی آمدنی ہوئی۔ 27.318 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص آمدنی 132.042 ملین روپے ہے۔ سال کے دوران NPB فنانشل سیکٹر فنڈ کی یونٹ کی قیمت 30 جون 2020 کو 7.3801 روپے (Ex-Div) سے بڑھ کر 30 جون 2021 کو 8.9014 روپے ہوگئی۔ جس کے نتیجے میں فی یونٹ منافع 1.5213 روپے یعنی 20.6% ہے۔

30 جون 2021 کے مطابق NBP فنانشل سیکٹر فنڈ کی ایسٹ ایلوکیشن 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 4.29% (بنیادی قدر کا 3.28%) 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 فنانشل سیکٹر فنڈ میں ریکارڈ کی گئی 2.90 ملین روپے ورکرز ویلفیئر فنڈ کی پروویژننگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پرووزن کی اس ریورسل کے باعث NBP فنانشل سیکٹر فنڈ کی NAV میں 0.65% 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 ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2022 کو ختم ہونے والے سال کے لئے خود 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 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 27 میں ظاہر کی گئی ہے۔

11• یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔

12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 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 Financial Sector 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 Financial Sector Fund

NBP Financial Sector Fund is an Open-ended Equity Fund.

Investment Objective of the Fund

The objective of NBP Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector.

Benchmark

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

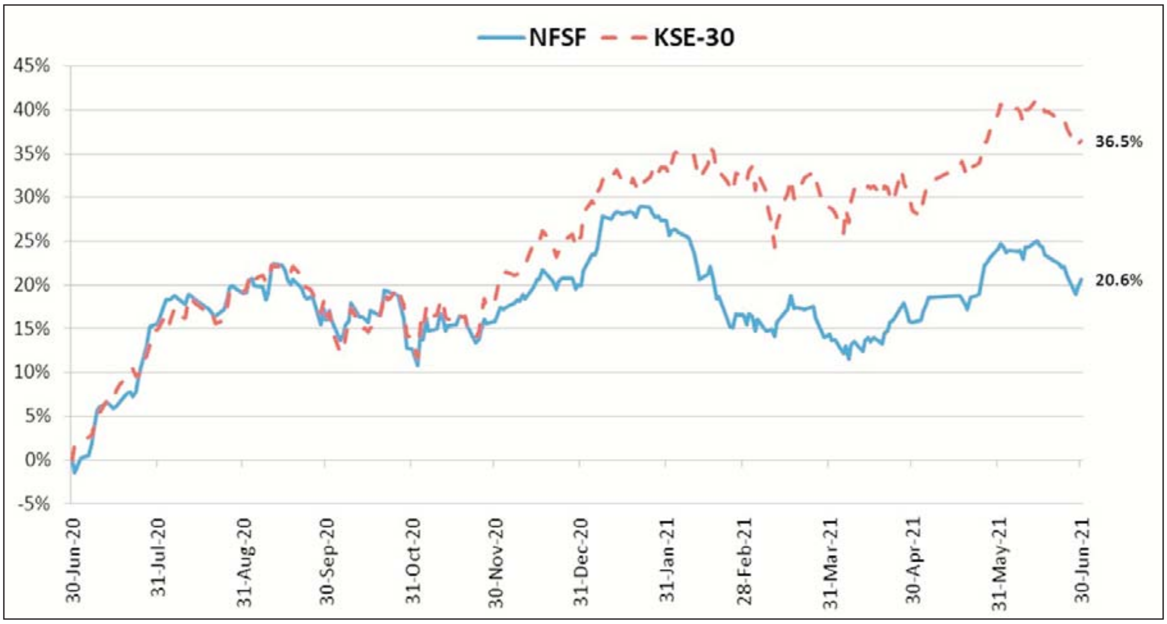
Fund performance review

This is the fourth annual report. During the fiscal year, NBP Financial Sector Fund increased by 20.6% return as against the KSE-30 index increased by 36.5%, underperforming the benchmark by 15.9% during the year. Since inception (February 14, 2018), NBP Financial Sector Fund has decreased by 7.7%, whereas the KSE-30 index has increased by 8.1%, thus to date underperformance is 15.8%. This outperformance is net of management fee and all other expenses. The Fund size is 445 mln as of June 30, 2021.

NFSF underperformed during the year as the Fund was overweight in select Commercial Banks and Insurance sectors stocks which underperformed the market. The chart below shows the performance of NFSF against the Benchmark for the year.

NFSF Performance vs. Benchmark during FY21

NFSF underperformed during the year as the Fund was overweight in select Commercial Banks and Insurance sectors stocks which underperformed the market. The chart below shows the performance of NFSF against the Benchmark for the year.



