Managing Your Savings

NBP
PAKISTAN GROWTH EXCHANGE TRADED 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

Habib Metropolitan Bank Limited
JS Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive Officer

Shaikh Muhammad Abdul Wahid Sethi
Chairman

Mr. Khalid Mansoor
Director

Mr. Humayun Bashir
Director

Mr. Tauqeer Mazhar
Director

Mr. Ali Saigol
Director

Mr. Saad Amanullah Khan
Director

Ms. Mehnaz Salar
Director

Mr. Imran Zaffar
Director

Senior Management

Dr. Amjad Waheed, CFA
Chief Executive Officer

Mr. Sajjad Anwar, CFA
Chief Investment Officer

Mr. Samiuddin Ahmed
Country Head Corporate Marketing

Mr. Ozair Khan
Chief Technology Officer

Mr. Salim S Mehdi
Chief Innovation & Strategy Officer

Mr. Muhammad Murtaza Ali
Chief Operating Officer & Company Secretary

Mr. Khalid Mehmood
Chief Financial Officer

Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer

Syed Sharoz Mazhar, CFA
Head of Business & Sales Strategy

Mr. Salman Ahmed, CFA
Head of Fixed Income

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

Mr. Hassan Raza, CFA
Head of Research

Mr. Waheed Abidi
Head of Internal Audit

Mr. Zaheer Iqbal, ACA FPFA
Head of Operations

Muhammad Imran, CFA, ACCA
Head of Portfolio Management

Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the First Annual Report for the period ended June 30, 2021, since launch of **NBP Pakistan Growth Exchange Traded Fund** (NBPGETF) on October 06, 2020.

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 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.

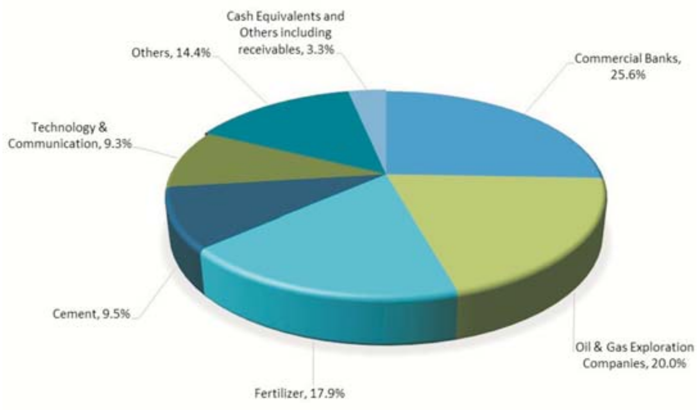
Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The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

Since inception, NBP Pakistan Growth Exchange Traded Fund increased by 17.1% versus the benchmark increased by 20.4%. Thus, the Fund underperformed the benchmark by 3.3% during the period under review. Tracking error for the period was 1.3%. The stocks in the NBPGETF belong to Commercial Banks, Cements, Fertilizers, Oil & Gas Exploration, Power Generation & Distribution, Oil & Gas Marketing sectors and Technology & Communication sectors. This performance is net of management fee and all other expenses. The size of the Fund is Rs.62 million.

NBP Pakistan Growth Exchange Traded Fund has earned a total income of Rs. 10.906 million during the Period. After deducting total expenses of Rs. 1.181 million, the net income is Rs. 9.725 million.

The asset allocation of NBPGETF as on June 30, 2021 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 8% of the opening ex-NAV (8% of the par value) during the period 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 Pakistan Growth Exchange Traded Fund amounting to Rs. 0.20 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 Pakistan Growth Exchange Traded Fund by 0.33% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2022.

Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.

2. Proper books of account of the Fund have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Fund's ability to continue as a going concern.

7. There has been no material departure from the best practices of Corporate Governance.

8. A performance table/ key financial data is given in this annual report.

9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.

10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 26 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 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 06 اکتوبر 2020 کو آغاز ہونے والے NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ کی پہلی 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۔

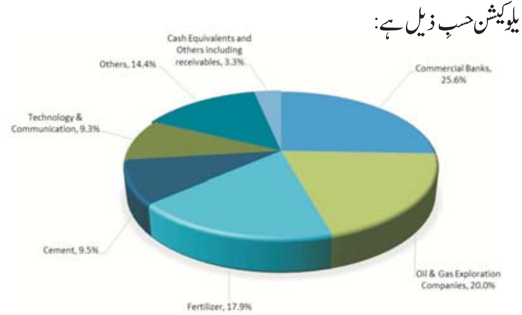
اگرچہ ملک کو زیرِ جائزہ سال کے دوران کووڈ 19 کی متعدد لہروں کا سامنا کرنا پڑا، لیکن سمارٹ اور ٹارگٹڈ لاک ڈاؤن نے معیشت کو بغیر کسی رکاوٹ کے جاری رکھا۔ معاشی بحالی شروع میں بتدریج تھی اور سازگار مالیاتی اور مانیٹری پالیسیوں کی مدد سے اس کی رفتار تیز ہوگئی۔ مالی سال 20 کے دوران جی ڈی پی میں 0.5 فیصد کی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

اپنے آغاز سے، NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ 20.4% بینچ مارک اضافہ کے بخلاف 17.1% تک زیادہ ہوا چنانچہ زیرِ جائزہ سال کے دوران 3.3% بینچ مارک کی ابتر کارکردگی ظاہر کی۔ اس مدت کے لئے ٹریکنگ ایرر 1.3% تھا۔ NBPGETF میں ذخائر کمرشل بینکوں، سیمنٹ، کھادوں، تیل اور گیس ایکسپلوریشن، بجلی کی پیداوار اور تقسیم، تیل اور گیس مارکیٹنگ سیکٹرز اور ٹیکنالوجی اینڈ کمیونیکیشن سیکٹرز سے متعلقہ ہیں۔ یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا سائز 30 جون 2021 کو 62 ملین روپے ہے۔

NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ کو سال کے دوران 10.906 ملین روپے کی کل آمدنی ہوئیہے۔ 1.181 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 9.725 ملین روپے ہے۔

30 جون 2021 کے مطابق NBPGETF 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 8% (بنیادی قدر کا 8%) 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 پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ میں ریکارڈ کی گئی 0.20 ملین روپے ورکرز ویلفیئر فنڈ کی پرووینڈنگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پرووینڈن کی اس ریورسل کے باعث NBP پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ کی NAV میں 0.33% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں 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 23 میں ظاہر کیا گیا ہے۔
- 12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید وفروخت ان مالیاتی گوشواروں کے نوٹ 18 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 مناریٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2021 کو بورڈ آف ڈائریکٹرز درجہ ذیل ارکان پر مشتمل ہیں

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

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو ڈائریکٹر

تاریخ: 16 ستمبر 2021ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Pakistan Growth Exchange Traded 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 period from October 06, 2020 to 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 Pakistan Growth Exchange Traded Fund

NBP Pakistan Growth Exchange Traded Fund is an Open-ended Exchange Traded Fund.

Investment Objective of the Fund

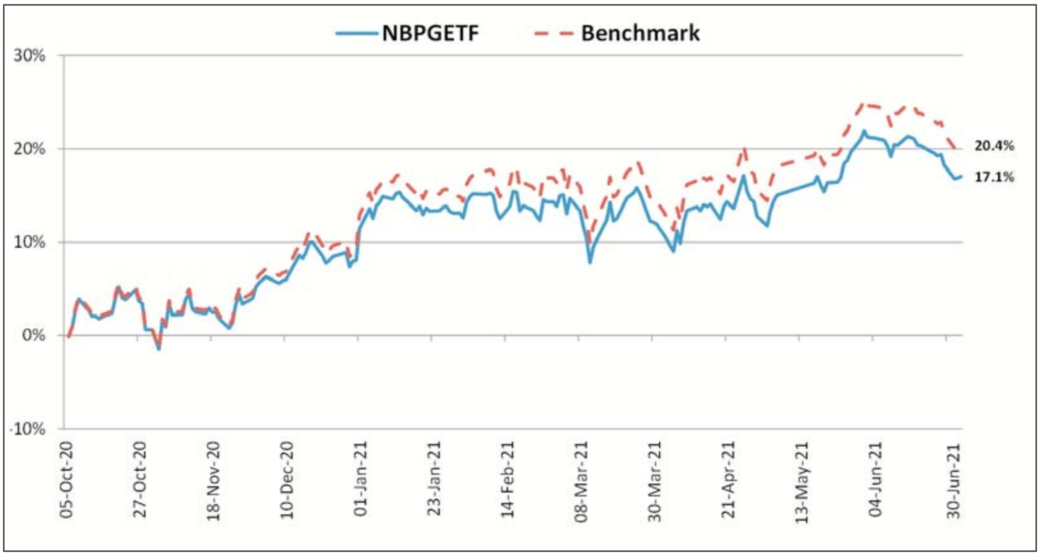
NBP Pakistan Growth Exchange Traded Fund (NBPGETF) aims to track the authorized benchmark index as per the investment methodology constituted by the Management Company.

Benchmark

The Benchmark of the Fund is NBP Pakistan Growth Index (NBPPGI).

Fund performance review

This is the first annual report of the Fund Since inception, NBP Pakistan Growth Exchange Traded Fund increased by 17.1% versus the benchmark increased by 20.4%. Thus, the Fund underperformed the benchmark by 3.3% during the period under review. Tracking error for the period was 1.3%. The stocks in the NBPGETF belong to Commercial Banks, Cements, Fertilizers, Oil & Gas Exploration, Power Generation & Distribution, Oil & Gas Marketing sectors and Technology & Communication sectors. This performance is net of management fee and all other expenses. The size of the Fund is Rs.62 million. The chart below shows the performance of NBPGETF against the Benchmark for the period under review.



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
Equities / Stocks	96.7%
Cash Equivalents	3.6%
Other Net Liabilities	(0.3%)
Total	**100%**

Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-21	8%	12.0398	11.2398

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	-
1-1000	-
1001-5000	-
5001-10000	-
10001-50000	-
50001-100000	-
100001-500000	-
500001-1000000	1
1000001-5000000	-
5000001-10000000	1
Total	**2**

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. 0.198 Million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0352 / 0.38%. For details investors are advised to read note 10.1 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 Pakistan Growth Exchange Traded Fund amounting to Rs. 0.20 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 Pakistan Growth Exchange Traded Fund by 0.33% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Pakistan Growth Exchange Traded Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Pakistan Growth Exchange Traded 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 period from October 6, 2020 to June 30, 2021, 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 period from October 6, 2020 to June 30, 2021 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. 59.606 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 (Rupees in '000)
ASSETS		
Bank balances	4	2,541
Investments	5	59,606
Dividend receivable		216
Other receivables	6	63
Total assets		62,426
LIABILITIES		
Payable to NBP Fund Management Limited - The Management Company	7	65
Payable to Central Depository Company of Pakistan Limited - The Trustee	8	6
Payable to the Securities and Exchange Commission of Pakistan	9	9
Payable against purchase of investments		211
Accrued expenses and other liabilities	10	506
Total liabilities		797
NET ASSETS		61,629
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		61,629
CONTINGENCIES AND COMMITMENTS	11	
		Number of units
NUMBER OF UNITS IN ISSUE	13	5,640,000
		Rupees
NET ASSET VALUE PER UNIT	14	10.9271

The annexed notes 1 to 28 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 PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

	Note	For the period from October 06, 2020 to June 30, 2021 (Rupees in '000)
INCOME		
Profit on bank balances		122
Dividend income		3,943
		4,065
Gain on sale of investments - net		2,333
Unrealised appreciation on re-measurement of investments classified as financial assets ' at fair value through profit or loss' - net	5.2	4,472
		6,805
Total income		10,870
EXPENSES		
Remuneration of NBP Fund Management Limited - The Management Company	7.1	339
Sindh Sales Tax on remuneration of the Management Company	7.2	44
Remuneration of Central Depository Company of Pakistan Limited - The Trustee	8.1	45
Sindh Sales Tax on remuneration of the Trustee	8.2	6
Annual fee of the Securities and Exchange Commission of Pakistan	9.1	9
Annual fee		12
Securities transaction cost		43
Auditors' remuneration	12	302
Legal and professional charges		91
Settlement and bank charges		66
Printing charges		26
Total operating expenses		983
Net income from operating activities		9,887
Provision against Sindh Workers' Welfare Fund	10.1	(198)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		36
Net income for the period before taxation		9,725
Taxation	15	-
Net income for the period after taxation		9,725
Earnings per unit	16	
Accounting income available for distribution:		
- Relating to capital gains		6,805
- Excluding capital gains		2,920
		9,725

The annexed notes 1 to 28 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 PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

	For the period from October 06, 2020 to June 30, 2021
	(Rupees in '000)
Net income for the period after taxation	9,725
Other comprehensive income for the period	-
Total comprehensive income for the period	9,725

The annexed notes 1 to 28 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 PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

	For the period from October 06, 2020 to June 30, 2021		
	Capital value	Undistributed income	Total
	---------- (Rupees in '000) ----------		
Issuance of 5,780,000 units			
- Capital value (at net asset value per unit at the commencement of the Fund)	57,800	-	57,800
- Element of income	215	-	215
Total proceeds on issuance of units	58,015	-	58,015
Redemption of 140,000 units			
- Capital value (at net asset value per unit at the commencement of the Fund)	(1,400)	-	(1,400)
- Element of loss	(179)	-	(179)
Total payments on redemption of units	(1,579)	-	(1,579)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(36)	-	(36)
Total comprehensive income for the period	-	9,725	9,725
Distribution during the period @ Re 0.800 per unit (date of declaration: June 18, 2021)	-	(4,496)	(4,496)
Net assets at end of the period	56,400	5,229	61,629
Accounting income available for distribution:			
- Relating to capital gains		6,805	
- Excluding capital gains		2,920	
		9,725	
Distribution for the period ended June 30, 2021		(4,496)	
Undistributed income carried forward		5,229	
Undistributed income carried forward:			
- Realised income		757	
- Unrealised income		4,472	
		5,229	
			(Rupees)
Net assets value per unit at end of the period			10.9271

The annexed notes 1 to 28 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 PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

	Note	For the period from October 06, 2020 to June 30, 2021
		(Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		9,725
Adjustments		
Profit on bank balances		(122)
Dividend income		(3,943)
Unrealised appreciation on re-measurement of investments classified as financial assets ' at fair value through profit or loss' - net	5.2	(4,472)
Element of income / (losses) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(36)
Provision against Sindh Workers' Welfare Fund	10.1	198
		(8,375)
Increase in assets		
Other receivables		(63)
Investments - net		(54,923)
		(54,986)
Increase in liabilities		
Payable to NBP Fund Management Limited - The Management Company		65
Payable to Central Depository Company of Pakistan Limited - The Trustee		6
Payable to the Securities and Exchange Commission of Pakistan		9
Accrued expenses and other liabilities		308
		388
Dividend income received		3,727
Profit received on bank balances		122
Net cash used in operating activities		(49,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units		58,015
Amount paid against redemption of units		(1,579)
Distributions pay-out		(4,496)
Net cash generated from financing activities		51,940
Net increase in cash and cash equivalents during the period		2,541
Cash and cash equivalents at the end of the period	4	2,541

The annexed notes 1 to 28 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 PERIOD FROM OCTOBER 6, 2020 TO JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Pakistan Growth Exchange Traded Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 8, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 2, 2020.

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 exchange traded mutual fund that aims to provide investors an opportunity to track the performance of NBP Pakistan Growth Index that has been constituted and is maintained by the Management Company and comprises of 15 equity securities selected with high consideration towards market capitalisation and traded value.

1.4 The Fund is a hybrid fund having features of both open ended and close ended funds. A new concept of Authorised Participants (APs) has been introduced who will act as market makers. The Management Company will only have contact with the APs for issuance and redemption of units. The units of the Fund are tradeable in the Pakistan Stock Exchange Limited (PSX). The APs to whom the units are issued may either keep the units with themselves or trade in the PSX. Consequently, upon trading, the holders of the units keep on changing. Moreover, on issuance and redemption of units, the basket of shares will be exchanged between APs and Management Company and cash will be paid / received if there is a difference in the market value of shares and net asset value.

