



NBP SAVINGS FUND

AM1
Rated by PACRA

ANNUAL REPORT
2021



MISSION STATEMENT

**To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.**



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Summit Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Habib Metropolitan Bank Limited
Mobilink Microfinance Bank Limited

**Auditors**

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



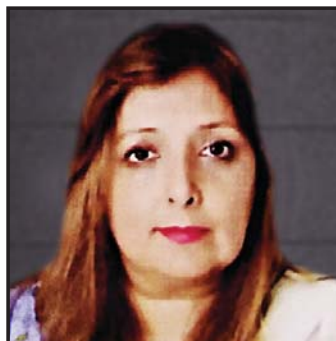
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director



Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation &
Strategy Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Salman Ahmed, CFA
Head of Fixed Income



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



Mr. Hassan Raza, CFA
Head of Research



Mr. Waheed Abidi
Head of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Muhammad Imran, CFA, ACCA
Head of Portfolio Management



Syed Haseeb Ahmed Shah
Head of Compliance



DIRECTORS' REPORT

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

Fund's Performance

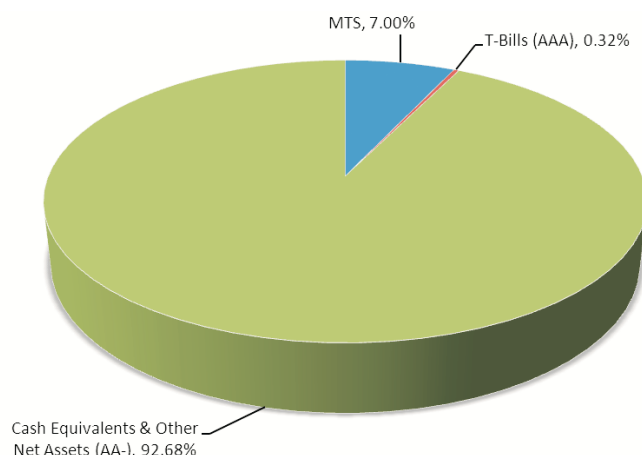
Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with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

NBP-SF is categorized as an Income Scheme and has been awarded stability rating of 'A+ (f)' by PACRA.

The size of NBP Savings Fund has decreased from Rs. 1,695 million to Rs. 1,532 million during the period, i.e., a drop of 10%. During the said period, the unit price of NBP Savings Fund has increased from Rs. 9.2006 (Ex-Div) on June 30, 2020 to Rs. 9.8076 on June 30, 2021 thus posting a return of 6.6% as compared to its Benchmark return of 7.4% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned income of Rs. 132.20 million during the year. After accounting for expenses of Rs. 32.54 million, the net income is Rs. 99.64 million.

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



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 6.45% of the opening ex-NAV (6.32% of the par value) during the year 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 Savings Fund amounting to Rs. 9.38 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 Savings Fund by 0.63% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditor, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, is retired. The Board has approved the appointment of Messrs A.F. Ferguson & Co. Chartered Accountants, offer for appointment for the year ending June 30, 2022.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 26 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2021, the Board included:



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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: **September 16, 2021**

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP سیونگ فنڈ (NBP-SF) کی چودھویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2021ء پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

فنڈ کی کارکردگی

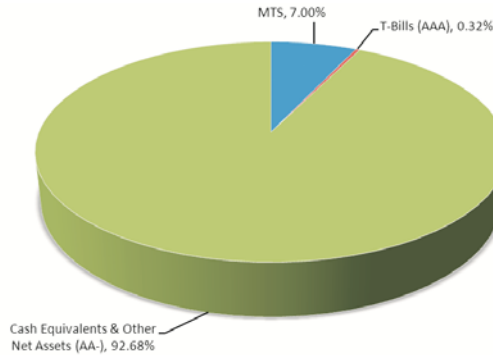
سی پی آئی (CPI) کی پیمائش کردہ افراط زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بیچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراط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

این بی پی سیونگ فنڈ ایک انکم اسکیم ہے اور PACRA کی طرف سے اسے 'A+(f)' کی شیلیٹی ریٹنگ دی گئی ہے۔