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

Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The economic growth rate for FY21 stood at 3.9% after GDP contraction of 0.5% during FY20. The frequently released economic data such as cement dispatches, retail fuels sales, electricity consumption and automobile sales volume also corroborate sharp economic rebound. Coronavirus-induced travel restrictions proved beneficial for the external account as workers' remittances registered a hefty 27% growth during FY2021, clocking-in at USD 29.4 billion. Resultantly, the country posted a Current Account Deficit (CAD) of USD 1.8 billion during FY21 versus a CAD of USD 4.4 billion last year. The Extended Fund Facility (EFF) with the International Monetary Fund (IMF) that was put on hold in April last year, finally resumed, and as a result the country secured the IMF tranche of around USD 500 million. The resumption of IMF program allowed the country to borrow USD 2.5 billion by issuing Eurobonds in the international debt market. Furthermore, the Roshan Digital Account (RDA) launched by the central bank to tap the diaspora was a resounding 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	97.7%	95.5%
Cash Equivalents	3.1%	3.9%
Other Net Liabilities	(0.8)	0.6
Total	**100.0%**	**100.0%**

Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-21	3.28%	9.3380	9.0099

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	5
1-1000	48
1001-5000	22
5001-10000	16
10001-50000	22
50001-100000	18
100001-500000	26
500001-1000000	5
1000001-5000000	5
5000001-10000000	1
10000001-100000000	1
Total	**169**

During the period under question

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 2.69 Million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0539 / 0.73%. For details investors are advised to read note 13.1 of the Financial Statements of the Scheme for the year ended June 30, 2021.

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Financial Sector Fund amounting to Rs. 2.90 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 Financial Sector Fund by 0.65% 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 Financial Sector Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Financial Sector 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 note 5 to the annexed financial statements)	
	Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2021 amounted to Rs. 434.858 million. 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 confirmation for verifying the existence of the investment portfolio as at June 30, 2021 and traced balances in this confirmation with the books and records of the Fund. Where such confirmation was not available, alternate audit procedures were performed; and • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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	**13,827**	22,750
Investments	5	**434,858**	552,118
Profit receivable	6	**85**	98
Deposits and other receivables	7	**2,948**	2,948
Receivable against sale of investments		**-**	4,078
Preliminary expenses and floatation costs	8	**1,084**	1,755
Total assets		**452,802**	583,747
Liabilities			
Payable to NBP Fund Management Limited - the Management Company	10	**3,066**	4,442
Payable to Central Depository Company of Pakistan Limited - the Trustee	11	**85**	107
Payable to the Securities and Exchange Commission of Pakistan	12	**112**	152
Accrued expenses and other liabilities	13	**4,354**	649
Total liabilities		**7,617**	5,350
NET ASSETS		**445,185**	578,397
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**445,185**	578,397
CONTINGENCIES AND COMMITMENTS	14		
		---------- Number of units ---------	
NUMBER OF UNITS IN ISSUE	9	**50,012,837**	75,618,518
		---------------- Rupees -------------	
NET ASSET VALUE PER UNIT		**8.9014**	7.6489

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 balances		**1,285**	5,125
Dividend income		**35,541**	45,607
Gain on sale of investments - net		**72,451**	16,393
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2	**50,083**	(148,049)
		122,534	(131,656)
Total income / (loss)		**159,360**	(80,924)
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	10.1	**8,429**	11,572
Sindh sales tax on remuneration of the Management Company	10.2	**1,096**	1,504
Allocated expenses	10.3	**736**	760
Selling and marketing expenses	10.4	**10,014**	9,338
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	11.1	**1,124**	1,513
Sindh sales tax on remuneration of the Trustee	11.2	**146**	197
Annual fees to the Securities and Exchange Commission of Pakistan	12.1	**112**	152
Securities transaction cost		**896**	2,655
Auditors' remuneration	15	**714**	563
Amortisation of preliminary expenses and floatation costs	8	**671**	671
Annual listing fee		**28**	28
Printing charges		**126**	44
Legal and professional charges		**174**	98
Settlement and bank charges		**357**	467
Total operating expenses		**24,623**	29,562
Net income / (loss) from operating activities		**134,737**	(110,486)
Provision against Sindh Workers' Welfare Fund	13.1	**(2,695)**	-
Net income / (loss) for the year before taxation		**132,042**	(110,486)
Taxation	17	**-**	-
Net income / (loss) for the year after taxation		**132,042**	(110,486)
Earnings / (loss) per unit	18		
Allocation of net income for the year:			
Net income for the year after taxation		**132,042**	-
Income already paid on units redeemed		**(73,789)**	-
		58,253	-
Accounting income available for distribution			
- Relating to capital gains		**47,962**	-
- Excluding capital gains		**10,291**	-
		58,253	-