1.5 The Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed an asset manager rating of AM1 as at June 23, 2021 to the Management Company. 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 are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

1.7 The Fund is an Open Ended Exchange Traded Mutual Fund categorised as "Listed Index Tracking Fund" and is listed on Pakistan Stock Exchange (PSX) Limited.

1.8 These are the first audited financial statements of the Fund for the period from October 6, 2020 to June 30, 2021 therefore, comparative figures have not been included.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 accounting and reporting standards as applicable in Pakistan that are not yet effective:

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3 Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5), provision for SWWF (note 10.1) and taxation (notes 3.13 and 15).

2.4 Accounting convention

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

2.5 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

These comprise bank balances 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

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 its financial assets carried at amortised cost and FVOCI. The fund recoginses 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.

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.

3.3.1 Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

3.3.2 Derecognition

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 / period end.

3.7 Issue and redemption of units

Authorized Participant can purchase the units at the offer price and redeemed at the redemption price at any of the authorized distribution offices during business hours.

The offer price shall be equal to the sum of:

- The Net Asset Value (NAV) as of the close of the previous business day (historical pricing);

- Such amount as the Management Company may consider an appropriate provision for duties and charges

Units of the Fund may be acquired or redeemed directly from the Fund only in Creation Units lot size or multiples thereof as mentioned in the offering document. Investors can sell the units at market prices on PSX which may be above or below actual NAV of the Fund.

3.8 Distributions to unit holders

Distributions to unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company.

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

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

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

As clarified by the SECP vide its letter no. SCD/AMCW/ETF/240/2020 dated March 2, 2020 that element of income in case of Exchange Traded Funds shall be taken to Income Statement both at the time of issuance and redemption of units to the extent it pertains to Income Statement.

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 period 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 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

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 per unit

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

4	**BANK BALANCES**	**Note**	**2021 (Rupees in '000)**
	Savings accounts	4.1	2,541

4.1 These balances in savings accounts carry profit at the rate of 5.50% per annum.

5	**INVESTMENTS**	**Note**	**2021 (Rupees in '000)**
	At fair value through profit or loss		
	Quoted equity securities	5.1	59,606

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 otherwise stated.

Investee Company	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at June 30, 2021	Market value	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			-------------	(Rupees in '000)	---------------------- %	----------------------	
OIL AND GAS MARKETING COMPANIES								
Pakistan State Oil Company Limited *	26,344	-	7,732	18,612	4,174	6.77%	7.00%	-
					4,174	6.77%	7.00%	
OIL AND GAS EXPLORATION COMPANIES								
Oil and Gas Development Company Limited *	55,786	-	8,410	47,376	4,502	7.31%	7.55%	-
Pakistan Oilfields Limited *	8,062	-	730	7,332	2,888	4.69%	4.85%	-
Pakistan Petroleum Limited *	65,040	-	8,076	56,964	4,946	8.03%	8.30%	-
					12,336	20.03%	20.70%	
FERTILIZERS								
Engro Corporation Limited *	19,552	-	3,196	16,356	4,819	7.82%	8.08%	-
Engro Fertilizer Limited *	46,044	-	6,000	40,044	2,814	4.57%	4.72%	-
Fauji Fertilizer Company Limited - related party*	35,726	-	3,578	32,148	3,411	5.53%	5.72%	-
					11,044	17.92%	18.52%	
CEMENT								
Lucky Cement Limited *	9,216	-	2,448	6,768	5,844	9.48%	9.80%	-
					5,844	9.48%	9.80%	
POWER GENERATION & DISTRIBUTION								
The Hub Power Company Limited - related party*	63,968	-	4,748	59,220	4,718	7.66%	7.92%	-
					4,718	7.66%	7.92%	
COMMERCIAL BANKS								
Meezan Bank Limited *	22,988	-	3,812	19,176	2,213	3.59%	3.71%	-
Habib Bank Limited *	44,378	-	3,206	41,172	5,038	8.17%	8.45%	-
MCB Bank Limited *	21,850	-	3,238	18,612	2,975	4.83%	5.00%	-
Bank Alfalah Limited *	49,280	-	49,280	-	-	-	-	-
Bank ALHabib Limited *	32,274	-	2,382	29,892	2,096	3.40%	3.52%	-
United Bank Limited *	32,798	-	4,598	28,200	3,446	5.59%	5.78%	-
					15,768	25.58%	26.46%	
TECHNOLOGY & COMMUNICATION								
TRG Pakistan Limited	49,314	-	14,910	34,404	5,722	9.28%	9.60%	0.01%
					5,722	9.28%	9.60%	
Total - June 30, 2021					59,606	96.72%	100.00%	
Carrying value as at June 30, 2021					55,134			

		Note	2021 (Rupees in '000)
5.2	**Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net**		
	Market value of investments	5.1	59,606
	Less: carrying value of investments	5.1	(55,134)
			4,472

6	**OTHER RECEIVABLES**		
	Advance tax	6.1	63

6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposits and dividend income to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The tax withheld on profit on bank balances and dividend income amounts to Rs 0.063 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 Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank balances and dividend income has been shown as other receivable as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		Note	2021 (Rupees in '000)
7	**PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY**		
	Remuneration of the Management Company	7.1	40
	Sindh Sales Tax on remuneration of the Management Company	7.2	5
	Other payable to the Management Company		20
			65

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.75% per annum of average net assets of the Fund during the period from October 6, 2020 to June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs. 0.044 million was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13%.

		Note	2021 (Rupees in '000)
8	**PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY**		
	Trustee fee payable	8.1	5
	Sindh Sales Tax payable on the trustee fee	8.2	1
			6

8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.10% per annum of net assets.

8.2 During the period, an amount of Rs. 0.006 million was charged on account of sales tax at the rate of 13% on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

9	**PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**	**Note**	**2021 (Rupees in '000)**
	Annual fee payable	9.1	9

9.1 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.

10	**ACCRUED EXPENSES AND OTHER LIABILITIES**	**Note**	**2021 Rupees in '000)**
	Provision for Sindh Workers' Welfare Fund	10.1	198
	Auditors' remuneration payable		203
	Legal and professional charges payable		57
	Settlement charges payable		27
	Printing charges payable		14
	Withholding tax payable		1
	Bank charges payable		6
			506

10.1 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, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, the MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014.

Subsequent to the period 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 October 6, 2020 to August 12, 2021, on August 13, 2021. The SECP has also 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 period from October 6, 2020 to June 30, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re 0.035 per unit.

11 CONTINGENCIES AND COMMITMENTS

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

12 AUDITORS' REMUNERATION

	2021 (Rupees in '000)
Annual audit fee	155
Half yearly review of financial statements	100
Fee for other certifications	20
Out of pocket expenses	27
	302

13 NUMBER OF UNITS IN ISSUE

	2021 Number of units
Units issued during the period	5,780,000
Less: units redeemed during the period	140,000
Total units in issue at the end of the period	5,640,000

14 NET ASSET VALUE PER UNIT

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

15 TAXATION

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

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.

16 EARNINGS PER UNIT

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

17 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund based on the current period is 1.92% which includes 0.42% representing government levies on the fund such as provision for Sindh Worker's Welfare Fund, sales tax, federal excise duty and annual fee to the SECP. The TER excluding government levies is 1.52% which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an "Index" scheme.

18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

18.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) 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.

18.2 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.

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

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

18.5 **Details of transactions with related parties / connected persons during the period are as follows:**

	For the period from October 06, 2020 to June 30, 2021
	(Rupees in '000)
NBP Fund Management Limited - Management Company	
Remuneration of NBP Fund Management Limited - Management Company	339
Sindh Sales Tax on remuneration of the Management Company	44
Payments made by the Management Company on behalf of Fund	20
Central Depository Company of Pakistan Limited - Trustee	
Remuneration of Central Depository Company of Pakistan Limited - Trustee	45
Sindh Sales Tax on remuneration of the Trustee	6
Settlement charges	55
The Hub Power Company Limited - common directorship	
Purchase of 63,968 shares	4,943
Sale of 4,748 shares	389
Dividend income	378
Fauji Fertilizer Company Limited - common directorship	
Purchase of 35,726 shares	3,798
Sale of 3,578 shares	384
Dividend income	305
Pakistan Stock Exchange Limited - common directorship	
Annual fee	12
Taurus Securities Limited - subsidiary of parent company	
Brokerage expense	3
JS Global Capital Limited - unit holder with more than 10% holding	
Brokerage expense	4
Units purchased during the period: 5,200,000	52,186
Units redeemed during the period: 140,000	1,579
MRA Securities Limited - unit holder with more than 10% holding	
Units purchased during the period: 580,000	5,829

18.6	Amounts / balances outstanding as at period end are as follows	2021 (Rupees in '000)
	NBP Fund Management Limited - Management Company	
	Remuneration of the Management Company	40
	Sindh Sales Tax on remuneration of the Management Company	5
	Other payable to Management Company	20
	Central Depository Company of Pakistan Limited - Trustee	
	Remuneration payable to the Trustee	5
	Sindh Sales Tax payable on Trustee remuneration	1
	Settlement charges payable	27
	The Hub Power Company Limited - common directorship	
	Shares held - 59,220 shares	4,718
	Fauji Fertilizer Company Limited - common directorship	
	Shares held - 32,148 shares	3,411
	JS Global Capital Limited - unit holder with more than 10% holding	
	Units held: 5,060,000 units	55,291
	MRA Securities Limited - unit holder with more than 10% holding	
	Units held: 580,000 units	6,338

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

19 FINANCIAL INSTRUMENTS BY CATEGORY

	2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Bank balances	2,541	-	2,541
Investments	-	59,606	59,606
Dividend receivable	216	-	216
	2,757	59,606	62,363

	2021		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	-	65	65
Payable to Central Depository Company of Pakistan Limited - Trustee	-	6	6
Payable against purchase of investments	-	211	211
Accrued expenses and other liabilities	-	307	307
	-	589	589

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20.1 Market risk

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

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

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

(i) Yield / profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the period from October 6, 2020 to June 30, 2021 and net assets of the Fund would have been higher / lower by Rs. 0.025 million.

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio and KIBOR rates are 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 profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

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

	2021					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		(Rupees in '000)				
Financial assets						
Bank balances	5.50%	2,541	-	-	-	2,541
Investment		-	-	-	59,606	59,606
Dividend receivable		-	-	-	216	216
		2,541	**-**	**-**	**59,822**	**62,363**
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	65	65
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	6	6
Payable against purchase of investments		-	-	-	211	211
Accrued expenses and other liabilities		-	-	-	307	307
		-	**-**	**-**	**589**	**589**
On-balance sheet gap (a)		**2,541**	**-**	**-**	**59,233**	**61,774**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap (b)		**-**	**-**	**-**	**-**	**-**
Total profit rate sensitivity gap (a+b)		**2,541**	**-**	**-**		
Cumulative profit rate sensitivity gap		**2,541**	**2,541**	**2,541**		

(ii) Currency risk

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

(iii) Price risk

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

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the period end are concentrated in the sectors given in note 5.1.

In case of 1% increase / decrease in NBPPGI on June 30, 2021, with all other variables held constant, the total comprehensive income of the Fund for the period from October 6, 2020 to June 30, 2021 would increase / decrease by Rs. 0.596 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 has increased / decreased by 1% 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 NBPPGI, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the NBPPGI, 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 NBPPGI.

20.2 Liquidity risk

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

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the period from October 6, 2020 to June 30, 2021.

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

	2021						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial liabilities							
Payable to NBP Fund Management Limited - Management Company	65	-	-	-	-	-	65
Payable to Central Depository Company of Pakistan Limited - Trustee	6	-	-	-	-	-	6
Payable against purchase of investments	211	-	-	-	-	-	211
Accrued expenses and other liabilities	307	-	-	-	-	-	307
	589	**-**	**-**	**-**	**-**	**-**	**589**

20.3 Credit risk

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

	2021	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----------- (Rupees in '000) -----------	
Bank balances	2,541	2,541
Investments	59,606	-
Dividend receivable	216	216
	62,363	2,757

The difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investment in equity securities of Rs 59.606 million is not exposed to credit risk.

20.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk 2021
AA+	0.11
AA-	92.06
	92.17

20.3.3 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 Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

21 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

21.1 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, the Fund held the following financial instruments measured at fair value:

	2021			
	Level 1	Level 2	Level 3	Total
	((Rupees in '000))			
At fair value through profit or loss				
Quoted equity securities	59,606	-	-	59,606

22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 20, the Fund 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.

23 UNIT HOLDING PATTERN OF THE FUND

	2021		
Category	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Others	5,640,000	61,629	100.00%

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2021 Percentage of commission paid
EFG Hermes Pakistan Limited	13.01%
Topline Securities Limited	12.42%
Aqeel Karim Dehdi Securities (Pvt) Limited	12.37%
J.S. Global Capital Limited.	11.62%
Intermarket Securities	11.03%
Alfalah Securities (Pvt) Limited	10.76%
Optimus Capital Management Limited	10.07%
Arif Habib Securities Limited	9.84%
Taurus Securities Limited.	8.88%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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 25.1)	Deputy Chief Investment Officer	CFA	15
Hassan Raza	Head of Research	ACCA / BSC / CFA	10

25.1 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 Financial Sector Fund

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 78th, 79th and 80th Board meetings were held on 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	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	3	3	-	-
Saad ur Rahman Khan [note 26.1]	1	1	-	-
Syed Hasan Irtiza Kazmi	3	3	-	-
Ali Saigol	3	3	-	-
Imran Zaffar	3	3	-	-
Khalid Mansoor	3	3	-	-
Humayun Bashir	3	3	-	-
Saad Amanullah Khan	3	3	-	-
Dr. Amjad Waheed	3	3	-	-
Mehnaz Salar [note 26.2]	2	2	-	-

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

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

27 GENERAL

Figures in these financial statements have been rounded off to the nearest thousand of rupees.

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.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2021 (Rs. In '000')
Net assets at the year / period ended (Rs. '000')	61,629
Net Income at the year / period ended (Rs. '000')	9,725
Net Asset Value per unit at the year / period ended (Rs.)	10.9271
Offer price per unit	N/A
Redemption price per unit	10.9271
Ex - Highest offer price per unit (Rs.)	N/A
Ex - Lowest offer price per unit (Rs.)	N/A
Ex - Highest redemption price per unit (Rs.)	11.3811
Ex - Lowest redemption price per unit (Rs.)	9.1936
Since inception Ex-Nav	9.3352
Total return of the fund	17.10%
Capital growth	9.98%
Income distribution as a % of ex nav	7.12%
Income distribution as a % of par value	8.00%
Distribution	
Interim distribution per unit	0.800
Distribution date	
Interim	18-Jun-21
Average annual return of the Fund (launch date October 06' 2020)	
(Since inception to June 30, 2021)	17.10%

"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 GOVERNMENT SECURITIES FUND – I

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

JS Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 4, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

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 Third Annual Report of **NBP Government Securities Fund-I** (NGSF-I) for the year ended June 30, 2021.

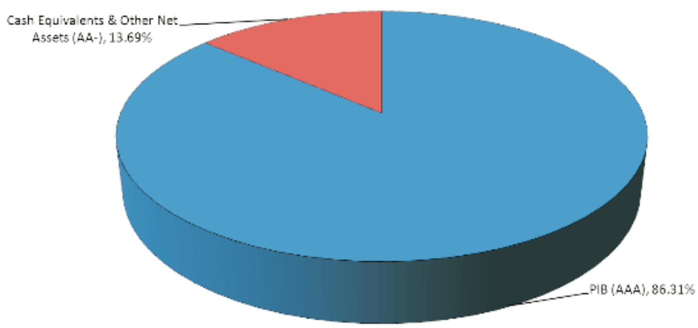
Fund's Performance

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.