این بی پی سیونگ فنڈ کا سائز اس مدت کے دوران 1,695 ملین روپے سے کم ہو کر 1,532 ملین روپے ہو گیا، یعنی 10% کی کمی ہوئی۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 9.2006 روپے (Ex-Div) سے بڑھ کر 30 جون 2021 کو 9.8076 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 7.4% بیچ مارک منافع کے مقابلے میں 6.6% منافع دیا۔ فنڈ کا یہ منافع منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 132.20 ملین روپے کی آمدنی ہوئی۔ 32.54 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 99.64 ملین روپے ہے۔

این بی پی سیونگ فنڈ کی ایسٹ ایلویشن برطانیہ 30 جون 2021ء درج ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 6.45% (بنیادی قدر کا 6.32%) 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 شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

سندھ ورکرز ویلفیئر فنڈ (SWWF)

مورخہ 12 اگست 2021 کو سندھ ورکرز ویلفیئر بورڈ کی جانب سے ایک وضاحتی مراسلہ نمبر SRB/TP/70/2013/8772 میوچل فنڈ ز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP سیونگ فنڈ میں ریکارڈ کی گئی 9.38 ملین روپے ورکرز ویلفیئر فنڈ کی پروویڈنٹس کو 13 اگست 2021 رپورس کر دیا گیا۔ پروویڈنٹس کی اس رپورس کے باعث NBP سیونگ فنڈ کی NAV میں 0.63% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG ٹاٹا ٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں۔ بورڈ نے میسرز A.F. فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی منظوری دی، جو 30 جون 2022 کو ختم ہونے والے سال کے لئے اپنے آپ کو تفری کے لئے پیش کرتے ہیں۔

سیڈ 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۔ شریاتی تحجیے 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. انٹرئل کنٹرول کا نظام مضبوط اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیجز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، ای ای او، ای 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 22 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2021 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

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



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے 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 خلص 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

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 16 ستمبر 2021ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2021



FUND MANAGER REPORT

NBP Savings Fund

NBP Savings Fund (NBP-SF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP-SF is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

Benchmark

6 Month - KIBOR.

Fund Performance Review

This is the Fourteenth Annual report since the launch of the Fund on March 28, 2008. The Fund size decreased by 10% during FY21 and stands at Rs. 1,532 million as of June 30, 2021. The Fund's return since its inception is 5.4% p.a. versus the benchmark return of 9.8% p.a. During FY21, the Fund posted an annualized return of 6.6% as compared to a benchmark return of 7.4%. The return of the Fund is net of management fee and all other expenses.

The weighted average Yield-to-Maturity of the Fund is 8.2% p.a. while the yield does not include potential recovery in fully provided TFCs/Sukuks (Face Value of Rs 305 million), which is a potential upside for the Fund. Weighted average time to maturity of the Fund is around 4 days.

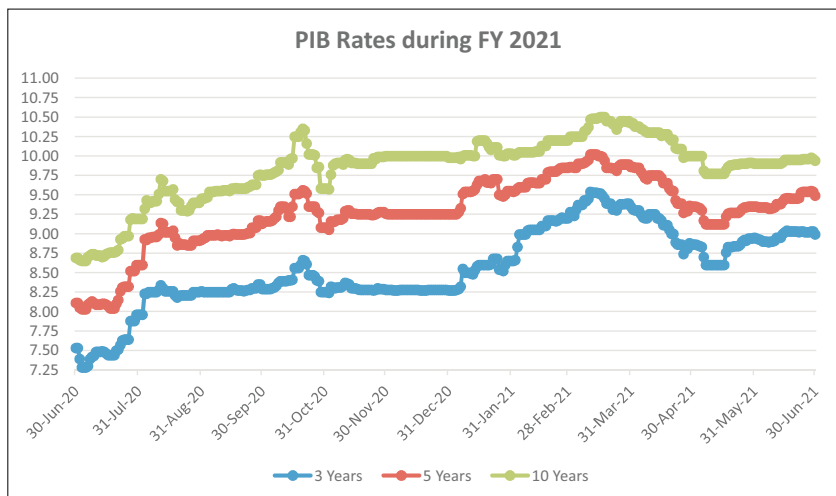
Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country. SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 15.2 trillion. Sovereign yields reflected the market expectation of the bottoming out of the interest rate and eventual reversal of the monetary easing cycle. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 19, 48 and 76 basis points, respectively. 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
T-Bills	0.33%	5.88%
Term Deposit Receipt	0.00%	3.84%
Margin Trading System (MTS)	7.00%	11.29%
Cash (Cash Equivalents) & Other Assets	92.68%	78.99%
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
Interim	6.32%	10.4263	9.7943