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 income / (loss) for the year after taxation	**132,042**	(110,486)
Other comprehensive income for the year	**-**	-
Total comprehensive income / (loss) for the year	**132,042**	(110,486)

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 MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2021

	2021			2020		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	Rupees in '000			Rupees in '000		
Net assets at the beginning of the year	**851,377**	**(272,980)**	**578,397**	1,283,122	(162,494)	1,120,628
Issue of 32,800,844 units (2020: 71,390,449 units)						
- Capital value (at ex - net asset value per unit)	**250,890**	**-**	**250,890**	646,861	-	646,861
- Element of income	**37,260**	**-**	**37,260**	60,785	-	60,785
Total proceeds on issuance of units	**288,150**	**-**	**288,150**	707,646	-	707,646
Redemption of 58,406,525 units (2020: 119,449,174 units)						
- Capital value (at ex - net asset value per unit)	**(446,746)**	**-**	**(446,746)**	(1,082,317)	-	(1,082,317)
- Element of loss	**(17,126)**	**(73,789)**	**(90,915)**	(57,074)	-	(57,074)
Total payments on redemption of units	**(463,872)**	**(73,789)**	**(537,661)**	(1,139,391)	-	(1,139,391)
Total comprehensive income / (loss) for the year	**-**	**132,042**	**132,042**	-	(110,486)	(110,486)
Distribution during the year @ Re 0.3281 per unit (date of declaration: June 25, 2021)	**(2,741)**	**(13,002)**	**(15,743)**	-	-	-
Net assets at the end of the year	**672,914**	**(227,729)**	**445,185**	851,377	(272,980)	578,397
Accumulated loss brought forward						
- Realised loss		**(124,931)**			(33,288)	
- Unrealised loss		**(148,049)**			(129,206)	
		(272,980)			(162,494)	
Accounting income available for distribution						
- Relating to capital gains		**47,962**			-	
- Excluding capital gains		**10,291**			-	
		58,253			-	
Distribution during the year @ Re 0.3281 per unit (date of declaration: June 25, 2021)		**(13,002)**			(110,486)	
Accumulated loss carried forward		**(227,729)**			(272,980)	
Accumulated loss carried forward						
- Realised loss		**(277,812)**			(124,931)	
- Unrealised gain / (loss)		**50,083**			(148,049)	
		(227,729)			(272,980)	
			(Rupees)			**(Rupees)**
Net asset value per unit at the beginning of the year			**7.6489**			9.0609
Net asset value per unit at the end of the year			**8.9014**			7.6489

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 income / (loss) for the year before taxation		**132,042**	(110,486)
Adjustments for:			
Profit on bank balances		**(1,285)**	(5,125)
Amortisation of preliminary expenses and floatation costs	8	**671**	671
Dividend income		**(35,541)**	(45,607)
Provision against Sindh Workers' Welfare Fund		**2,695**	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		**(50,083)**	148,049
		(83,543)	97,988
Decrease in assets			
Investments		**167,343**	363,037
Receivable against sale of investments		**4,078**	(4,078)
		171,421	358,959
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - the Management Company		**(1,376)**	(1,988)
Payable to Central Depository Company of Pakistan Limited - the Trustee		**(22)**	(97)
Payable to the Securities and Exchange Commission of Pakistan		**(40)**	(951)
Accrued expenses and other liabilities		**1,010**	(4,198)
		(428)	(7,234)
		219,492	339,227
Dividend received		**35,541**	45,607
Interest received		**1,298**	5,916
Net cash generated from operating activities		**256,331**	390,750
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units - net of refund of element		**285,409**	707,646
Net payments against redemption of units		**(537,661)**	(1,139,391)
Distributions paid		**(13,002)**	-
Net cash used in financing activities		**(265,254)**	(431,745)
Net decrease in cash and cash equivalents		**(8,923)**	(40,995)
Cash and cash equivalents at the beginning of the year		**22,750**	63,745
Cash and cash equivalents at the end of the year	4	**13,827**	22,750

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

1.1 NBP Financial Sector Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

1.2 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).

1.3 The Fund has been categorised as an open ended equity 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 units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from February 7, 2018 and are transferable and redeemable by surrendering them to the Fund.

1.4 The objective of the Fund is to provide investors with long-term capital growth from an actively managed portfolio of listed equities belonging to the financial sector. The investment objectives and policies are explained in the Fund's offering document.

1.5 The Management Company has been reaffirmed a quality rating of AM1 as at June 23, 2021 (2020: AM1) by Pakistan Credit Rating Agency (PACRA). The rating reflects the Management Company’s experienced management team, structured investment process and sound quality of systems and processes.

1.6 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

1.7 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 PRESENTATION

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

- 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, 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 published accounting and reporting standards that are not yet effective:

There are certain amendments 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 Workers' Welfare Fund (note 13.1) and provision for taxation (notes 3.13 and 17).