NGSP-I is categorized as an Income Fund. The Fund aims to provide attractive return with capital preservation at maturity of the plan, by investing in Government Securities not exceeding maturity of the plan. NBP Government Securities Plan-I has a fixed maturity of July 12, 2021. The Fund invests a minimum of 90% in Government Securities and minimum 10% of its assets in saving accounts with banks or in up to 90 days T-bills, which enhances liquidity profile of the Fund.

The size of NBP Government Securities Plan-I has decreased from Rs. 286 million to Rs. 192 million during the period, i.e., a fall of 33%. During the period, the unit price of the Fund has increased from Rs. 9.5255 (Ex-Div) on June 30, 2020 to Rs. 10.0494 on June 30, 2021 thus posting a return of 5.5% as compared to its Benchmark return of 7.3% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 14.791 million during the year. After deducting total expenses of Rs. 3.663 million, the net income is Rs. 11.128 million. The asset allocation of NGSP-I as on June 30, 2021 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.39% of the opening ex-NAV (5.41% 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.

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, has resigned in the capacity of Auditor of the Fund.

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. These financial statements have been prepared on non-going concern basis.

7. There has been no material departure from the best practices of Corporate Governance.

8. A performance table/ key financial data is given in this annual report.

9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.

10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 24 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.

13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2021, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

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

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکیورٹیز فنڈ-I (NGSF-I) کی تیسری سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021ء پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

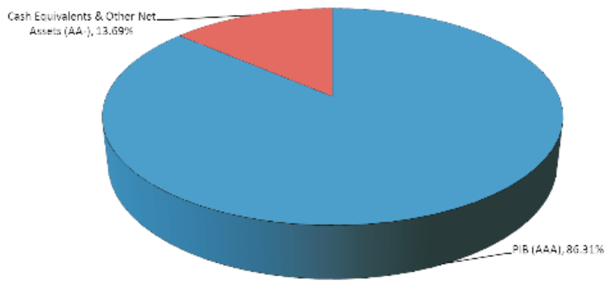
سی پی آئی (CPI) کی پیمائش کردہ افراطِ زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بینچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراطِ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

NGSP-I انکم فنڈ کے طور پر درجہ بندی کیا جاتا ہے۔ فنڈ کا مقصد پلان کی میچورٹی سے قبل تک گورنمنٹ سیکیورٹیز میں سرمایہ کاری کر کے پلان کی میچورٹی پر کیپٹل پریزرویشن کے ساتھ متاثر کن منافع فراہم کرنا ہے۔ NBP گورنمنٹ سیکیورٹیز پلان-I کی فکسڈ میچورٹی 12 جولائی 2021 کی ہے۔ فنڈ گورنمنٹ سیکیورٹیز میں کم از کم 90% اور بینکوں کے ساتھ سیونگ اکاؤنٹ میں اپنے ایسیٹ کا کم از کم 10% یا T-Bills میں 90 دن تک انویسٹ کرنے کی اجازت دیتا ہے، جو فنڈ کی لیکویڈیٹی پروفائل کو بڑھاتا ہے۔

زیرِ جائزہ مدت کے دوران NBP گورنمنٹ سیکیورٹیز پلان-I کا سائز 286 ملین روپے سے کم ہوکر 192 ملین روپے ہوگیا یعنی 33 فیصد کی کمی ہوئی۔ زیرِ جائزہ مدت کے دوران، فنڈ کی یونٹ قیمت 30 جون 2020 کو 9.5255 روپے (EX-Div) سے کم ہوکر 30 جون 2021 کو 10.0494 روپے ہوچکی ہے، لہٰذا فنڈ نے گزشتہ اسی مدت کے دوران 7.3% بینچ مارک منافع کے مقابلے میں 5.5% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 14.791 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 3.663 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 11.128 ملین روپے ہے۔

درج ذیل چارٹ NGSP-I کی ایسٹ ایلوکیشن بمطابق 30 جون 2021 حسبِ ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 5.36% (بنیادی قدر کا 5.41%) 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۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوگئے ہیں۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورنس 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 موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6• یہ مالیاتی گوشوارے فنڈ کے رواں دواں نہ رہنے کی بنیاد پر تیار کیئے گئے 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 24 میں ظاہر کی گئی ہے۔

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

12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔

13• کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔
30 جون 2021 کو بورڈ آف ڈائریکٹرز درجہ ذیل ارکان پر مشتمل ہیں

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

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو | **ڈائریکٹر**

تاریخ: 16 ستمبر 2021ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Government Securities Fund - I (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 Government Securities Plan-I

NBP Government Securities Plan-I (NGSP-I) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP Government Securities Plan-I is to provide attractive return with capital preservation at maturity of the plan, by investing in Government Securities not exceeding maturity of the plan.

Benchmark

Average 6-Month PKRV.

Fund Performance Review

This is the Third Annual report since the launch of the Fund on March 18, 2019. The Fund size stands at Rs. 192 million as of June 30, 2021. Since its inception, the Fund posted a return of 10.5% p.a. versus the benchmark return of 9.9% p.a. This translates into outperformance of 0.6% p.a. During FY21, the Fund posted a 5.5% return versus the benchmark return of 7.3%. The return of the Fund is net of the management fee.

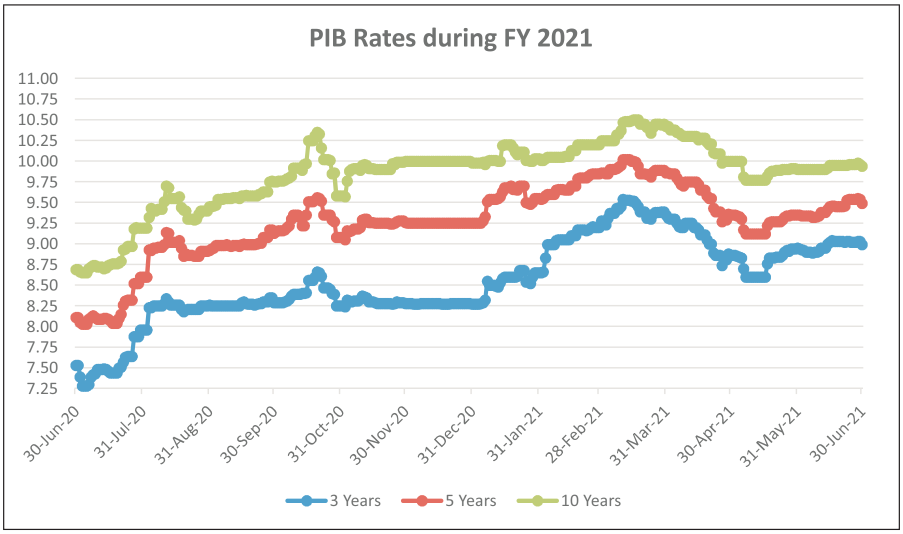
NBP Government Securities Plan I (NGSP-I) has a fixed maturity of July 12, 2021. The Fund invests a minimum of 90% in Government Securities and remaining of its assets in saving accounts with banks or in up to 90 days T-Bills, which enhances liquidity profile of the Fund.

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

Asset Allocation of Fund (% of NAV)

Particulars	**30-Jun-21**	**30-Jun-20**
PIBs	86.31%	87.82%
T-Bills	-	12.84%
Cash (Cash Equivalents) & Other Assets	13.69%	-0.66%
Total	**100.00%**	**100.00%**

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



Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June -21	5.413%	10.5804	10.0391

Unit Holding Pattern of NBP Government Securities Plan-I as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
1-1000	3
1001-5000	1
5001-10000	3
10001-50000	12
50001-100000	4
100001-500000	6
500001-1000000	-
1000001-5000000	2
10000001-100000000	1
Total	**32**

During the Period under question

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Plan-I 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. 1.246 million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. Rs. 0.0651 / 0.68%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Government Securities Fund I

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Government Securities Fund I ("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.

Emphasis of matter

We draw attention to note 1.6 to the financial statements, which describes that the going concern basis of preparing the financial statements has not been used, as the Fund's initial maturity was on 12 July 2021. Our opinion is not modified in respect of this matter.

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. 22.9 million and Rs. 165.9 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	**22,956**	626
Investments	6	**165,992**	288,231
Profit receivables		**5,747**	8,564
Preliminary expenses and floatation costs	7	**16**	550
Advance, prepayment and other receivable	8	**1,836**	1,654
Total assets		**196,547**	299,625
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	**962**	1,056
Payable to Central Depository Company of Pakistan Limited - Trustee	10	**11**	16
Payable to Securities and Exchange Commission of Pakistan	11	**42**	56
Payable against redemption of units		**-**	3,455
Accrued expenses and other liabilities	12	**3,204**	8,706
Total liabilities		**4,219**	13,289
Net assets		**192,328**	286,336
Unit holders' fund (as per statement attached)		**192,328**	286,336
Contingency and commitment	13		
		(Number of units)	
Number of units in issue	14	**19,138,301**	28,522,003
		(Rupees)	
Net assets value per unit		**10.0494**	10.0391

The annexed notes 1 to 28 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			
Mark up income on Pakistan Investment Bonds		**13,132**	18,587
Profit on bank deposits		**1,040**	1,761
Income from Market Treasury Bills	6.1	**897**	2,687
Amortization of (premium) / discount on Pakistan Investment Bonds		**(320)**	14,072
Income from contingent load		**267**	64
(Loss) / gain on sale of investments at fair value through profit or loss (FVTPL) - net		**(208)**	372
Net unrealized (diminution) / appreciation on re-measurement of investments at FVTPL		**(17)**	14,681
Total income		**14,791**	52,224
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	9.1	**1,260**	1,673
Sindh Sales Tax on remuneration to Management Company	9.2	**164**	217
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1	**126**	167
Sindh Sales Tax on remuneration to Trustee	10.2	**16**	22
Selling and marketing expenses	9.3	**210**	279
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	**243**	279
Annual fee - Securities and Exchange Commission of Pakistan	11	**42**	56
Amortisation of preliminary expenses and floatation costs	7	**534**	535
Auditors' remuneration	15	**304**	291
Mutual fund rating fee		**264**	193
Annual listing fee		**27**	27
Settlement and bank charges		**31**	30
Printing charges		**70**	84
Legal and professional charges		**136**	40
Securities transaction cost		**9**	-
Total expenses		**3,436**	3,893
Net income from operating activities		**11,355**	48,331
Provision for Sindh Workers' Welfare Fund	12.1	**(227)**	(967)
Net income for the year before taxation		**11,128**	47,364
Taxation	16	-	-
Net income for the year after taxation		**11,128**	47,364
Allocation of net income for the year			
Net income for the year		**11,128**	47,364
Income already paid on units redeemed		**(1,018)**	(1,062)
		10,110	46,302
Accounting income available for distribution:			
-Relating to capital gains		**-**	14,655
-Excluding capital gains		**10,110**	31,647
		10,110	46,302

The annexed notes 1 to 28 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

	Note	2021	2020
		(Rupees in '000)	
Net income for the year		**11,128**	47,364
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**11,128**	47,364

The annexed notes 1 to 28 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		
	Note	Value	Undistributed income	Total	Value	Undistributed income	Total
		----------	----------	---------- (Rupees in '000)	----------	----------	----------
Net assets at beginning of the year		285,231	1,105	286,336	275,920	65	275,985
Issuance of 820,234 (2020: 3,747,278) units (dividend re-investment)							
- Capital value		8,234	-	8,234	37,482	-	37,482
- Element of income		2	-	2	7	-	7
Total proceeds on issuance of units		8,236	-	8,236	37,489	-	37,489
Redemption of 10,203,936 (2020: 2,817,305) units							
- Capital value		(102,438)	-	(102,438)	(28,178)	-	(28,178)
-Element of loss		-	(1,018)	(1,018)	-	(1,062)	(1,062)
Total payments on redemption of units		(102,438)	(1,018)	(103,456)	(28,178)	(1,062)	(29,240)
Interim distribution at the rate of Re. 0.5413 per unit (2020: Rs. 1.8019 per unit) paid on 23 June 2021 (2020: 24 June 2020)	14.2	-	(9,916)	(9,916)	-	(45,262)	(45,262)
Total comprehensive income for the year		-	11,128	11,128	-	47,364	47,364
Net assets at end of the year		191,029	1,299	192,328	285,231	1,105	286,336
Undistributed income brought forward							
- Realised			(13,576)			6,725	
- Unrealised			14,681			(6,660)	
			1,105			65	
Accounting income available for distribution:							
- Relating to capital gains			-			14,655	
- Excluding capital gains			10,110			31,647	
			10,110			46,302	
Interim distribution at the rate of Re. 0.5413 per unit (2020: Rs. 1.8019 per unit) paid on 23 June 2021 (2020: 24 June 2020)	14.2		(9,916)			(45,262)	
Undistributed income carried forward			1,299			1,105	
Undistributed income carried forward							
- Realised			1,316			(13,576)	
- Unrealised			(17)			14,681	
			1,299			1,105	
				(Rupees)			(Rupees)
Net assets value per unit at beginning of the year				10.0391			10.0024
Net assets value per unit at end of the year				10.0494			10.0391

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in '000)	
CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES			
Net income for the year		**11,128**	47,364
Adjustments:			
Provision for Sindh Workers' Welfare Fund		**227**	967
Amortisation of preliminary expenses and floatation costs	7	**534**	535
Net unrealised diminution / (appreciation) on re-measurement of investments at FVTPL		**17**	(14,681)
		11,906	34,185
(Increase) / decrease in assets			
Investments		**122,222**	(22,390)
Profit receivables		**2,817**	465
Advance, prepayment and other receivable		**(182)**	(1,442)
		124,857	(23,367)
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		**(94)**	(1,280)
Payable to Central Depository Company of Pakistan Limited - Trustee		**(5)**	(11)
Payable to Securities and Exchange Commission of Pakistan		**(14)**	(16)
Accrued expenses and other liabilities		**(5,729)**	7,309
		(5,842)	6,002
Net cash generated from operating activities		**130,921**	16,820
CASH FLOWS FROM FINANCING ACTIVITIES	17		
Amounts received against issuance of units		**8,236**	37,489
Payment against redemption of units		**(106,911)**	(25,785)
Distribution during the year		**(9,916)**	(45,262)
Net cash used in financing activities		**(108,591)**	(33,558)
Net increase / (decrease) in cash and cash equivalents		**22,330**	(16,738)
Cash and cash equivalents at beginning of the year		**626**	17,364
Cash and cash equivalents at end of the year	5	**22,956**	626

The annexed notes 1 to 28 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 Government Securities Fund – I ("the Fund") was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 07 December 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 05 December 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).The duration of the Fund is perpetual and the initial maturity of NBP Government Securities Plan - I is on 12 July 2021.

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 the Mutual Funds Association of Pakistan (MUFAP).

1.3 The Fund has initially offered NBP Government Securities Plan - I (NGSP - I) and may offer upto a total of five allocation plans. The objective of the NBP Government Securities Fund – I is to provide attractive return with capital preservation at maturity of the plan, by investing primarily in Government Securities with maturities not exceeding maturity of the plan.

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

1.5 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

1.6 The Fund has been categorised as an open ended 'Income scheme' and is listed on Pakistan Stock Exchange. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at initial price of Rs. 10 on 18 March 2019 and received Rs. 379.926 million against initial public offer from various investors and accordingly the Fund commenced its business activities on the same date. The duration of the Fund is perpetual and the initial maturity of NBP Government Securities Plan - I is on 12 July 2021. Accordingly, these financial statements have been prepared on non-going concern basis. Therefore, all assets and liabilities are measured at lower of their carrying amount and fair value less cost to sell.

1.7 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 fullfil the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020).

1.8 Impact of COVID- 19 on the financial statements

The Management Company of the Fund expects that going forward these uncertainties associated with COVID-19 would reduce and have concluded that there was 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 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 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 June 22, 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 June 30, 2022 (earlier application permitted)”. As permitted the Fund had already applied the IFRS-9 during the period ended June 30, 2019 except for impairment requirements as referred in note 2.1.3 to these financial statements.