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
AgriTech Limited II	TFC	149,875,800	149,875,800	-	-	-
New Allied Electronics Limited II	Sukuk	49,054,371	49,054,371	-	-	-
AgriTech Limited V	TFC	22,180,000	22,180,000	-	-	-
Eden House Limited	Sukuk	19,687,500	19,687,500	-	-	-
Saudi Pak Leasing Company Limited	TFC	41,321,115	41,321,115	-	-	-
Worldcall	TFC	23,326,170	23,326,170	-	-	-
Total		305,444,956	305,444,956	-	-	-

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

Size of Unit Holding (Units)	# of Unit Holders
1-1000	1036
1001-5000	87
5001-10000	20
10001-50000	69
50001-100000	45
100001-500000	77
500001-1000000	7
1000001-5000000	10
5000001-10000000	1
10000001-100000000	2
Total	1354



During the period under question:

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 9.160 million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0586. For details, investors are advised to read note 14.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Savings Fund amounting to Rs. 9.38 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 Savings Fund by 0.63% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NBP Savings 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. 1,439.20 million and Rs. 4.98 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 **Amyr Malik**.

Date: September 30, 2021
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
Assets			
Bank balances	5	1,439,201	1,414,360
Investments	6	4,986	164,709
Receivable against Margin Trading System	7	107,206	191,347
Profit receivable	8	8,407	10,587
Receivable from funds under management by Management Company against conversion of units		-	1,599
Advance, deposits and prepayment	9	1,042	1,150
Total assets		1,560,842	1,783,752
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10	4,602	5,253
Payable to Central Depository Company of Pakistan Limited - Trustee	11	104	89
Payable to Securities and Exchange Commission of Pakistan	12	312	227
Payable against redemption / conversion of units	13	4,830	69,352
Accrued expenses and other liabilities	14	18,989	14,261
Total liabilities		28,837	89,182
Net assets		1,532,005	1,694,570
Unitholders' fund (as per statement attached)		1,532,005	1,694,570
Contingency and commitment	15		
		(Number of units)	
Number of units in issue	16	156,205,928	173,015,951
		(Rupees)	
Net assets value per unit		9.8076	9.7943

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
Income			
Income from government securities		20,879	7,147
Income from term deposit receipts	6.4	13,332	13,720
Mark-up return from term finance certificates		-	3,160
Income from commercial paper	6.7	5,916	16,197
Profit on bank deposits	5.1	61,644	98,168
Income from Margin Trading System		30,154	17,947
Income from Letter of placement	6.8	414	-
(Loss) / gain on sale of investments		(143)	330
Net unrealised appreciation on re-measurement of investments at 'fair value through profit or loss'		-	41
Total income		132,196	156,710
Expenses			
Remuneration to NBP Fund Management Limited - Management Company	10.1	8,965	9,967
Sindh Sales Tax on remuneration to Management Company	10.2	1,165	1,296
Remuneration to Central Depository Company of Pakistan Limited - Trustee	11.1	1,170	850
Sindh Sales Tax on remuneration to Trustee	11.2	152	110
Selling and marketing expense	10.3	10,922	7,827
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	1,825	1,133
Annual fee - Securities and Exchange Commission of Pakistan	12	312	227
Settlement and bank charges		3,512	2,260
Auditors' remuneration	17	787	725
Mutual fund rating fee		462	423
Legal and professional charges		1,071	73
Annual listing fee		28	28
Securities transaction cost		2	9
Printing charges		146	19
Total expenses		30,519	24,947
Net income from operating activities		101,677	131,763
Provision for Sindh Workers' Welfare Fund	14.1	(2,034)	(2,635)
Net income for the year before taxation		99,643	129,128
Taxation	18	-	-
Net income for the year		99,643	129,128
Allocation of net income for the year			
Net income for the year		99,643	129,128
Income already paid on units redeemed		(13,437)	(17,325)
		86,206	111,803
Accounting income available for distribution:			
- Relating to capital gains		-	309
- Excluding capital gains		86,206	111,494
		86,206	111,803