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except investments that 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 Pakistan Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation 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

3.2.2.1 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 recognised in the income statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment 'at fair value through other comprehensive income' (FVOCI). Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognised in the income statement.

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

3.2.3 Impairment

The Fund assesses on a forward-looking basis the expected credit loss (ECL) associated with it's financial assets carried at amortised cost and at 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 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.

3.2.5 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.

3.3 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. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

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 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 year 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 asset value per unit on the issuance or redemption date, as the case may be, of units and the net asset 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.

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

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

3.11 Expenses

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

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

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 realised or unrealised, is distributed as cash dividend to the unit holders.

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

3.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year after 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 18.

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 recognised in the income statement.

4 BANK BALANCES

	Note	2021	2020
		--------- Rupees in '000 ---------	
Balances with banks in:			
Savings accounts	4.1	13,636	21,895
Current accounts		191	855
		13,827	22,750

4.1 These include a balances of Rs 7.570 million (2020: Rs 7.636 million) and Rs 0.106 million (2020: Nil) maintained with BankIslami Pakistan Limited and National Bank of Pakistan (related parties) that carry profit at the rate of 6.8% per annum (2020: 7.25% per annum) and 4.5% per annum (2020: Nil) respectively. Other savings accounts of the Fund carry profit rates ranging from 4.5% to 8% per annum (2020: 4.5% to 8.3% per annum).

5 INVESTMENTS

	Note	2021	2020
		--------- Rupees in '000 ---------	
Financial asset at fair value through profit or loss			
Quoted equity securities	5.1	434,858	552,118

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 1, 2020	Purchased 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 net assets of the Fund	Market value as a percentage of total market value of investments	Holding as a percentage of paid-up capital of investee company
	------------------- Number of shares held -------------------					Rupees in '000	---------------------- % ----------------------		
INSURANCE									
IGI Holdings Limited	122,000	61,000	-	73,100	109,900	21,272	4.78%	4.89%	0.08%
Adamjee Insurance Company Limited	2,053,500	10,000	-	946,500	1,117,000	46,322	10.41%	10.65%	0.32%
						67,594	15.19%	15.54%	
COMMERCIAL BANKS									
Allied Bank Limited	432,500	26,000	-	228,000	230,500	17,092	3.84%	3.93%	0.02%
Askari Bank Limited	-	695,000	-	90,000	605,000	13,752	3.09%	3.16%	0.05%
Bank Alfalah Limited [note 5.1.1]	2,394,350	53,000	-	1,124,000	1,323,350	42,585	9.57%	9.79%	0.07%
Bank Al Habib Limited	1,351,000	161,000	-	640,500	871,500	61,110	13.73%	14.05%	0.08%
Bank of Punjab [note 5.1.1]	3,020,000	-	-	1,960,500	1,059,500	8,900	2.00%	2.05%	0.04%
Faysal Bank Limited [note 5.1.2]	996,875	410,500	-	424,500	982,875	16,679	3.75%	3.84%	0.06%
MCB Bank Limited [note 5.1.1]	327,200	5,000	-	192,500	139,700	22,328	5.02%	5.13%	0.01%
Meezan Bank Limited	259,050	94,000	20,755	136,500	237,305	27,387	6.15%	6.30%	0.02%
National Bank of Pakistan - a related party	640,000	-	-	640,000	-	-	-	-	-
United Bank Limited [note 5.1.1]	656,300	257,051	-	363,000	550,351	67,253	15.11%	15.47%	0.04%
Habib Metropolitan Bank Limited	-	379,000	-	-	379,000	15,388	3.46%	3.54%	0.04%
Habib Bank Limited [note 5.1.1]	849,000	286,881	-	524,700	611,181	74,790	16.80%	17.20%	0.04%
						367,264	82.52%	84.46%	
Total as at June 30, 2021						434,858	97.71%	100.00%	
Carrying value as at June 30, 2021						384,775			
Market value as at June 30, 2020						552,118			
Carrying value as at June 30, 2020						700,167			

5.1.1 Investments include shares with market value of Rs 98.023 million (2020: Rs 102.055 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 the 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 had been filed by Collective Investment Schemes (CISs) through their Trustees in the Sindh High Court, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Sindh High Court in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan (SCP) passed a judgment 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 failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Sindh High Court. In this regard, on July 15, 2019, the Sindh High Court issued notices to the relevant parties and 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 Fund has included these shares in its 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 which required 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 Faysal Bank Limited at the time of declaration of bonus shares.