2.1.3 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 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 Basis of measurement

These financial statements have been prepared on non-going concern basis (refer note 1.6). Therefore, all assets and liabilities are measured at lower of their carrying amount and fair value less cost to sell.

2.3 Accounting convention

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

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupees, except otherwise stated.

2.5 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:

(a) Classification and valuation of financial instruments (Note 4.1.2 and 4.1.3);
(b) Provisions (Note 4.3); and
(c) Impairment of financial assets (Note 4.1.7).

3 Standards, interpretations and amendments to published 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 01 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 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  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 clarifie 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.

The above amendments are effective from annual period beginning on or after 1 July 2021 and are not likely to have an impact on the Fund's financial statements.

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 circular No. 33 of 2012 dated 24 October 2012.

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.

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

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

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

- leverage features;

- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

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

The fair value of financial assets are determined as follows:

Government securities

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

Financial assets at amortised cost

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 November 21, 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 October 24, 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.

4.2 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over the maturity period of the Fund starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

4.3 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.

4.4 Taxation

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

4.5 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 is payable to the market faciliators 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 contingent load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.6 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.

4.7 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 Net assets value per unit

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

4.9 Income 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 appreciation / (diminution) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.

- Discount on purchase of Market Treasury Bills and Pakistan Investment Bonds is amortised to income statement using the straight line method.

- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method.

4.10 Distributions

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

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

5 BANK BALANCES	Note	2021	2020
		(Rupees in '000)	
In savings accounts	*5.1*	**22,956**	626

5.1 These carry a rate of return ranging from 5.5% to 7.5% (2020: 5.5% to 14.25%) per annum.

6 INVESTMENTS	Note	2021	2020
		(Rupees in '000)	
Financial assets 'at fair value through profit or loss'			
Pakistan Investment Bonds	*6.2*	**165,992**	251,457
Market Treasury Bills	*6.1*	**-**	36,774
		165,992	288,231

6.1 Market Treasury Bills

Issue date	Tenor	Face value: As At 1 July 2020	Face value: Purchased during the year	Face value: Sold / matured during the year	Face value: As at 30 June 2021	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
		(Rupees in '000)					(%)	
23 April 2020	03 Months	15,000	-	15,000	-	-	-	-
21 May 2020	03 Months	22,000	-	22,000	-	-	-	-
13 August 2020	03 Months	-	9,000	9,000	-	-	-	-
05 November 2020	03 Months	-	32,000	32,000	-	-	-	-
28 January 2021	03 Months	-	22,000	22,000	-	-	-	-
25 March 2021	03 Months	-	42,000	42,000	-	-	-	-
08 April 2021	03 Months	-	30,500	30,500	-	-	-	-
22 April 2021	03 Months	-	11,000	11,000	-	-	-	-
03 June 2021	03 Months	-	39,000	39,000	-	-	-	-
Total		**37,000**	**185,500**	**222,500**	**-**	**-**	**-**	**-**

6.2 Pakistan Investment Bonds

Issue date	Tenor	Face value: As At 1 July 2020	Face value: Purchased during the year	Face value: Sold / matured during the year	Face value: As at 30 June 2021	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
		(Rupees in '000)					(%)	
12 July 2018	03 years	251,000	-	85,000	166,000	165,992	86.31	100
Total		**251,000**	**-**	**85,000**	**166,000**	**165,992**	**86.31**	**100**
Carrying value before fair value adjustment as at 30 June 2021						**166,009**		

6.2.1 This carries a rate of return of 7.25% per annum.

7 PRELIMINARY EXPENSES AND FLOTATION COSTS	**2021**	2020
	(Rupees in '000)	
Balance at beginning of the year	**550**	1,085
Less: Amortisation for the year	**(534)**	(535)
Balance at end of the year	**16**	550

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over the maturity period of the Fund as per the requirements set out in the Trust Deed.

8 ADVANCE, PREPAYMENT AND OTHER RECEIVABLE

	Note	2021	2020
		(Rupees in '000)	
Advance tax	8.1	**1,550**	1,550
Prepaid Mutual Fund Rating fee		**47**	104
Receivable from NFSIF	8.2	**239**	-
		1,836	1,654

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on 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 profit on bank deposits as at 30 June 2021 amounts to Rs.1.550 million (2020: Rs. 1.550 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 as in the opinion of the management, the amount of tax deducted at source will be refunded.

8.2 This represents intra-fund receivable from NFSIF in respect of units redeemed and invested in NFSIF.

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	2021	2020
		(Rupees in '000)	
Management remuneration	9.1	**95**	144
Sindh Sales Tax on management remuneration	9.2	**12**	19
Sales and transfer load		**626**	626
Sindh Sales Tax on sales load		**81**	81
Selling and marketing expense	9.3	**48**	73
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	**60**	73
Other payable		**40**	40
		962	1,056

9.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average annual net assets . The Management Company has charged its remuneration at the rate of 0.6% of the average net assets of the Fund.

9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% was charged on management remuneration.

9.3 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. The Management Company has charged selling and marketing expenses at the rate of 0.1 % per annum of average net assets of the Fund or actual expenses whichever is lower.

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

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2021	2020
		(Rupees in '000)	
Trustee remuneration	*10.1*	**10**	14
Sindh Sales Tax on Trustee remuneration	*10.2*	**1**	2
		11	16

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.06% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as an income scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan at an amount equal to 0.02% per annum of the average net assets of the Fund. The fee is paid annually in arrears.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2021	2020
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	*12.1*	**1,246**	1,019
Withholding tax		**1,664**	7,400
Auditors' remuneration		**186**	190
Bank charges		**8**	19
Printing charges		**30**	18
Legal fee		**66**	60
Settlement Charges		**4**	-
		3,204	8,706

12.1 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, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act.

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of financial institutions. The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014. Accordingly, provision for SWWF has been made since inception of the Fund .

Had the provision for SWWF not been recorded in the financial statements of the Fund, for the current year, the net asset value of the Fund as at 30 June 2021 would have been higher by Re. 0.0651 (June 2020: Re.0.0357) per unit.

12.2 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. Since the fund has reached its maturity on 12 July 2021, therefore the trustees will decide the future course of action in respect of the refund of provision.

13 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 30 June 2021 (30 June 2020: Nil), except for as disclosed elsewhere in these financial statements.

14 NUMBER OF UNITS IN ISSUE

	Note	**2021**	2020
		(Number of units)	
Total units in issue at beginning of the year		**28,522,003**	27,592,030
Units issued	*14.1*	**820,234**	3,747,278
Less: units redeemed		**(10,203,936)**	(2,817,305)
Total units in issue at end of the year		**19,138,301**	28,522,003

14.1 This includes 818,896 units (2020: 3,747,278 units) issued against dividend re-investment amounting to Rs. 8.222 million (2020: 37.489 million) net of taxation.

14.2 The Management Company on 23 June 2021 (2020: 24 June 2020) declared interim distribution amounted to Re. 0.5413 per unit (2020: Rs. 1.8019 per unit) (for full year) for the year ended 30 June 2021. The aggregate cash distribution is Rs. 9.916 million (2020: Rs. 45.262 million).

15 AUDITORS' REMUNERATION

	2021	2020
	(Rupees in '000)	
Statutory audit fee	**165**	150
Half yearly review fee	**71**	65
Out of pocket expenses and others including government levy	**68**	76
	304	291

16 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 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 4.10 and 14.2), no provision for taxation has been made in these financial statements.

17 RECONCILIATION OF RECEIVABLE AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Note	Receivable against sale of units	Payable against redemption of units	Dividend Payable	Total
		(Rupees in '000)			
Balance as at 1 July 2020		**-**	**3,455**	**-**	**3,455**
Redemption of units		-	103,456	-	103,456
Issue of units on dividend re-investment		(8,236)			(8,236)
Dividend announcement	14.2	-	-	9,916	9,916
		(8,236)	**103,456**	**9,916**	**105,136**
Dividend reinvestment		8,236	-	-	8,236
Amount paid against redemption of units		-	(106,911)	-	(106,911)
Dividend paid	14.2	-	-	(9,916)	(9,916)
Net cash used in financing activities		**8,236**	**(106,911)**	**(9,916)**	**(108,591)**
Balance as at 30 June 2021		**-**	**-**	**-**	**-**

18 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 1.75% (2020: 1.74%) per annum. Total expense ratio (excluding government levies) is 1.53% (2020: 1.29%) per annum.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2021		
	At Amortised Cost	**At fair value through profit or loss**	**Total**
	(Rupees in '000)		
Assets			
Bank balances	22,956	-	22,956
Investments	-	165,992	165,992
Profit receivables	5,747	-	5,747
Receivable from NFSIF	239	-	239
	28,942	165,992	194,934

	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	-	962	962
Payable to Central Depository Company of Pakistan Limited - Trustee	-	11	11
Accrued expenses and other liabilities	-	294	294
	-	1,267	1,267

	30 June 2020		
	At Amortised Cost	At fair value through profit or loss	Total
	------------------------- (Rupees in '000) -------------------------		
Assets			
Bank balances	626	-	626
Investments	-	288,231	288,231
Profit receivables	8,564	-	8,564
	9,190	288,231	297,421

	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	-	1,056	1,056
Payable to Central Depository Company of Pakistan Limited - Trustee	-	16	16
Payable against redemption of units		3,455	3,455
Accrued expenses and other liabilities	-	287	287
	-	4,814	4,814

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

20.5 **Transactions during the year**	**2021**	2020
	(Rupees in '000)	
NBP Fund Management Limited Management Company		
Management remuneration	**1,260**	1,673
Sindh Sales Tax on remuneration to Management Company	**164**	217
Allocation of expenses related to registrar services, accounting, operation and valuation services	**243**	279
Selling and marketing expenses	**210**	279
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee	**126**	167
Sindh Sales Tax on remuneration to Trustee	**16**	22
Settlement Charges	**4**	7

		2021	2020
		(Rupees in '000)	
	Pakistan Stock Exchange		
	Listing Fee	**25**	25
	Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
	Fauji Akbar Portia Marine Terminals Limited		
	Dividend reinvestment: 530,748 (June 2020: 1,537,775) units	**5,329**	15,384
	GIA Export Marketing Service (Private) Limited		
	Dividend reinvestment: 168,751 (June 2020: 488,934) units	**1,694**	4,891
	Barret Hudgson Pakistan (Private) Limited *		
	Dividend reinvestment: Nil (June 2020: 1,255,927) units	**-**	12,565
20.6	**Amounts outstanding as at year end:**		
	NBP Fund Management Limited - Management Company		
	Management remuneration payable	**95**	144
	Sindh Sales Tax payable	**12**	19
	Allocation of expenses related to registrar services, accounting, operation and valuation services	**60**	73
	Selling and Marketing Expense	**48**	73
	Sales load and transfer load payable	**626**	626
	Sindh Sales Tax on sales load	**81**	81
	Other payable	**40**	40
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable	**10**	14
	Sindh Sales Tax payable	**1**	2
	Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
	Fauji Akbar Portia Marine Terminals Limited		
	Units held: 12,113,056 (June 2020: 11,582,308) units	**121,729**	116,276
	GIA Export Marketing Service (Private) Limited		
	Units held: 3,851,337 (June 2020: 3,682,586) units	**38,704**	36,970
	Barret Hudgson Pakistan (Private) Limited *		
	Units held: Nil (June 2020: 9,459,467) units	**-**	94,965

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

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

*Mr. Muhammad Ali Bhabha is the Fund manager. He is also managing NBP Government Securities Liquid Fund, NBP Mahana Amdani Fund , NBP Money Market Fund, NBP Riba Free Saving Fund, NBP Financial Sector Income Fund , NBP Active Allocation Riba Free Savings Fund , NBP Islamic Money Market Fund , NBP Islamic Savings Fund, NBP Income Opportunity Fund , NBP Government Securities Savings Fund, NBP Islamic Mahana Amdani Fund, NBP Savings Fund, NBP Islamic Daily Dividend Fund and NBP Islamic Income Fund.

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

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

S. No	Particulars	Percentage (%)
1	Bright Capital Private Limited	100

No commission paid / payable to brokers / dealers during the year ended 30 June 2020.

23 PATTERN OF UNIT HOLDING

	As at 30 June 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ----
Category			
Individuals	**30**	**31,896**	**16.58**
Others	**2**	**160,432**	**83.42**
	32	**192,328**	**100.00**

	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ----
Category			
Individuals	43	37,719	13.17
Others	4	248,617	86.83
	47	286,336	100.00

24 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 (note 24.1)	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 (note 24.2)	2	2	-	-

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

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

25 FINANCIAL RISK MANAGEMENT

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

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

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

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

25.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer

or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Management of market risk

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

25.1.1 Currency risk

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

25.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 0.2296 million (2020: Rs. 0.0063 million).

(b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise Market Treasury Bills and Pakistan Investment Bonds, which are classified as 'at fair value through profit or loss'. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan on 30 June 2021, with all other variables held constant, the net income for the year and net assets would have been lower / higher by Rs. 1.6599 million (2020: Rs. 2.882 million).

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

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

		30 June 2021				
		Exposed to yield / interest rate risk				
	Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total
		------------------------------------ (Rupees in '000) ------------------------------------				
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.50% - 7.5%	22,956	-	-	-	22,956
Investments	7.25%	165,992	-	-	-	165,992
Profit receivables		-	-	-	5,747	5,747
Receivable from NFSIF		-	-	-	239	239
		188,948	-	-	5,986	194,934
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	962	962
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	11	11
Accrued expenses and other liabilities		-	-	-	294	294
		-	-	-	1,267	1,267
On-balance sheet gap		188,948	-	-	4,719	193,667
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		188,948	-	-		
Cumulative interest rate sensitivity gap		188,948	188,948	188,948		

		30 June 2020				
		Exposed to yield / interest rate risk				
	Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total
		------------------------------------ (Rupees in '000) ------------------------------------				
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.50% - 14.25%	626	-	-	-	626
Investments	7.09% - 7.25%	36,774	-	251,457	-	288,231
Profit receivables		-	-	-	8,564	8,564
		37,400	-	251,457	8,564	297,421
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	1,056	1,056
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	16	16
Payable against redemption of units		-	-	-	3,455	3,455
Accrued expenses and other liabilities		-	-	-	287	287
		-	-	-	4,814	4,814
On-balance sheet gap		37,400	-	251,457	3,750	292,607
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		37,400	-	251,457		
Cumulative interest rate sensitivity gap		37,400	37,400	288,857		

25.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from 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. The Fund is not exposed to any price risk as no equity securities are held by the Fund.

25.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills and Pakistan Investment Bonds is limited as these are guaranteed by the Federal Government. While bank balances are maintained with banks with a reasonably high credit rating.

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

Bank Balances	**2021**	2020
	(Rupees in '000)	
AA+	**116**	195
AA-	**22,840**	431
	22,956	626

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.

25.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

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

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten percent of the net assets 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 period, 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 period.