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

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in '000)	2020
Net income for the year	99,643	129,128
Other comprehensive income	-	-
Total comprehensive income for the year	99,643	129,128

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2021

	2021			2020		
	Value	Undistributed income	Total	Value	Undistributed income	Total
Note	(Rupees in '000)					
Net assets at beginning of the year	1,691,334	3,236	1,694,570	1,003,542	384	1,003,926
Issuance of 78,869,923 units (2020: 234,450,876 units)						
- Capital value	772,476	-	772,476	2,291,973	-	2,291,973
- Element of income	12,348	-	12,348	61,683	-	61,683
Total proceeds on issuance of units	784,824	-	784,824	2,353,656	-	2,353,656
Redemption of 95,679,946 units (2020: 164,128,701 units)						
- Capital value	(937,118)	-	(937,118)	(1,604,509)	-	(1,604,509)
- Element of income	(6,869)	(13,437)	(20,306)	(47,683)	(17,325)	(65,008)
Total payments on redemption of units	(943,987)	(13,437)	(957,424)	(1,652,192)	(17,325)	(1,669,517)
Total comprehensive income for the year	-	99,643	99,643	-	129,128	129,128
Interim distribution for the year ended 30 June 2021 of Re. 0.6320 per unit (Date of distribution: 24 June 2021)	16.2					
- Cash distribution	-	(84,167)	(84,167)	-	(108,951)	(108,951)
- Refund of capital	(5,441)	-	(5,441)	(13,672)	-	(13,672)
Total distribution	(5,441)	(84,167)	(89,608)	(13,672)	(108,951)	(122,623)
Net assets at end of the year	1,526,730	5,275	1,532,005	1,691,334	3,236	1,694,570
Undistributed income / (loss) brought forward						
- Realised		3,195			2,030	
- Unrealised		41			(1,646)	
		3,236			384	
Accounting income available for distribution:						
- Relating to capital gains		-			309	
- Excluding capital gains		86,206			111,494	
		86,206			111,803	
Interim Distribution for the year ended 30 June 2021	16.2					
- Cash distribution		(84,167)			(108,951)	
Undistributed income carried forward		5,275			3,236	
Undistributed income carried forward						
- Realised		5,275			3,195	
- Unrealised		-			41	
		5,275			3,236	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		9.7943			9.7759	
Net assets value per unit at end of the year		9.8076			9.7943	

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

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		99,643	129,128
Adjustments for non-cash items:			
Net unrealised appreciation on re-measurement of investments at 'fair value through profit or loss'		-	(41)
Provision for Sindh Workers' Welfare Fund	14.1	2,034	2,635
		<u>101,677</u>	<u>131,722</u>
Decrease / (Increase) in assets			
Investments		159,723	113,514
Receivable against Margin Trading System		84,141	(191,347)
Profit receivables		2,180	149
Advance, deposits and prepayment		108	(17)
		<u>246,152</u>	<u>(77,701)</u>
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - Management Company		(651)	1,064
Payable to Trustee		15	(70)
Payable to Securities and Exchange Commission of Pakistan		85	(471)
Accrued expenses and other liabilities		2,694	2,371
		<u>2,143</u>	<u>2,894</u>
Net cash generated from operating activities		<u>349,972</u>	<u>56,915</u>
CASH FLOWS FROM FINANCING ACTIVITIES	19		
Amount received from issuance of units		780,982	2,338,385
Payments against redemption / conversion of units		(1,021,946)	(1,600,165)
Distributions paid		(84,167)	(108,951)
Net cash (used in) / generated from financing activities		<u>(325,131)</u>	<u>629,269</u>
Net increase in cash and cash equivalents		<u>24,841</u>	<u>686,184</u>
Cash and cash equivalents at beginning of the year		1,414,360	728,176
Cash and cash equivalents at end of the year	5	<u><u>1,439,201</u></u>	<u><u>1,414,360</u></u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NBP Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed on 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). Subsequently, CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of the CDC on 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL. During the year 2019, CDC was appointed in place of MCBFSL as the Trustee with effect from 19 October 2018. Accordingly the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company and CDC.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of 'A+(f)' [2020: A(f)] to the Fund and an asset manager rating of 'AM1' (2020: AM1) to the Management Company.
- 1.6** Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.7** The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unitholders of the Fund as stated in the Offering Document.
- The cost of premium is borne by the investor (where applicable). Such premium cost is deducted from the unit holder's investment on a monthly basis in case of life insurance and annual basis in case of health insurance and deposited with the Insurance Company / Takaful Operator by the Management Company as per the terms and conditions of the Insurance / Takaful coverage defined in the Insurance / Takaful policy document signed between the Insurance Company / Takaful Operator and Management Company.
- 1.8** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company, to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act, 2020, has submitted Collective Investment Scheme's Trust Deed to Registrar (acting under Sindh Trusts Act, 2020).
- 1.9 Impact of COVID-19 on financial statements and going concern**