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
Faysal Bank Limited	14,494	246	14,494	202
		246		202

5.2		Note	2021	2020
	Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		--------- Rupees in '000 ---------	
	Market value of investments	5.1	434,858	552,118
	Carrying value of investments	5.1	(384,775)	(700,167)
			50,083	(148,049)

6 PROFIT RECEIVABLE

	Note	2021	2020
Profit receivable on bank balances	6.1	85	98

6.1 This includes a balance of Rs 0.028 million (2020: Rs 0.041 million) receivable from BankIslami Pakistan Limited (a related party).

7 DEPOSITS AND OTHER RECEIVABLES

	Note	2021	2020
		--------- Rupees in '000 ---------	
Security deposit Central Depository Company of Pakistan Limited*		100	100
Security deposit with National Clearing Company of Pakistan Limited*		2,500	2,500
Advance tax	7.1	348	348
		2,948	2,948

* related party balance

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding taxes on dividend and profit on bank balances paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the 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 dividends and profit on bank balances as at June 30, 2021 amounts to Rs 0.348 million (2020: Rs 0.348 million).

For this purpose, 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 the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit on bank balances and dividend amount have 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 likely be refunded.

		Note	2021	2020
8	**PRELIMINARY EXPENSES AND FLOATATION COSTS**		**--------- Rupees in '000 ---------**	
	At the beginning of the year		1,755	2,426
	Less: amortisation during the year	8.1	671	671
	At the end of the year		1,084	1,755

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

		2021	2020
		---------Number of units---------	
9	**NUMBER OF UNITS IN ISSUE**		
	Total units in issue at the beginning of the year	75,618,518	123,677,243
	Units issued during the year	32,800,844	71,390,449
	Less: units redeemed during the year	58,406,525	119,449,174
	Total units in issue at the end of the year	50,012,837	75,618,518

		Note	2021	2020
10	**PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY**		**--------- Rupees in '000 ---------**	
	Management fee payable	10.1	562	714
	Sindh sales tax payable on remuneration of the Management Company	10.2	73	93
	Allocated expenses payable	10.3	167	146
	Selling and marketing expenses payable	10.4	2,220	2,091
	Sales load and transfer load payable		39	1,237
	Sindh sales tax payable on sales load and transfer load		5	161
			3,066	4,442

10.1 As per regulation 61 of the NBFC Regulations, 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:

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% of average daily net assets	2% of average daily net assets	1.5% of average daily net assets

The remuneration is payable to the Management Company monthly in arrears.

10.2 During the year, an amount of Rs 1.096 million (2020: Rs 1.504 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%).

10.3 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).

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

Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to June 30, 2021	Rate applicable from July 1, 2019 to June 30, 2020
0.1% of average annual net assets	0.15% of average annual net assets	0.1% of average annual net assets

10.4 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) subject to maximum cap of 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, 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% had been removed and an asset management company was required to set a maximum limit for charging of such expenses to the Fund and the same has to be approved by the Board of Directors 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.

Accordingly, the Management Company has currently charged selling and marketing expenses at following rates:

Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to January 25, 2021	Rate applicable from January 26, 2021 to June 30, 2021	Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to December 16, 2019	Rate applicable from December 17, 2019 till May 10, 2020	Rate applicable from May 11, 2020 till June 30, 2020
1.5% per annum of average daily net assets	1.9% per annum of average daily net assets	2% per annum of average daily net assets	0.4% per annum of average daily net assets	1.15% per annum of average daily net assets	1.35% per annum of average daily net assets	1.5% per annum of average daily net assets

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2021	2020
		Rupees in '000	
Trustee fee payable	11.1	75	95
Sindh sales tax payable on trustee fee	11.2	10	12
		85	107

11.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, trustee has charged its tariff as follows:

Net assets (Rs)	2021	2020
	Fee	
- up to Rs 1,000 million	0.20% per annum of net assets	0.20% per annum of net assets
- exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets, exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets, exceeding Rs 1,000 million

11.2 During the year, an amount of Rs 0.146 million (2020: Rs 0.197 million) was charged on account of sales tax on remuneration of the Trustee levied at the rate of 13% through the Sindh Sales Tax on Services Act, 2011.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	2021	2020
		--------- Rupees in '000 ---------	
Annual fee payable	12.1	112	152

12.1 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.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2021	2020
		--------- Rupees in '000 ---------	
Provision against Sindh Workers' Welfare Fund	13.1	2,695	-
Auditors' remuneration payable		458	369
Printing charges payable		53	10
Brokerage payable		19	15
Legal and professional charges payable		97	87
Withholding tax payable		870	40
Capital gain tax payable		43	7
Bank charges payable		67	72
Settlement charges payable		52	49
		4,354	649

13.1 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 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, is 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 Mutual Fund Association of Pakistan (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 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 has 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

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. 0.0539 per unit (2020: Nil).