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:

	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	**962**	-	-	**962**
Payable to Central Depository Company of Pakistan Limited - Trustee	**11**	-	-	**11**
Accrued expenses and other liabilities	**294**	-	-	**294**
	1,267	-	-	**1,267**
Unit holders' fund	**192,328**	**-**	**-**	**192,328**

	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	1,056	-	-	1,056
Payable to Central Depository Company of Pakistan Limited - Trustee	16	-	-	- 16
Payable against redemption of units	3,455			3,455
Accrued expenses and other liabilities	287	-	-	287
	4,814	-	-	4,814
Unit holders' fund	286,336	-	-	286,336

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

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

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

		30 June 2021							
		Carrying value				Fair value			
		At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	*Note*	(Rupees in '000)							
Financial assets measured at fair value									
Investments - Pakistan Investment Bond		165,992	-	-	165,992	-	165,992	-	165,992
Financial assets not measured at fair value	*26.1*								
Bank balances		-	22,956	-	22,956				
Profit receivables		-	5,747	-	5,747				
Receivable from NFSIF		-	239	-	239				
		-	28,942	-	28,942				
Financial liabilities not measured at fair value	*26.1*								
Payable to NBP Fund Management Limited - Management company		-	-	962	962				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	11	11				
Accrued expenses and other liabilities		-	-	294	294				
		-	-	1,267	1,267				

		30 June 2020							
		Carrying value				Fair value			
		At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	*Note*	(Rupees in '000)							
Financial assets measured at fair value									
Investments									
- Market Treasury Bills		36,774	-	-	36,774	-	36,774	-	36,774
- Pakistan Investment Bond		251,457	-	-	251,457	-	251,457	-	251,457
		288,231	-	-	288,231				
Financial assets not measured at fair value	*26.1*								
Bank balances		-	626	-	626				
Profit receivables		-	8,564	-	8,564				
		-	9,190	-	9,190				
Financial liabilities not measured at fair value	*26.1*								
Payable to NBP Fund Management Limited - Management company		-	-	1,056	1,056				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	16	16				
Payable against redemption of units				3,455	3,455				
Accrued expenses and other liabilities		-	-	287	287				
		-	-	4,814	4,814				

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

26.2 Financial instruments not measured at FVTP 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.

27 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

As at 30 June 2021, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Fund shall be one hundred million rupees at all time during the life of the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as 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 25, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

28 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	NGSP-I For the year ended June 30, 2021 (Rs. In '000')	For the year ended June 30, 2020 (Rs. In '000')	For the year ended June 30, 2019 (Rs. In '000')
Net assets at the year / period ended (Rs. '000')	192,328	286,336	275,985
Net Income at the year / period ended (Rs. '000')	11,128	47,364	2,570
Net Asset Value per unit at the year / period ended (Rs.)	10.0494	10.0391	10.0024
Offer price per unit	N/A	N/A	N/A
Redemption price per unit	10.0494	10.0391	10.0024
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	10.0494	10.0396	10.1338
Ex - Lowest redemption price per unit (Rs.)	9.5273	8.4782	9.9479
Opening Nav at since inception (March 18, 2019)	9.5255	10.0000	10.0000
Total return of the fund	5.50%	18.39%	0.52%
Capital growth	0.11%	0.38%	-
Income distribution as a % of ex nav	5.39%	18.01%	0.52%
Income distribution as a % of par value	5.41%	18.02%	0.52%
Distribution			
Interim distribution per unit	0.5413	1.8019	0.0524
Distribution date			
Interim	23-Jun-21	24-Jun-20	24-Jun-19
Average annual return of the Fund (launch date March 18' 2019)			
(Since inception to June 30, 2021)	10.49%		
(Since inception to June 30, 2020)		14.54%	
(Since inception to June 30, 2019)			1.92%
Weighted average portfolio duration	10 Days	308 Days	1.5 years

"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.

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

NBP FUNDS
Managing Your Savings

Aitemaad اعتماد

NBP ISLAMIC STOCK FUND

ANNUAL REPORT
2021

AM1
Rated by PACRA

MISSION STATEMENT

To rank in the top quartile

in performance of

NBP FUNDS

relative to the competition,

and to consistently offer

Superior risk-adjusted returns to investors.

Contents

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Al Baraka Islamic Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Zarai Taraqiati Bank Limited
Summit Bank Limited
United 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 Limited is pleased to present the Seventh Annual Report of **NBP Islamic Stock Fund** (NISF) for the year ended June 30, 2021.

Fund's Performance

After lackluster performance in FY20, the stock market (KMI-30 Index) delivered robust returns of 39.3% during FY2021, driven by attractive stock market valuations; earlier than expected lifting of business restrictions and the resultant sharp economic recovery; development & deployment of effective vaccines; and well-coordinated 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.

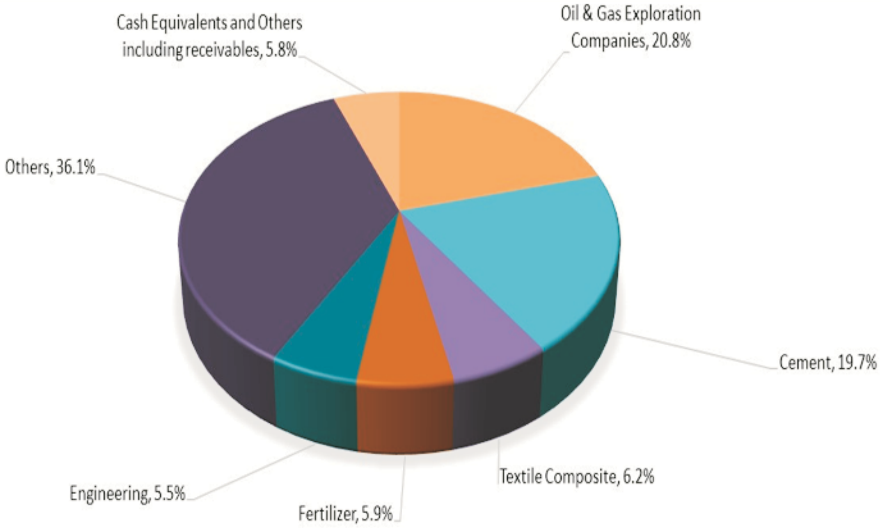
Although the country faced multiple waves of the Covid-19 during the year under review, the smart and targeted lockdowns allowed the economy to continue to operate uninterrupted. The economic recovery was gradual initially and it picked up pace supported by favorable fiscal and monetary policies. The 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 Islamic Stock Fund increased by 36.2% as against the KMI-30 index increased by 39.3%, underperforming the benchmark by 3.1% during the year. The Fund was overweight in key stocks in Power Generation & Distribution, Oil & Gas Exploration Companies, and Engineering sectors that underperformed the market and underweight in key stocks in Cement, Refinery, Oil & Gas Marketing Companies, and Fertilizer sectors that outperformed the market, which contributed to the underperformance. Since the inception of the Fund, the return on NAFA Islamic Stock Fund was 64.3% as against the benchmark KMI-30 index return of 46.1%. Thus, the Fund outperformed by 18.2% during the period. This outperformance is net of management fee and all other expenses. The Fund size is 8,203 million as of June 30, 2021.

NBP Islamic Stock Fund has earned a total income of Rs. 2116.804 million during the year. After deducting total expenses of Rs. 325.517 million, the net income is Rs. 1791.287 million. During the year, the unit price of NBP Islamic Stock Fund has increased from Rs. 9.3471 (Ex-Div) on June 30, 2020 to Rs. 12.7350 on June 30, 2021. The resultant per unit gain is Rs. 3.3879 (36.2%).

The asset allocation of NBP Islamic Stock 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 1.71% of the opening ex-NAV (1.62% of the par value) during the year ended June 30, 2021.

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Stock Fund amounting to Rs. 83.10 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Stock Fund by 1.06% 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 resigned 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 25 to these financial statements.

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

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.

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

NBPفنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBPاسلامک اسٹاک فنڈ کی ساتویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021 پیش کرتے ہوئے اظہارِ مسرت 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۔

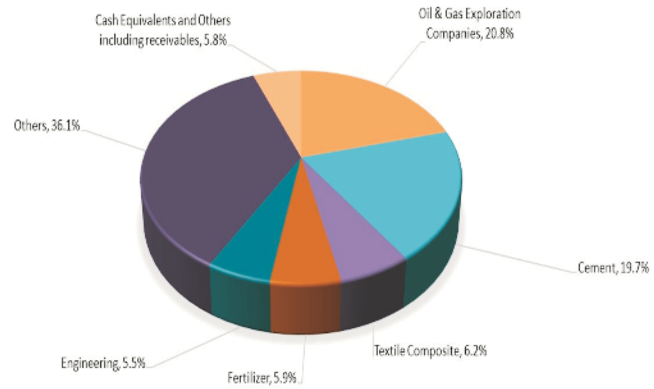
اگرچہ ملک کو زیرِ جائزہ سال کے دوران کووڈ 19 کی متعدد لہروں کا سامنا کرنا پڑا، لیکن سمارٹ اور ٹارگٹڈ لاک ڈاؤن نے معیشت کو بغیر کسی رکاوٹ کے جاری رکھا۔ معاشی بحالی شروع میں بتدریج تھی اور سازگار مالیاتی اور مانیٹری پالیسیوں کی مدد سے اس کی رفتار تیز ہوگئی۔ مالی سال 20 کے دوران جی ڈی پی میں 0.5 فیصد کی 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 آٹوموبائل کی فروخت کا حجم بھی تیز معاشی بحالی کی تصدیق کرتا ہے۔ کورونا وائرس سے متاثرہ سفری پابندیاں بیرونی اکاؤنٹ کے لیے فائدہ مند ثابت ہوئیں کیونکہ مالی سال 2021 کے دوران بیرونِ ملک کام کرنے والے ملازمین کے ترسیلات زر میں 27 فیصد اضافہ ریکارڈ کیا گیا، جو کہ 29.4 بلین امریکی ڈالر ہے۔ نتیجتاً ملک نے مالی سال 21 کے دوران 1.8 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) درج کیا جو گزشتہ سال 4.4 بلین امریکی ڈالر تھا۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ توسیعی فنڈ سہولت (ای ایف ایف) جو کہ گزشتہ سال اپریل میں روک دی گئی تھی، آخرکار دوبارہ بحال ہوگئی۔ اس کے نتیجے میں ملک نے آئی ایم ایف کی تقریباً 500 ملین امریکی ڈالر کی قسط حاصل کر لی۔ آئی ایم ایف پروگرام کی بحالی نے ملک کو بین الاقوامی ڈیبٹ مارکیٹ میں یوروبانڈز جاری کر کے 2.5 بلین امریکی ڈالر قرض لینے کی اجازت دی۔ مزید برآں، سنٹرل بینک کی جانب سے پردیسیوں کو مستفید کرنے کے لیے شروع کیا گیا روشن ڈیجیٹل اکاؤنٹ (آر ڈی اے) ایک شاندار کامیابی تھی کیونکہ ملک نے سال کے دوران تقریباً 1.6 بلین امریکی ڈالر کا زرِمبادلہ حاصل کیا۔

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

زیرِ جائزہ مالی سال کے دوران، NBPاسلامک سٹاک فنڈ میں KMI-30 انڈیکس کی 39.3% اضافہ کے مقابلے 36.2% اضافہ ہوا، لہٰذا فنڈ نے اپنے بنچ مارک سے 3.1% کی ابتر کارکردگی دکھائی۔ فنڈ کی یہ خراب کارکردگی آئل اینڈ گیس ایکسپلوریشن کمپنیوں اور ٹرانسپورٹ سیکٹرز میں کلیدی ہولڈنگز کو زیادہ اہمیت دی جس نے مارکیٹ سے ابتر کارکردگی دکھائی، جبکہ فنڈ نے ٹیکنالوجی اینڈ کمیونیکیشن، کمرشل بینکوں، ریفائنری اور خوراک و ذاتی نگہداشت پراڈکٹس کمپنیوں کو کم اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا، جس کے باعث کارکردگی ابتر رہی۔ فنڈ کے آغاز کے بعد سے NAFA اسلامک اسٹاک فنڈ 46.1% کے بنچ مارک KMI-30 انڈیکس منافع کے مقابلے 64.3% منافع دکھایا، لہٰذا فنڈ نے زیرِ جائزہ مدت کے دوران 18.2% کی بہتر کارکردگی دکھائی۔ یہ بہتر کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2021 کو فنڈ کا سائز 8,203 ملین روپے ہے۔

NBP اسلامک اسٹاک فنڈ (NISF) کو اس مدت کے دوران 2116.804 ملین روپے کی مجموعی آمدنی ہوئی۔ 325.517 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1791.287 ملین روپے ہے۔ سال کے دوران، NBPاسلامک اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.3471 روپے (EX-Div) سے بڑھ کر 30 جون 2021 کو 12.7350 روپے ہوگئی۔ جس کے نتیجے میں فی یونٹ منافع 3.3879 روپے (36.2%) ہے۔

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



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 1.71% (بنیادی قدر کا 1.62%) 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 اسلامک اسٹاک فنڈ میں ریکارڈ کی گئی 83.10 ملین روپے ورکرز ویلفیئر فنڈ کی پروویژننگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پروویژن کی اس ریورسل کے باعث NBP اسلامک اسٹاک فنڈ کی NAV میں 1.06% 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 مستعفی ہوں گے۔ نان بینکنگ فنانس کمپنیز کی ریگولیشنز 38(i) اور نوٹیفائیڈ اینٹیٹیز ریگولیشنز، 2008 کی ضروریات کے مطابق، ان کی تبدیلی ضروری ہے۔ بورڈ نے میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، کو 30 جون 2022 کو ختم ہونے والے سال 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 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 25 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 21 میں ظاہر کی گئی ہے۔

•13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 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 Islamic Stock Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

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

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2021

FUND MANAGER REPORT

NBP Islamic Stock Fund

NBP Islamic Stock Fund is a Shariah Compliant - Open-end - Equity Fund

Investment Objective of the Fund

The objective of NBP Islamic Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in Shariah Compliant listed companies in Pakistan.

Benchmark

The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the seventh annual report of the Fund. During the fiscal year, NBP Islamic Stock Fund increased by 36.2% as against the KMI-30 index increased by 39.3%, underperforming the benchmark by 3.1% during the year. Since the inception of the Fund, the return on NBP Islamic Stock Fund was 64.3% as against the benchmark KMI-30 index return of 46.1%. Thus, the Fund outperformed by 18.2% during the period. This outperformance is net of management fee and all other expenses. The size of NBP Islamic Stock Fund is Rs.8,203 million as of June 30, 2021.

NISF underperformed during the year as the Fund was overweight in key stocks in Power Generation & Distribution, Oil & Gas Exploration Companies, and Engineering sectors that underperformed the market and underweight in key stocks in Cement, Refinery, Oil & Gas Marketing Companies, and Fertilizer sectors that outperformed the market, which contributed to the underperformance. The chart below shows the performance of NISF against the Benchmark for the year.

NISF Performance vs. Benchmark during FY21

After lackluster performance in FY20, the stock market (KMI-30 Index) delivered robust returns of 39.3% during FY2021, driven by attractive stock market valuations; earlier than expected lifting of business restrictions and the resultant sharp economic recovery; development & deployment of effective vaccines; and well-coordinated and decisive policy response by the monetary and fiscal authorities. The rally at the local bourse picked up steam in 1HFY21 as value money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

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

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

Asset Allocation of the Fund (% of NAV)

Particulars	**30-Jun-21**	**30-Jun-20**
Equities / Stocks	94.2%	97.5%
Cash Equivalents	7.0%	4.0%
Other Net Liabilities	(1.2%)	(1.5%)
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
Interim	1.62%	13.1851	13.0232

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	144
1-1000	865
1001-5000	558
5001-10000	441
10001-50000	1088
50001-100000	381
100001-500000	457
500001-1000000	53
1000001-5000000	56
5000001-10000000	12
10000001-100000000	11
Total	**4,066**

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. 81.00 Million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.1257 / 1.34%. 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 Islamic Stock Fund amounting to Rs. 83.10 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Stock Fund by 1.06% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

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

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

Report of the Shari'ah Supervisory Board - NBP Islamic Stock Fund.

September 13, 2021/Safar 05, 1443

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

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

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

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

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investments (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Lucky Cement Limited.	Cement	26.58%	1.36%	2.46%	83.62%	(401.95)	
Pakistan Petroleum Limited	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	30.57%	76.47	90.33
Oil & Gas Development Company Limited	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%	29.95%	100.44	103.77
Mari Petroleum Co. Limited	Oil & Gas Exploration Companies.	0.00%	26.87%	3.79%	42.91%	356.34	1339.82
Engro Corporation Limited	Fertilizer	35.22%	25.23%	4.80%	56.69%	(190.04)	
Kohat Cement Limited	Cement	19.54%	0.15%	0.02%	92.76%	(54.20)	

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

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

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

During the year, fund booked charity of amounting PKR 9,862,363/- wherein amount available for disbursement is PKR 6,061,314/-, which is inclusive of PKR 1,983,946 /- provisional amount of previous year adjusted after availability of the respective financial statements.

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Islamic Stock 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. 576.95 million and Rs. 7,726.09 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 these as key audit matters.	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, the management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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	**576,948**	191,363
Investments	6	**7,726,093**	4,695,290
Dividend and profit receivable	7	**2,259**	1,191
Receivable from funds under management by Management Company against conversion of units		**8,425**	34,197
Receivable against sale of investments		**16,400**	10,845
Advances, deposits and prepayment	8	**66,108**	7,228
Total assets		**8,396,233**	4,940,114
Liabilities			
Payable to NBP Fund Management Limited - Management Company	9	**57,086**	26,435
Payable to Central Depository Company of Pakistan Limited - Trustee	10	**861**	541
Payable to Securities and Exchange Commission of Pakistan	11	**1,366**	914
Payable against conversion and redemption of units	12	**13,215**	29,868
Accrued expenses and other liabilities	13	**120,483**	67,485
Total liabilities		**193,011**	125,243
Net assets		**8,203,222**	4,814,871
Unitholders' fund (as per statement attached)		**8,203,222**	4,814,871
Contingency and commitment	14		
		(Number of units)	
Number of units in issue	15	**644,148,443**	508,796,209
		(Rupees)	
Net assets value per unit		**12.7350**	9.4633

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Income			
Dividend income		**291,690**	188,066
Gain / (Loss) on sale of investments at fair value through profit or loss (FVTPL) - net		**556,530**	(105,744)
Profit on bank deposits		**18,419**	36,422
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL	*6.2*	**1,250,165**	(51,541)
Total Income		**2,116,804**	67,203
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	*9.1*	**102,466**	69,200
Sindh Sales Tax on remuneration to Management Company	*9.2*	**13,321**	8,996
Remuneration to Central Depository Company of Pakistan Limited - Trustee	*10.1*	**7,831**	5,572
Sindh Sales Tax on remuneration to Trustee	*10.2*	**1,018**	724
Selling and marketing expenses	*9.3*	**125,488**	58,041
Allocation of expenses related to registrar services, accounting, operation and valuation services	*9.4*	**9,291**	4,572
Annual fee - Securities and Exchange Commission of Pakistan		**1,366**	914
Securities transaction cost		**14,679**	15,493
Settlement and bank charges		**1,428**	1,655
Auditors' remuneration	*16*	**749**	613
Fund rating fee		**253**	234
Annual listing fee		**28**	28
Legal and professional fees		**174**	96
Charity expense		**9,862**	5,014
Shariah advisor fee		**860**	666
Printing charges		**146**	24
Total expenses		**288,960**	171,842
Net income / (loss) from operating activities		**1,827,844**	(104,639)
Provision for Sindh Workers' Welfare Fund	*13.1*	**(36,557)**	-
Net income / (loss) for the year before taxation		**1,791,287**	(104,639)
Taxation	*17*	**-**	-
Net income / (loss) for the year		**1,791,287**	(104,639)
Allocation of net income for the year			
Net income for the year		**1,791,287**	**-**
Income already paid on units redeemed		**(928,869)**	**-**
		862,418	**-**
Accounting income available for distribution:			
- Relating to capital gain		**862,418**	**-**
- Excluding capital gain		**-**	**-**
		862,418	**-**

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in '000)	
Net income / (loss) for the year	**1,791,287**	(104,639)
Other comprehensive income for the year	**-**	-
Total comprehensive income / (loss) for the year	**1,791,287**	(104,639)

The annexed notes 1 to 29 form an integral part of these financial statements.

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

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Value	2021 Accumulated loss	2021 Total	2020 Value	2020 Accumulated loss	2020 Total
		----	----	(Rupees in '000)	----	----	----
Net assets at beginning of the year		**6,134,145**	**(1,319,274)**	**4,814,871**	5,335,425	(1,214,635)	4,120,790
Issue of 1,111,365,419 units (2020: 870,091,265 units)							
- Capital value		**10,517,184**	**-**	**10,517,184**	7,924,530	-	7,924,530
- Element of income		**2,902,366**	**-**	**2,902,366**	592,249	-	592,249
Total proceeds on issuance of units		**13,419,550**	**-**	**13,419,550**	8,516,779	-	8,516,779
Redemption of 976,013,185 units (2020: 813,747,745 units)							
- Capital value		**(9,236,306)**	**-**	**(9,236,306)**	(7,411,370)	-	(7,411,370)
- Element of (loss) / income		**(1,557,941)**	**(928,869)**	**(2,486,810)**	(306,689)	-	(306,689)
Total payments on redemption of units		**(10,794,247)**	**(928,869)**	**(11,723,116)**	(7,718,059)	-	(7,718,059)
Interim distribution during the year at Rs. 0.1619 per unit paid on 25 June 2021	*15.1*						
- Cash distribution		**-**	**(49,996)**	**(49,996)**	-	-	-
- Refund of Capital		**(49,374)**	**-**	**(49,374)**	-	-	-
		(49,374)	**(49,996)**	**(99,370)**	-	-	-
Total comprehensive income / (loss) for the year		**-**	**1,791,287**	**1,791,287**	-	(104,639)	(104,639)
Net assets at end of the year		**8,710,074**	**(506,852)**	**8,203,222**	6,134,145	(1,319,274)	4,814,871
Accumulated loss brought forward							
- Realised			**(1,267,733)**			(294,637)	
- Unrealised			**(51,541)**			(919,998)	
			(1,319,274)			(1,214,635)	
Accounting income available for distribution							
- Relating to capital gains			**862,418**			-	
- Excluding capital gains			**-**			-	
			862,418			-	
Interim distribution during the year at Rs. 0.1619 per unit paid on 25 June 2021	*15.1*						
- Cash distribution			**(49,996)**			-	
Total comprehensive loss for the year ended 30 June 2020			**-**			(104,639)	
Accumulated loss carried forward			**(506,852)**			(1,319,274)	
Accumulated loss carried forward							
- Realised			**(1,757,017)**			(1,267,733)	
- Unrealised			**1,250,165**			(51,541)	
			(506,852)			(1,319,274)	
			(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year			**9.4633**			9.1077	
Net assets value per unit at end of the year			**12.7350**			9.4633	

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year		**1,791,287**	(104,639)
Adjustments:			
Net unrealised (appreciation) / diminution on re-measurement of investments at FVTPL	6.2	**(1,250,165)**	51,541
Provision for Sindh Workers' Welfare Fund	13.1	**36,557**	-
		577,679	(53,098)
(Increase) / decrease in assets			
Investments		**(1,786,193)**	(817,959)
Dividend and profit receivable		**(1,068)**	3,267
Advances, deposits and prepayment		**(58,880)**	(3,028)
		(1,846,141)	(817,720)
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		**30,651**	3,057
Payable to Central Depository Company of Pakistan Limited - Trustee		**320**	40
Payable to Securities and Exchange Commission of Pakistan		**452**	(4,387)
Accrued expenses and other liabilities		**16,441**	2,895
		47,864	1,605
Net cash used in operating activities		**(1,220,598)**	(869,213)
CASH FLOWS FROM FINANCING ACTIVITIES	18		
Amount received against issuance of units		**13,395,948**	8,482,582
Amount paid on redemption of units		**(11,739,769)**	(7,688,191)
Distribution paid		**(49,996)**	-
Net cash generated from financing activities		**1,606,183**	794,391
Net increase / (decrease) in cash and cash equivalents during the year		**385,585**	(74,822)
Cash and cash equivalents at beginning of the year		**191,363**	266,185
Cash and cash equivalents at end of the year	5	**576,948**	191,363

The annexed notes 1 to 29 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Islamic Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on 18 November 2014 between NBP Fund Management Limited as the Management Company and the 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 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 a member of Mutual Fund Association of Pakistan (MUFAP).

1.3 The Fund has been categorised as an open ended "Shariah compliant equity scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at Rs. 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis on 9 January 2015 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 shariah compliant listed equities securities. The investment objectives and policies are explained in the Fund's offering document.

1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an Asset Manager Rating of AM1 (30 June 2020: AM1) of Management Company and performance ranking of "5 - Star" (30 June 2020: "4 - Star") to the Fund.

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

1.7 The Fund also provides accidental death (free), 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 Takaful Operator by the Management Company as per the terms and conditions of the Takaful coverage defined in the Takaful policy document signed between the 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 fullfil the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020).

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 the requirements of 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)”. As permitted, the Fund had already applied IFRS-9 during the year 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 investments which are carried at fair value.

2.3 Functional and presentation currency

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

2.4 Use of judgments and estimates

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:

(a) Valuation of investment (4.1.3);
(b) Provisions (Note 4.3); and
(c) Classification and impairment of financial assets (Note 4.1.2 and 4.1.7).

3 Standards, interpretations and amendments to published 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 01 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 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  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 ofthose 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.

  The above amendments are effective from annual period beginning on or after 01 July 2021 and are not likely to have an impact on the Fund's financial statements.

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.

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 equity securities. These financial assets are held for trading and 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 / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Equity investments

Equity investments are marked-to-market on the basis of rates at year end date as quoted on Pakistan Stock Exchange (PSX), as all equity investments are made in listed securities only.

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

A financial liability is classified at FVTPL if it is held-for-trading or is a derivative or 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 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.

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.

4.2 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of five years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

4.3 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.

4.4 Taxation

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

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. The Fund intends to distribute more than ninety percent of its accounting income for the current year if there is profit available for distribution at year end to avail the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

4.5 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.

4.6 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 period 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 period. The income already paid (Element of Income) on redemption of units during the period are taken separately in statement of movement in unit holders' fund.

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 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.

4.9 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 is recognised using effective yield method.

- Dividend income on equity securities is recognised when the right to receive the dividend is established. For quoted equity securities, this is usually the ex-dividend date.

4.10 Distribution

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. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year/period 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 / period.

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 / period. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

5	**BANK BALANCES**	**Note**	**2021**	2020
			(Rupees in '000)	
	In current accounts		**33,591**	21,322
	In savings accounts	5.1 & 5.2	**543,357**	170,041
			576,948	191,363

5.1 These accounts carry profit at rates ranging from 3.75% to 6.80% (2020: 7.00% to 14.50%) per annum.

5.2 This includes cheques amounting to Rs. 2.334 million (30 June 2020: Rs. 6.167 million) issued on account of redemption of units and cheques amounting to Rs. 62.604 million (30 June 2020: Rs. 30.690 million) received on account of issuance of units.

6	**INVESTMENTS**	**Note**	**2021**	2020
			(Rupees in '000)	
	At fair value through profit or loss			
	- Listed equity securities	6.1	**7,726,093**	4,695,290

6.1 Investment in listed equity securities

*All shares have a nominal face value of Rs.10 each except for the shares of Agriauto Industries Limited, Habib Sugar Mills Limited, Shabbir Tiles & Ceramics Limited and Thal Limited which have face value of Rs. 5 each and K-Electric Limited which have face value of Rs. 3.5 each.

Name of the Investee Company	As at 1 July 2020	Purchases during the year	Bonus shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2021	Market value / carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)						(Rupees in '000)	(%)		
Oil and Gas Exploration Companies										
Oil & Gas Development Company Limited	2,997,477	3,383,100	-	-	1,087,007	5,293,570	503,048	6.13	6.51	0.12
Pakistan Oilfields Limited	601,475	252,475	-	-	322,479	531,471	209,325	2.55	2.71	0.19
Pakistan Petroleum Limited (refer note 6.1.2)	4,520,592	2,976,000	-	-	1,693,253	5,803,339	503,904	6.14	6.52	0.21
Mari Petroleum Limited (refer note 6.1.2)	339,414	35,420	-	-	52,260	322,574	491,729	5.99	6.36	0.24
							1,708,006	**20.81**	**22.10**	
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited (refer note 6.1.2)	701,953	1,055,000	-	-	591,000	1,165,953	261,465	3.19	3.38	0.25
Attock Petroleum Limited	33,950	95,600	-	-	52,600	76,950	24,703	0.30	0.32	0.08
Sui Northern Gas Pipelines Limited	2,241,200	1,008,099	-	-	2,569,500	679,799	33,025	0.40	0.43	0.11
Hascol Petroleum Limited (refer note 6.1.1)	1,583	-	-	-	-	1,583	14	-	-	-
Shell (Pakistan) Limited	3,300	-	-	-	3,300	-	-	-	-	-
							319,207	**3.89**	**4.13**	
Fertilizer										
Engro Corporation Limited	**1,522,098**	953,772	-	-	833,389	1,642,481	483,891	5.90	6.26	0.29
Engro Fertilizers Limited	3,380,000	225,000	-	-	3,605,000	-	-	-	-	-
							483,891	**5.90**	**6.26**	
Investment Company										
Dawood Hercules Corporation Limited	12,000	-	-	-	12,000	-	-	-	-	-
							-	**-**	**-**	
Chemical										
Engro Polymer & Chemicals	3,771,980	3,344,000	-	-	2,364,500	4,751,480	224,460	2.74	2.91	0.52
Dynea Pakistan Limited	17,500	-	-	-	13,300	4,200	928	0.01	0.01	0.09
Lotte Chemical Limited	-	3,530,500	-	-	-	3,530,500	54,511	0.66	0.71	0.23
I.C.I Pakistan Limited	65,900	76,400	-	-	46,150	96,150	83,535	1.02	1.08	0.10
Sitara Peroxide Limited	-	952,000			225,500	726,500	20,553			
							383,987	**4.43**	**4.71**	