14 CONTINGENCIES AND COMMITMENTS

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

15 AUDITORS' REMUNERATION

	2021	2020
	---------Rupees in '000---------	
Annual audit fee	362	329
Half yearly review fee	145	132
Other certification	108	65
Out of pocket expenses	99	37
	714	563

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 4.87% (2020: 3.9%) which includes 0.72% (2020: 0.25%) representing government levies on the Fund such as sales taxes, annual fee to SECP, etc. The TER excluding government levies is 4.14% (2020: 3.65%) which is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity 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 percent 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 NBFC Regulations, the Fund is required to distribute not less than 90 percent 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 as explained above, no provision for taxation has been made in these financial statements.

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

18 EARNINGS / (LOSS) PER UNIT

Earnings / (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.

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

19.1 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) and 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.

19.2 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.

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

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

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

19.6 **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 of the Management Company	8,429	11,572
Sindh sales tax on remuneration of the Management Company	1,096	1,504
Selling and marketing expenses	10,014	9,338
Allocated expenses	736	760
Sales load and transfer load	187	170
Sindh sales tax on sales load and transfer load	24	22
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Trustee	1,124	1,513
Sindh sales tax on remuneration of the Trustee	146	197
Settlement charges	22	-
Key management personnel of the Management Company		
Units issued / transferred in during the year: 2,660,784 (2020: 2,294,158) units	24,095	20,848
Units redeemed / transferred out during the year: 2,274,950 (2020: 2,423,911) units	20,761	22,055
Dividend re-invest units issued: 5,355 (2020: Nil) units	48	-
National Bank of Pakistan Limited - parent company		
Shares purchased - Nil (2020: 588,500) shares***	-	19,313
Shares sold - 640,000 (2020: 340,500) shares***	24,668	10,565
Portfolio managed by the Management Company		
Units issued / transferred in during the year: 10,830 (2020: Nil) units	96	-
Units redeemed / transferred out during the year 5,752,102 (2020: 2,491,783) units	52,548	23,529
Dividend re-invest units issued: 1,176 (2020: Nil) units	11	-

	2021	2020
	--------- Rupees in '000 ---------	
Taurus Securities Limited - subsidiary of Parent Company		
Brokerage expense	57	107
BankIslami Pakistan Limited - common directorship		
Profit on bank balances	432	2,693
Askari Bank Limited - common directorship*		
Shares sold - Nil (2020: 1,552,000) shares***	-	27,074
Pak Brunei Investment Company Limited - unit holder with more than 10% holding*		
Units issued / transferred in during the year: Nil (2020: 40,056,505) units	-	400,020
Units redeemed during the year: Nil (2020: 24,747,547) units	-	264,333
United Bank Limited - unit holder with more than 10% holding		
Dividend re-invest units issued: 915,802 (2020: Nil) units	8,179	-
Shares purchased: 257,051 (2020: 777,000) shares***	30,186	102,201
Shares sold: 363,000 (2020: 1,161,600) shares***	46,123	174,717
Dividend income	7,489	7,147
Omer Farooq Kabir Sheikh - unit holder with more than 10% holding**		
Units issued / transferred in during the year: 5,684,362 (2020: Nil) units	50,050	-
Dividend re-invest units issued: 26,743 (2020: Nil) units	239	-
Pakistan Stock Exchange Limited - common directorship		
Listing fee paid	25	25
National Clearing Company of Pakistan Limited - common directorship		
Settlement charges	328	307
NBP Sarmaya Izafa Fund		
Sale of shares: 50,000 shares (2020: Nil)	9,526	-

19.7 Amounts / balances outstanding as at year end

	2021	2020
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	562	714
Sindh sales tax on remuneration of the Management Company	73	93
Sales load and transfer load payable	39	1,237
Sindh sales tax payable on sales load and transfer load	5	161
Selling and marketing expenses payable	2,220	2,091
Allocated expenses payable	167	146
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee payable	75	95
Sindh sales tax payable on trustee fee	10	12
Security deposit	100	100
Settlement charges payable	26	-
Key management personnel of the Management Company		
Units held: 553,277 (2020: 162,097) units	4,925	1,240
National Bank of Pakistan Limited - parent company		
Bank balances	106	-
Shares held: Nil (2020: 640,000 shares)	-	17,696

	2021	2020
	--------- Rupees in '000 ---------	
BankIslami Pakistan Limited - common directorship		
Bank balances	7,570	7,636
Profit receivable	28	41
Pak Brunei Investment Company Limited - unit holder with more than 10% holding*		
Units held: Nil (2020: 22,502,305) units	-	172,118
Taurus Securities Limited - subsidiary of Parent Company		
Brokerage payable	7	-
Portfolio managed by the Management Company		
Units held: 33,193 (2020: 5,773,289) units	295	44,159
United Bank Limited - unit holder with more than 10% holding		
Units held: 25,842,766 (2020: 24,926,964) units	230,037	190,664
Shares held: 550,351 (2020: 656,300) shares***	67,253	67,835
Omer Farooq Kabir Sheikh - unit holder with more than 10% holding**		
Units held: 5,711,105 (2020: Nil) units	50,837	-
National Clearing Company of Pakistan Limited - common directorship		
Settlement charges payable	26	25
Security deposit	2,500	2,500

* Current year figure has not been shown as the company ceased to be a related party / connected person as at June 30, 2021.