Name of the Investee Company	As at 1 July 2020	Purchases during the year	Bonus shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2021	Market value / carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	---------- (Number of shares) ----------						(Rupees in '000)	---------- (%) ----------		
Automobile Parts and Accessories										
Baluchistan Wheels Limited	10,500	-	-	-	-	10,500	829	0.01	0.01	0.08
Agriauto Industries Limited*	31,200	-	-	-	31,000	200	55	-	-	-
Thal Limited*	138,700	-	-	-	44,200	94,500	39,953	0.49	0.52	0.12
Panther Tyer Limited	-	1,685,166	-	-	-	1,685,166	116,496	1.42	1.51	1.20
							157,333	**1.92**	**2.04**	
Transport										
Pakistan International Bulk Terminal Limited	-	2,025,000	-	-	-	2,025,000	23,045	0.28	0.30	0.11
Pakistan National Shipping Corporation Limited	17,000	219,700	-	-	120,500	116,200	8,448	0.10	0.11	0.09
							31,493	**0.38**	**0.41**	
Cement										
Cherat Cement Company Limited	146,000	515,500			504,900	156,600	27,778	0.34	0.36	0.08
D.G. Khan Cement Company Limited	337,000	1,727,500	-	-	845,000	1,219,500	143,803	1.75	1.86	0.28
Fauji Cement Company Limited	3,454,500	8,952,500	-	-	4,316,000	8,091,000	186,093	2.27	2.41	0.59
Kohat Cement Company Limited	1,425,210	706,700	-	-	166,000	1,965,910	405,941	4.95	5.25	0.98
Lucky Cement Limited	610,051	502,148	-	-	310,701	801,498	692,045	8.44	8.96	0.25
Maple Leaf Cement Factory Limited (refer note 6.1.1)	1,797,002	3,814,500	-	-	4,007,261	1,604,241	75,367	0.92	0.98	0.15
Attock Cement Pakistan Limited	-	471,300	-	-	-	471,300	84,749	1.03	1.10	0.44
							1,615,776	**19.70**	**20.92**	
Paper and Board										
Cherat Packaging Limited.(refer note 6.1.2)	59,515	-	-	-	59,514	1	-	-	-	-
Packages Limited	126,100	-	-	-	126,100	-	-	-	-	-
Roshan Packages Limited	874,500	2,467,500	-	-	1,335,500	2,006,500	66,094	0.81	0.86	1.41
							66,094	**0.81**	**0.86**	
Automobile Assembler										
Honda Atlas Cars (Pakistan) Limited	250,500	195,200	-	-	328,700	117,000	40,456	0.49	0.52	0.08
Millat Tractors Limited	78,000	104,180	21,660	-	18,700	185,140	199,879	2.44	2.59	0.33
Indus Motor Company Limited	8,700	-	-	-	8,700	-	-	-	-	-
							240,335	**2.93**	**3.11**	
Pharmaceuticals										
Abbot Laboratories (Pakistan) Limited	4,950	39,400	-	-	4,950	39,400	31,219	0.38	0.40	0.04
GlaxoSmithKline (Pakistan) Limited	300,200	60,700	-	-	215,600	145,300	24,072	0.29	0.31	0.05
GlaxoSmithKline Consumer Health Care Pakistan Limited	-	7,000	-	-	7,000	-	-	-	-	-
Ferozsons Laboraties Limited	48,000	-	-	-	48,000	-	-	-	-	-
The Searle Company Limited	502,517	409,900	-	58,409	164,400	806,426	195,655	2.39	2.53	0.38
AGP Limited	-	738,300	-	-	145,000	593,300	69,612	0.85	0.90	0.21
IBL Healthcare Limited	-	180,000	-	-	17,500	162,500	18,059	0.22	0.23	0.30
							338,617	**4.13**	**4.37**	
Engineering										
Mughal Iron and Steel Industries Limited	1,642,823	1,731,500	-	333,612	1,302,000	2,405,935	251,180	3.06	3.25	0.96
International Steels Limited	512,000	1,055,000	-	-	765,000	802,000	74,915	0.91	0.97	0.18
Ittefaq Iron Industries	2,514,500	-	-	-	2,514,500	-	-	-	-	-
Amreli Steels Limited	1,711,000	-	-	-	1,711,000	-	-	-	-	-
Agha Steel Industries Limited	-	4,436,500	-	-	4,116,000	320,500	10,810	0.13	0.14	0.06
Aisha Steel Limited	-	440,000	-	-	155,000	285,000	7,099	0.09	0.09	0.04
International Industries Limited	-	533,000	-	-	19,000	514,000	108,464	1.32	1.40	0.39
							452,468	**5.51**	**5.85**	
Textile Composite										
Nishat Mills Limited	2,018,800	595,000	-	-	1,101,500	1,512,300	141,098	1.72	1.83	0.43
Kohinoor Textile Mills Limited	431,533	3,076,400	-	-	-	3,507,933	263,797	3.22	3.41	1.17
Interloop Limited	1,197,662	1,027,000	-	-	768,500	1,456,162	101,975	1.24	1.32	0.17
							506,870	**6.18**	**6.56**	
Leather & Tanneries										
Service Global Footwear Limited	-	241,748	-	-	-	241,748	13,980	0.17	0.18	0.12
							13,980	**0.17**	**0.18**	

Name of the Investee Company	As at 1 July 2020	Purchases during the year	Bonus shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2021	Market value / carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	-- (Number of shares)					--	(Rupees in '000)	------------------------ (%)	--------------------------	
Food and Personal Care Products										
Al Shaheer Corporation Limited (refer note 6.1.1)	1,062,422	-	-		1,044,044	18,378	366	-	-	0.01
Al-Tahur Limited (refer note 6.1.2)	1,849,402	150,000	80,840	-	1,849,402	230,840	5,379	0.07	0.07	0.14
Unity Foods Limited	-	3,204,500	-	-	2,727,500	477,000	21,236	0.26	0.27	0.05
							26,981	0.33	0.34	
Technology and Communication										
Systems Limited	556,150	120,0005	52,66	-	189,800	539,015	301,967	3.68	3.91	0.44
NetSol Technologies Limited	17,400	-	-	-	17,400	-	-	-	-	-
Avanceon Limited (refer note 6.1.2)	11,369	-	2,273	-	-	13,642	1,251	0.02	0.02	0.01
P.T.C.L	-	1,430,000	-		445,000	985,000	11,662	0.14	0.15	0.03
TPL Trakker Limited	-	948,000	-	-	948,000	-	-	-	-	-
							314,880	3.84	4.08	
Power Generation and Distribution										
The Hub Power Company Limited	5,212,870	949,948	-	-	1,675,000	4,487,818	357,544	4.36	4.63	0.35
K-Electric Limited*	3,133,000	-	-	-	3,133,000	-	-	-	-	-
							357,544	4.36	4.63	
Commercial Banks										
Meezan Bank Limited	3,276,930	755,500	333,744	-	1,521,215	2,844,959	328,337	4.00	4.25	0.22
							328,337	4.00	4.25	
Glass and Ceramics										
Tariq Glass industries Limited (refer note 6.1.2)	1,151,700	99,500	207,675	-	404,000	1,054,875	112,218	1.37	1.45	0.96
Shabbir Tiles and Ceramics Limited*	26,500	6,273,000	-	-	346,000	5,953,500	198,548	2.42	2.57	1.82
Ghani Global Glass Limited	66,500	-	-	-	66,500	-	-	-	-	-
Ghani Value Glass Limited	8,500	-	-	-	8,500	-	-	-	-	-
							310,766	3.79	4.02	
Cable and Electric Goods										
Pak Elektron Limited	-	2,048,000	-	-	685,000	1,363,000	47,787	0.58	0.62	0.27
							47,787	0.58	0.62	
Sugar & Allied Industries										
Faran Sugar Mills Limited	327,500	-	-	-	-	327,500	10,644	0.13	0.14	1.31
Habib Sugar Mills Limited*	250,500	-	-	-	-	250,500	8,267	0.10	0.11	0.17
							18,911	0.23	0.25	
Miscellaneous										
EcoPack Limited (refer note 6.1.2)	2,291	-	-	-	-	2,291	104	-	-	0.01
Synthetic Products Enterprises Limited (refer note 6.1.2)	766,904	-	-	-	703,500	63,404	2,726	0.03	0.04	0.07
							2,830	0.03	0.04	
							7,726,093			
Carrying value before fair value adjustment as at 30 June 2021							6,475,928			

Carrying value before fair value adjustment as at 30 June 2021

6.1.1 Investments include shares with market value of Rs. 503.2 million (30 June 2020: Rs.439.42 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

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

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 5.429 million (30 June 2020: 3.202 million) and not deposited in CDC account of the Income Tax Department.

6.2	**Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'**	*Note*	**2021**	2020
			(Rupees in '000)	
	Market value of securities	*6.1*	**7,726,093**	4,695,290
	Less: carrying value of investments		**(6,475,928)**	(4,746,831)
			1,250,165	(51,541)

7 DIVIDEND AND PROFIT RECEIVABLE

		2021	2020
Dividend receivable on Equity Securities		**580**	24
Profit receivable on bank deposits		**1,679**	1,167
		2,259	1,191

8 ADVANCES, DEPOSITS AND PREPAYMENT

	Note	2021	2020
Advance tax	*8.1*	**4,476**	4,476
Advance against IPO	*8.2*	**58,866**	-
Security deposits with:			
- National Clearing Company of Pakistan Limited		**2,530**	2,530
- Central Depository Company of Pakistan Limited		**103**	103
Prepaid Mutual Fund Rating fee		**133**	119
		66,108	7,228

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholdee. The tax withhold on dividends and profit on bank deposits as at 30 June 2021 amounts to Rs. 4.476 million (30 June 2020: Rs. 4.476 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 the 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 as in the opinion of the management, the amount of tax deducted at source will be refunded.

8.2 This represents Rs. 11.436 million and Rs. 47.43 million paid as 28% margin money in respect of IPO subscription of 1,361,443 shares at the rate of Rs. 30 each and 4,033,171 shares at the rate of Rs. 42 each of Citi Pharma Limited and Pakistan Aluminum Beverage Cans Limited respectively. Subsequently, 955,776 shares of Citi Pharma at the strike price of Rs. 32 and 818,178 shares of Pakistan Aluminum Beverage Cans at the strike price of Rs. 49 have been issued.

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	2021	2020
		(Rupees in '000)	
Management remuneration	9.1	**10,189**	5,954
Sindh Sales Tax on management remuneration	9.2	**1,325**	774
Selling and marketing expenses	9.3	**39,014**	16,313
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	**2,926**	1,133
Sales load and others		**3,550**	2,241
Other Payable		**20**	20
ADC Payable including SST		**62**	-
		57,086	26,435

9.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 2% of average annual net assets. The Management Company had charged its remuneration at the rate of 2% of the average annual net assets of the Fund till 11 July 2019 and effective from 12 July 2019 the Management Company has revised its remuneration rate and charged it at the rate of 1.5% of the average annual net assets of the Fund.

9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on management remuneration and sales load.

9.3 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. Subsequently, the Management Company has revised selling and marketing expenses rate during the year and charged accordingly as follows:

Period	**Rate per annum**
1 July 2020 to 26 Oct 2020	1.5% of net assets or actual expenses whichever is lower.
27 Oct 2020 to 25 Jan 2021	1.9% of net assets or actual expenses whichever is lower.
26 Jan 2021 to 30 June 2021	2% of net assets or actual expenses whichever is lower.

9.4 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O. 639 (I)/2019, has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. The Management Company has charged 0.15% of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2021	2020
		(Rupees in '000)	
Trustee remuneration	10.1	**762**	479
Sindh Sales Tax on Trustee remuneration	10.2	**99**	62
		861	541

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund as stated below:

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

The remuneration is paid to the Trustee monthly in arrears.

10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on trustee remuneration.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP at an amount equal to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

12 PAYABLE AGAINST CONVERSION AND REDEMPTION OF UNITS

This includes an amount of Rs. 4.935 million, Rs. 0.500 million, Rs. 0.300 million, Rs. 1.227 million, payable on account of conversion of units to NBP Islamic Money Market Fund, NBP Stock Fund, NBP Financial Sector Income Fund and NBP Islamic Mahana Amdani Fund respectively respective to the Fund.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2021	2020
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	13.1	**80,997**	44,440
Brokerage fee		**1,784**	895
Federal excise duty payable on remuneration of the management company	13.2	**8,209**	8,209
Federal exise duty payable on Sales Load		**2,327**	2,327
Auditors' remuneration		**500**	408
Settlement charges		**213**	38
Withholding tax		**6,929**	182
Printing charges		**38**	2
Capital gain tax		**6,100**	973
Bank charges		**95**	51
Legal fees		**96**	86
Charity Payable		**12,331**	9,203
Shariah Advisor fee payable		**864**	671
		120,483	67,485

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) was passed by the Government of Sindh as a result of which every industrial establishment, the definition of which was extended to include mutual funds, located in the Province of Sindh and the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act.

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of financial institutions. The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014.

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 under the SWWF Act, 2014. MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

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

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. As a result, reversal of provision for WWF amounting to Rs. 45.575 million and a provision for SWWF of Rs. 107.215 million upto 12 January 2017 was made. Thereafter, the provision for SWWF is being made on a daily basis.

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 would have been higher by Re. 0.1257 per unit (2020: Re. 0.0873).

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 8.209 million (30 June 2020: Rs. 8.209 million). Had the provision not been made, the NAV per unit of the Fund would have been higher by Re. 0.0127 (30 June 2020: Re. 0.0181) per unit.

14 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 30 June 2021 (30 June 2020: Nil), except as disclosed elsewhere in these financial statements.

15 NUMBER OF UNITS IN ISSUE

	Note	**2021**	2020
		(Number of units)	
Total units in issue at beginning of the year		**508,796,209**	452,452,689
Add: Units issued against			
- Sale	15.1	**1,107,574,163**	870,091,265
- Refund of capital at zero value	15.2	**3,791,256**	-
		1,111,365,419	870,091,265
Less: Units redeemed		**(976,013,185)**	(813,747,745)
Total units in issue at end of the year		**644,148,443**	508,796,209

15.1 This includes 3,313,774 units issued against dividend reinvestment amounting to Rs. 42,745,034 net of taxation.

15.2 The Management Company on 25 June 2021 declared interim distribution amounted to Re. 0.1619 per unit (for full year) for the year ended 30 June 2021. The aggregate cash distribution amounted to Rs. 49.996 million. The refund of capital / element of income was made by issuing 3,783,380 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.

16 AUDITORS' REMUNERATION

	2021	2020
	(Rupees in '000)	
Annual audit fee	**378**	332
Half yearly review fee	**181**	132
Out of pocket expenses and others including government levy	**190**	149
	749	613

17 TAXATION

17.1 The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year ended 30 June 2021, the Fund has made sufficient distribution therefore no tax provision has been made.

18 RECONCILIATION OF RECEIVABLE AND LIABILITY 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	**34,197**	**(29,868)**	**-**	**4,329**
Receivable against issuance of units	13,419,550	-	-	13,419,550
Payable against redemption of units	-	(11,723,116)	-	(11,723,116)
Dividend Payable	-	-	(99,370)	(99,370)
Refund of capital	(49,374)	-	49,374	-
	13,370,176	(11,723,116)	(49,996)	1,597,064
Amount received on issuance of units	(13,395,948)	-	-	(13,395,948)
Amount paid on redemption of units	-	11,739,769	-	11,739,769
Dividend reinvested	-	-	49,996	49,996
Net cash generated from financing activities	(13,395,948)	11,739,769	49,996	(1,606,183)
Balance as at 30 June 2021	**8,425**	**(13,215)**	**-**	**(4,790)**

19 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies), incurred during the year divided by average net asset value for the year) is 4.62% (2020: 3.76%) per annum. Total expense ratio (excluding government levies) is 3.85% (2020: 3.53%) per annum.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2021		
	At amortised cost	**At fair value through profit or loss**	**Total**
	-------------------------	**(Rupees in '000)**	-------------------------
Assets			
Bank balances	**576,948**	**-**	**576,948**
Investments	**-**	**7,726,093**	**7,726,093**
Dividend and profit receivable	**2,259**	**-**	**2,259**
Receivable from funds under management by Management Company against conversion of units	**8,425**	**-**	**8,425**
Receivable against sale of investments	**16,400**	**-**	**16,400**
Advance and deposits	**61,499**	**-**	**61,499**
	665,531	**7,726,093**	**8,391,624**

	As at 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	**-**	**57,086**	**57,086**
Payable to Central Depository Company of Pakistan Limited - Trustee	**-**	**861**	**861**
Payable against conversion and redemption of units	**-**	**13,215**	**13,215**
Accrued expenses and other liabilities	**-**	**15,921**	**15,921**
	-	**87,083**	**87,083**

	As at 30 June 2020		
	At Amortised Cost	Mandatorily at fair value through profit or loss	Total
	--------------------------	(Rupees in '000)	--------------------------
Assets			
Bank balances	191,363	-	191,363
Investments	-	4,695,290	4,695,290
Dividend and profit receivable	1,191	-	1,191
Receivables from funds under management by			-
Management Company against conversion of units	34,197	-	34,197
Receivable against sale of investments	10,845	-	10,845
Deposits	2,633	-	2,633
	240,229	4,695,290	4,935,519

	As at 30 June 2020		
	Mandatorily at fair value through profit or loss	Other financial liabilities	Total
	--------------------------	(Rupees in '000)	--------------------------
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	26,435	26,435
Payable to Central Depository Company of Pakistan Limited - Trustee	-	541	541
Payable against redemption of units	-	29,868	29,868
Accrued expenses and other liabilities	-	11,354	11,354
	-	68,198	68,198

21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

21.5 Details of transactions with connected persons are as follows:

NBP Fund Management Limited - Management Company		
Remuneration of NBP Fund Management Limited - Management Company	**102,466**	69,200
Sindh Sales Tax on remuneration to Management Company	**13,321**	8,996
Selling and marketing expenses	**125,488**	58,041
Allocation of expenses related to registrar services, accounting, operation and valuation services	**9,291**	4,572
Sales load and transfer load including SST	**25,216**	14,000
ADC including SST	**194**	-
Employees of the Management Company		
Issue of 91,303,240 units (2020: 69,974,912 units)	**1,067,805**	671,202
Redemption of 86,597,962 units (2020: 63,878,865 units)	**1,018,427**	614,067
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	**7,831**	5,572
Sindh Sales Tax on remuneration to Trustee	**1,018**	724
CDS charges	**460**	1,202
National Clearing Company of Pakistan Limited		
NCCPL Charges	**728**	779
Pakistan Stock Exchange Limited		
Listing fee	**25**	25
Humayun Bashir - Director		
Units Issued / Transferred In (763,386)	**10,008**	-
Rohma Amjad		
Dividend Re-invest Units Issued (17) (2020: Nil)	**-**	-
National Bank of Pakistan - Parent company		
Profit on Bank deposits	**-**	20

	2021	2020
	(Rupees in '000)	
International Steel Limited		
Shares purchased 1,055,000 (2020: 1,997,500 shares)	**95,849**	102,400
Shares sold 765,000 (2020: 1,880,400 shares)	**61,245**	81,893
Dividend Income	**899**	430
NBP Fund Management Limited - Employees Provident Fund		
Units Issued / Transferred In (297,596) (2020: Nil)	**3,814**	-
Units Redeemed / Transferred Out (114,845) (2020: Nil)	**1,514**	-
Portfolio managed by Management Company		
Issue of 8,965,270 units (2020: 12,493,790)	**106,071**	125,611
Redemption of 11,742,449 units (2020:4,365,333)	**131,459**	43,929
Hub Power Company Limited		
Shares purchased 950,000 (2020: 3,685,000)	**78,627**	301,062
Shares sold 1,675,000 (2020: 2,912,414 units)	**138,145**	225,836
Dividend income	**27,814**	-
BankIslami Pakistan Limited		
Profit on bank deposits	**5,555**	16,104
Taurus Securities Limited - Subsidiary of parent company		
Brokerage charges	**831**	946
CDC Trustee NBP Balanced Fund		
Purchase of equity securities: Nil shares (2020: 278,000)	**-**	32,684
CDC Trustee NBP Sarmaya Izafa Fund		
Purchase of equity securities: Nil shares (2020: 249,500)	**-**	27,457
CDC Trustee NBP Islamic Sarmaya Izafa Fund		
Purchase of equity securities: 671,500 shares (2020: Nil)	**47,740**	-

21.6 Balances at year end

	2021	2020
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Management remuneration payable	**10,189**	5,954
Sindh Sales tax payable	**1,325**	774
Other payable	**20**	20
Allocation of expenses related to registrar services, accounting, operation and valuation services	**2,926**	1,133
Selling and marketing expenses	**39,014**	16,313
Sales load and transfer load including SST	**3,550**	2,241
ADC payable including SST	**62**	**-**
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	**762**	479
Sindh Sales Tax on Trustee remuneration	**99**	62
Security deposit	**103**	103

	2021	2020
	(Rupees in '000)	
Employees of the Management Company		
Units held: 12,333,699 (2020: 7,666,693 units)	**157,070**	72,552
National Clearing Company of Pakistan Limited		
Security deposits	**2,530**	2,530
NCCPL charges payable	**63**	53
NBP Fund management Limited - Employees provident fund		
Units held: 297,596 units (2020: 114,845)	**3,790**	1,087
International Steels Limited		
Shares held: 802,000 (2020: 512,000 shares)	**74,915**	26,445
Portfolio managed by Management Company		
Units held 9,741,006 (2020: 10,771,430)	**124,051**	101,933
Hub Power company Limited		
Shares held: 4,487,818 (2020: 5,212,870)	**357,545**	377,933
National bank of Pakistan - Parent company		
Bank balance	**2,924**	3,617
Profit receivable	**9**	-
Taurus Securities Limited		
Brokerage payable	**-**	70
BankIslami Pakistan Limited - common directorship		
Bank balance	**54,827**	161,350
Profit receivable	**358**	768
Rohma Amjad		
Units held: 1,569 units (2020: 1,553 Units)	**20**	15
Humayun Bashir - Director		
Units held: 763,386 units (2020: Nil Units)	**9,722**	-
Receivables from funds against conversion of units		
NBP Stock Fund	**2,010**	26,000
NBP Islamic Savings Fund	**-**	3,899
NBP Islamic Mahana Amdani Fund	**479**	2,000
NBP Mahana Amdani Fund	**126**	2,298
NBP Islamic Income Fund	**1,229**	-
NBP Islamic Money Market Fund	**3,981**	-
NBP Riba Free Savings Fund	**100**	-
NBP Income Opportunity Fund	**500**	-

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	33
2	Sajjad Anwar*	CFA and MBA	21
3	Asim Wahab Khan	CFA	15
4	Hassan Raza	ACCA, BSC and CFA	10

*Mr. Sajjad Anwar Javed is the Manager of the Fund. He is also managing NAFA Islamic Active Allocation Plan I, NAFA Islamic Active Allocation Plan II, NAFA Islamic Active Allocation Plan III, NAFA Islamic Active Allocation Plan IV, NAFA Islamic Active Allocation Plan V, NAFA Islamic Active Allocation Plan VI, NAFA Islamic Active Allocation Plan VII,NAFA Islamic Active Allocation Plan VIII , NAFA Islamic Capital Preservation Plan I, NAFA Islamic Capital Preservation Plan II, NAFA Islamic Capital Preservation Plan III, NAFA Islamic Capital Preservation Plan IV, NBP Islamic Capital Preservation Plan V, NAFA Islamic Pension Fund and NAFA Pension Fund.

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

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

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	**6.40**
2	BMA Capital Management Limited	**4.70**
3	Alfalah Securities (Pvt) Limited	**4.30**
4	Arif Habib Securities Limited	**4.24**
5	JS Global Capital Limited	**4.15**
6	Optimus Capital Management Limited	**4.14**
7	Foundation Securities	**4.12**
8	Intermarket Securities	**4.09**
9	Topline Securities Limited	**4.04**
10	EFG Hermes Pakistan Limited	**3.95**

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

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	7.11
2	Arif Habib Securities Limited	5.86
3	Ismail Iqbal Securities (Pvt) Limited	5.08
4	Alfalah Securities (Pvt) Limited	4.80
5	Topline Securities Limited	4.56
6	BMA Capital Management Limited	4.51
7	EFG Hermes Pakistan Limited	4.44
8	Foundation Securities	4.43
9	Optimus Capital Management Limited	4.31
10	Intermarket Securities	4.01

24 PATTERN OF UNIT HOLDING

	As at 30 June 2021		
	Number of unit holders	**Investment amount (Rupees in '000)**	**Percentage investment %**
Category			
Individuals	**3,940**	**3,198,025**	**38.99**
Associated Companies and Directors	**2**	**13,512**	**0.16**
Insurance Companies	**5**	**591,758**	**7.21**
Retirement Funds	**66**	**1,986,369**	**24.21**
Public Limited Companies	**4**	**1,049,660**	**12.80**
Others	**49**	**1,363,898**	**16.63**
	4,066	**8,203,222**	**100.00**

	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Category			
Individuals	3,917	2,226,000	46.23
Associated Companies and Directors	1	1,087	0.02
Insurance companies	5	559,544	11.62
Retirement funds	50	532,490	11.06
Listed companies	2	634,342	13.17
Others	35	861,408	17.89
	4,010	4,814,871	100.00

25 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**	
Mr. Shaikh Muhammad Abdul Wahid Sethi	5	5	-	
Mr. Saad ur Rahman Khan (note 25.1)	3	2	1	77th Meeting
Mr. 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 (note 25.2)	2	2	-	

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

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

26 FINANCIAL RISK MANAGEMENT

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

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

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

The Fund primarily invests in a portfolio of listed equity securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

26.1 Market risk

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

26.1.1 Currency risk

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

26.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 5.434 million (2020: 1.700 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold fixed rate instruments.

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

	Yield / interest rate (%)	As at 30 June 2021 - Exposed to yield / interest risk - Upto three months	Over three months and upto one year	Over one year	Not exposed to yield / interest risk	Total
		------ (Rupees in '000) ------				
On-balance sheet financial instruments						
Financial Assets						
Bank balances	3.75 - 6.80	543,357	-	-	33,591	576,948
Investments		-	-	-	7,726,093	7,726,093
Dividend and profit receivable		-	-	-	2,259	2,259
Receivable from funds under management by Management Company against conversion of units		-	-	-	8,425	8,425
Receivable against sale of investments		-	-	-	16,400	16,400
Advance and deposits		-	-	-	61,499	61,499
		543,357	-	-	7,848,267	8,391,624
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	57,086	57,086
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	861	861
Payable against conversion and redemption of units		-	-	-	13,215	13,215
Accrued expenses and other liabilities		-	-	-	15,921	15,921
		-	-	-	87,083	87,083
On-balance sheet gap		543,357	-	-	7,761,184	8,304,541
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		543,357	-	-		
Cumulative interest rate sensitivity gap		543,357	543,357	543,357		

	Yield / interest rate (%)	As at 30 June 2020 - Exposed to yield / interest risk - Upto three months	Over three months and upto one year	Over one year	Not exposed to yield / interest risk	Total
		------ (Rupees in '000) ------				
On-balance sheet financial instruments						
Financial Assets						
Bank balances	7.00 - 14.50	170,041	-	-	21,322	191,363
Investments		-	-	-	4,695,290	4,695,290
Dividend and profit receivable		-	-	-	1,191	1,191
Receivables from funds under management by Management Company against conversion of units		-	-	-	34,197	34,197
Receivable against sale of investments		-	-	-	10,845	10,845
Deposits		-	-	-	2,633	2,633
		170,041	-	-	4,765,478	4,935,519
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	26,435	26,435
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	541	541
Payable against redemption of units		-	-	-	29,868	29,868
Accrued expenses and other liabilities		-	-	-	11,354	11,354
		-	-	-	68,198	68,198
On-balance sheet gap		170,041	-	-	4,697,280	4,867,321
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		170,041	-	-		
Cumulative interest rate sensitivity gap		170,041	170,041	170,041		

26.1.3 Price risk

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

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

The Fund manages the risk by limiting exposure to any single investee company to the extent of 15% of issued capital of that investee company and the net assets of the Fund with overall limit of 40% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 5% increase / (decrease) in KMI 30 index on 30 June 2021, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 386.305 million (2020: Rs. 234.764 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 index.

26.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its bank balances. Risks attributable to bank balances are managed by maintaining balances in 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.

Balances with banks	**2021**	2020
	(Rupees in '000)	
AAA	**478,150**	12,406
AA+	**5,397**	1,505
AA-	**8,744**	2,395
AA	**46,925**	4,422
A+	**16,821**	161,743
A-	**465**	508
A	**12,569**	50
Suspended / No Rating	**7,877**	8,334
	576,948	191,363

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 the credit risk

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

26.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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

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

	30 June 2021			
	Total	Upto three months	Over three months and upto one year	Over one year
	------------------------------ (Rupees in '000) ------------------------------			
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	57,086	57,086	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	861	861	-	-
Payable against conversion and redemption of units	13,215	13,215	-	-
Accrued expenses and other liabilities	15,921	15,921	-	-
	87,083	87,083	-	-
Unitholders' fund	8,203,222	8,203,222	-	-

	30 June 2020			
	Total	Upto three months	Over three months and upto one year	Over one year
	------------------------------ (Rupees in '000) ------------------------------			
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	26,435	26,435	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	541	541	-	-
Payable against redemption of units	29,868	29,868	-	-
Accrued expenses and other liabilities	11,354	11,354	-	-
	68,198	68,198	-	-
Unitholders' fund	4,814,871	4,814,871	-	-

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

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

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

		30 June 2021						
		Carrying value			Fair value			
	Note	At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
		---------- (Rupees in '000) ----------						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investment - Listed equity securities		7,726,093	-	7,726,093	7,726,093	-	-	7,726,093
Financial assets not measured at fair value	27.1							
Bank balances		-	576,948	576,948				
Dividend and profit receivable		-	2,259	2,259				
Receivable from funds under management by Management Company against conversion of units		-	8,425	8,425				
Receivable against sale of investments		-	16,400	16,400				
Advance and Deposits		-	61,499	61,499				
		-	665,531	665,531				
Financial liabilities not measured at fair value	27.1							
Payable to NBP Fund Management Limited - Management Company		-	57,086	57,086				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	861	861				
Payable against conversion and redemption of units		-	13,215	13,215				
Accrued expenses and other liabilities		-	15,921	15,921				
		-	87,083	87,083				

		30 June 2020						
		Carrying value			Fair value			
		At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investment - Listed equity securities		4,695,290	-	4,695,290	4,695,290	-	-	4,695,290
Financial assets not measured at fair value	27.1							
Bank balances		-	191,363	191,363				
Dividend and profit receivable		-	1,191	1,191				
Receivables from funds under management by Management Company against conversion of units		-	34,197	34,197				
Receivable against sale of investments		-	10,845	10,845				
Deposits		-	2,633	2,633				
		-	240,229	240,229				
Financial liabilities not measured at fair value	27.1							
Payable to NBP Fund Management Limited - Management Company		-	26,435	26,435				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	541	541				
Payable against redemption of units		-	29,868	29,868				
Accrued expenses and other liabilities		-	11,354	11,354				
		-	68,198	68,198				

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

27.2 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 with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

28 UNITHOLDERS' FUND RISK MANAGEMENT

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

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

As at 30 June 2021, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

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

29 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 at the year ended (Rs '000)	8,203,222	4,814,871	4,120,790	6,403,926	8,292,693	1,752,387
Net income for the year ended (Rs '000)	1,791,287	(104,639)	(1,227,620)	(1,204,742)	1,908,452	175,090
Net Asset Value per unit at the year ended (Rs)	12.7350	9.4633	9.1077	11.3973	13.1045	11.4401
Offer Price per unit	13.1667	9.7841	9.4171	11.7837	13.5487	11.8940
Redemption Price per unit	12.7350	9.4633	9.1077	11.3973	13.1045	11.4401
Ex - Highest offer price per unit (Rs.)	13.6534	11.9900	12.2350	13.7611	17.5864	12.2366
Ex - Lowest offer price per unit (Rs.)	9.8921	7.3512	9.2067	10.8435	12.1402	9.7911
Ex - Highest redemption price per unit (Rs.)	13.2057	11.5969	11.8338	13.3099	14.6687	11.7697
Ex - Lowest redemption price per unit (Rs.)	9.5678	7.1102	8.9048	10.4880	9.9859	9.4175
Opening Nav of Fiscal Year	9.3471	9.1077	11.3973	13.0678	9.8933	10.1340
Total return of the fund	36.25%	3.90%	-20.09%	-12.78%	32.46%	12.89%
Capital gowth	35.00%	3.90%	-20.09%	-12.78%	11.47%	5.43%
Income distribution as a % of e x nav	1.24%				20.99%	7.46%
Income distribution as a % of par value	1.62%				20.77%	8.50%
Distribution						
Interim distribution per unit	0.1619			-	2.0765	0.8500
Final distribution per unit				-	0.0332	-
Distrubution Dates						
Interim	25-Jun-21				19-Jun-17	30-Jun-16
Final					15-Sep-17	
Average annual return of the fund (launch date January 09, 2015)						
(Since inception to June 30, 2021)	**7.97%**					
(Since inception to June 30, 2020)		**3.48%**				
(Since inception to June 30, 2019)			3.39%			
(Since inception to June 30, 2018)				11.35%		
(Since inception to June 30, 2017)					22.90%	
(Since inception to June 30, 2016)						16.81%
Portfolio Composition (Please see Fund Manager Report)						

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

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP Islamic Stock Fund				
	Resolutions	**For**	**Against**	**Abstain***
Number	**7**	**7**	Nil	N/A
(%)	**100%**	**100%**	-	-

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