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

*** These are transactions involving shares of related parties held as part of portfolio of the Fund.

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

20 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2021		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Bank balances	13,827	-	13,827
Investments	-	434,858	434,858
Profit receivable	85	-	85
Deposits	2,600	-	2,600
	16,512	434,858	451,370

	June 30, 2021		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	3,066	3,066
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	85	85
Accrued expenses and other liabilities	-	746	746
	-	3,897	3,897

	June 30, 2020		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Bank balances	22,750	-	22,750
Investments	-	552,118	552,118
Profit receivable	98	-	98
Receivable against sale of investments	4,078	-	4,078
Deposits	2,600	-	2,600
	29,526	552,118	581,644

	June 30, 2020		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	4,442	4,442
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	107	107
Accrued expenses and other liabilities	-	602	602
	-	5,151	5,151

21 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.

21.1 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 / interest rate risk, currency risk, and price risk.

(i) Yield / interest rate risk

Yield / 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. As at June 30, 2021, the Fund is exposed to such risk on its bank balances. 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 0.14 million (2020 : Rs 0.23 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021 and June 30, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

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

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

	---------- June 30, 2021 ----------					
	Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest 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% - 8%	13,636	-	-	191	13,827
Investments		-	-	-	434,858	434,858
Profit receivable		-	-	-	85	85
Deposits		-	-	-	2,600	2,600
		13,636	**-**	**-**	**437,734**	**451,370**
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	3,066	3,066
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	85	85
Accrued expenses and other liabilities		-	-	-	746	746
		-	-	-	3,897	3,897
On-balance sheet gap		**13,636**	**-**	**-**	**433,837**	**447,473**
Total interest rate sensitivity gap		**13,636**	**-**	**-**		
Cumulative interest rate sensitivity gap		**13,636**	**13,636**	**13,636**		

	June 30, 2020					
	Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest 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% - 8.3%	21,895	-	-	855	22,750
Investments		-	-	-	552,118	552,118
Profit receivable		-	-	-	98	98
Receivable against sale of investments		-	-	-	4,078	4,078
Deposits		-	-	-	2,600	2,600
		21,895	**-**	**-**	**559,749**	**581,644**
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	4,442	4,442
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	107	107
Accrued expenses and other liabilities		-	-	-	602	602
		-	-	-	5,151	5,151
On-balance sheet gap		**21,895**	**-**	**-**	**554,598**	**576,493**
Total interest rate sensitivity gap		**21,895**	-	-		
Cumulative interest rate sensitivity gap		**21,895**	**21,895**	**21,895**		

(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 interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial 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 KSE 100 index on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs 21.743 million (2020: Rs 27.606 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 KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 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 KSE 100 Index.

21.2 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 subject to the maximum limit 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, liabilities that are payable on demand have been included in the maturity grouping of one month:

	June 30, 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	3,066	-	-	-	-	-	3,066
Payable to Central Depository Company of of Pakistan - the Trustee	85	-	-	-	-	-	85
Accrued expenses and other liabilities	288	458	-	-	-	-	746
	3,439	458	-	-	-	-	3,897

	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
	June 30, 2020						
	Rupees in '000						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	4,442	-	-	-	-	-	4,442
Payable to Central Depository Company of of Pakistan - the Trustee	107	-	-	-	-	-	107
Accrued expenses and other liabilities	233	369	-	-	-	-	602
	4,782	369	-	-	-	-	5,151

21.3 Credit risk

21.3.1 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	13,827	13,827	22,750	22,750
Investments	434,858	-	552,118	-
Profit receivable	85	85	98	98
Deposits	2,600	2,600	2,600	2,600
Receivable against sale of investments	-	-	4,078	4,078
	451,370	16,512	581,644	29,526

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.

21.3.2 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 with banks and mark up accrued thereon. The credit rating profile of bank balances are as follows:

Rating	% of financial assets exposed to credit risk	
	2021	2020
AAA	13%	6%
AA+	-	2%
AA-	23%	41%
A+	46%	26%
BBB-	1%	3%
	83%	77%

22 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 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:

	------------------ June 30, 2021 ------------------		
	Level 1	Level 2	Level 3
	----------------- Rupees in '000 -----------------		
Financial assets			
At fair value through profit or loss			
- Investments in quoted equity securities	434,858	-	-

	------------------ June 30, 2020 ------------------		
	Level 1	Level 2	Level 3
	----------------- Rupees in '000 -----------------		
Financial assets			
At fair value through profit or loss			
- Investments in quoted equity securities	552,118	-	-

23 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 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 21, 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.

24 UNIT HOLDING PATTERN OF THE FUND

	---------------- June 30, 2021 ----------------			------------------ June 30, 2020 ------------------		
Category	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	160	164,515	36.95%	193	145,889	25.22%
Insurance companies	1	15,152	3.41%	1	17,880	3.09%
Banks and DFIs	1	230,037	51.67%	2	362,782	62.72%
Retirement funds	2	4,765	1.07%	2	28,392	4.91%
Others	5	30,716	6.90%	3	23,454	4.06%
	169	445,185	100.00%	201	578,397	100%

25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2021 % of commission paid	Name of broker	2020 % of commission paid
Taurus Securities Limited	7.24%	Optimus Capital Management Limited	4.98%
Alfa Adhi Securities (Pvt) Limited	7.11%	Arif Habib Securities Limited	4.85%
Alfalah Securities (Pvt) Limited	4.91%	J.S. Global Capital Limited	4.79%
Nael Capital (Pvt) Limited	4.28%	Taurus Securities Limited	4.72%
Topline Securities Limited	4.26%	EFG Hermes Pakistan Limited	4.55%
Foundation Securities	4.03%	Topline Securities (Private) Limited	4.51%
BMA Capital Management Limited	3.98%	Alfalah Securities (Private) Limited	4.45%
J.S. Global Capital Ltd.	3.97%	BMA Capital Management Limited	4.32%
Intermarket Securities	3.94%	Ismail Iqbal Securities (Private) Limited	4.12%
Optimus Capital Management Limited	3.81%	Intermarket Securities Limited	3.74%

26 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
Sajjad Anwar	Chief Investment Officer	CFA / MBA	21
Asim Wahab Khan (note 26.1)	Deputy Chief Investment Officer	CFA	15
Hassan Raza	Head of Research	ACCA / BSC / CFA	10

26.1 The name of the Fund Manager is Asim Wahab Khan. Other funds managed by the Fund Manager are as follows:

- NBP Balanced Fund
- NBP Islamic Active Allocation Equity Fund
- NBP Islamic Energy Fund
- NBP Islamic Regular Income Fund
- NBP Islamic Sarmaya Izafa Fund
- NBP Sarmaya Izafa Fund
- NBP Stock Fund
- NBP Pakistan Growth Exchange Traded Fund

27 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 27.1]	3	2	1	77th Meeting
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 27.2]	2	2	-	-

27.1 Mr. Saad ur Rahman Khan resigned as director on December 03, 2020.

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

28 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.

29 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.

30 GENERAL

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 year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the period from February 14, 2018 to June 30, 2018
Net assets at the year / period ended (Rs '000)	445,185	578,397	1,120,628	1,035,890
Net gain / (loss) for the year / period ended (Rs '000)	132,042	(110,486)	(132,584)	(29,910)
Net Asset Value per unit at the year / period ended (Rs)	8.9014	7.6489	9.0609	10.0006
Offer Price per unit	9.2032	7.9082	9.3685	10.3397
Redemption Price per unit	8.9014	7.6489	9.0609	10.0006
Ex - Highest offer price per unit (Rs.)	9.8414	11.3648	11.0033	11.2451
Ex - Lowest offer price per unit (Rs.)	7.5174	7.1211	9.2630	10.0000
Ex - Highest redemption price per unit (Rs.)	9.5188	10.9922	10.6425	10.8764
Ex - Lowest redemption price per unit (Rs.)	7.2708	6.8876	8.9593	9.6907
Opening Nav of Fiscal Year	7.3801	9.0609	10.0006	10.0000
Total return of the fund	20.61%	-15.60%	-9.40%	0.01%
Capital gowth	16.97%	-15.60%	-9.40%	0.01%
Income distribution as a % of e x nav	3.64%	-	-	-
Income distribution as a % of par value	3.28%		-	
Distribution				
Interim distribution per unit	0.3281			-
Final distribution per unit				-
Distrubution Dates				
Interim	25-Jun-21			
Final				
Average annual return of the fund (launch date February 14, 2018)				
(Since inception to June 30, 2021)	-2.36%			
(Since inception to June 30, 2020)		-10.70%		
(Since inception to June 30, 2019)			-6.93%	
(Since inception to June 30, 2018)				0.02%
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 Financial Sector 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 FINANCIAL SECTOR FUND				
	Resolutions	**For**	**Against**	**Abstain***
Number	**4**	**4**	Nil	N/A
(%)	**100%**	**100%**	-	-

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