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



2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.

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

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

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

2.2 Accounting convention

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

2.3 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.

2.4 Use of judgements 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) Classification and valuation of financial instruments (Note 4.1.2, 4.1.3 and 6);
- (b) Provisions (Note 4.2); 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**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- 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 01 January 2021 with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19 - Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020 with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

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

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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 01 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 annual periods beginning on or after 01 January 2022 clarifies that sales proceeds and costs 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) - Reference to the Conceptual Framework, 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 01 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) amendments apply retrospectively for the annual periods beginning on or after 01 January 2023. 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 fund'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 01 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 01 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 company 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 01 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 debt securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

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

For the purposes of this assessment 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, except in the period after the Fund changes its business model for managing financial assets in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

4.1.3 Subsequent measurement - Financial assets

Financial assets at FVTPL

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes



into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

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

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

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

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

4.1.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market prices used for financial assets held by the Fund is current bid price.

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

4.1.6 Amortised cost measurement

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

4.1.7 Impairment of financial assets

The Fund at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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



4.1.8 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

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

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

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

4.1.12 Receivable against Margin Trading System (MTS)

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

4.2 Provisions

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

4.3 Taxation

The income of the Fund is exempt from income tax 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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

4.4 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / 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 investment facilitators and the Management Company / distributors.

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

4.5 Element of income

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

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

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

4.6 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.

4.7 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 outstanding at the year end.

4.8 Income recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.



- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Discount on purchase of debt securities 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 in income statement using the effective yield method.

4.9 Distribution

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

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

		2021 (Rupees in '000)	2020
5	BANK BALANCES		
	In current accounts	1,441	1,387
	In saving accounts	5.1 & 5.2 <u>1,437,760</u>	<u>1,412,973</u>
		<u><u>1,439,201</u></u>	<u><u>1,414,360</u></u>

- 5.1** These saving accounts carry mark-up at rates ranging from 5.5% to 8.5% per annum (2020: 5.5% to 15.5% per annum).
- 5.2** This includes cheques amounting to Rs. 77.64 million (2020: Rs. 41.34 million) issued on account of redemption of units and cheques amounting to Rs. 105.38 million (2020: Rs. 217 million) received on account of issuance of units as at year end.

		2021 (Rupees in '000)	2020
6	INVESTMENTS		
	Investments by category		
	At fair value through profit or loss		
	Government securities - Market Treasury Bills	6.6 <u>4,986</u>	<u>99,709</u>
	Term finance certificates - listed	6.1 & 6.3 -	-
	Term finance certificates - unlisted	6.2 & 6.3 -	-
	Sukus	6.5 -	-
		<u>4,986</u>	<u>99,709</u>
	At amortised cost		
	Term deposit receipts	6.4 -	65,000
	Commercial paper	6.7 -	-
	Letter of placement	6.8 -	-
		<u><u>4,986</u></u>	<u><u>164,709</u></u>



6.1 Term finance certificates - listed

All certificates have a face value of Rs. 5,000 each.

Name of the investee companies	Tenor	As at 1 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021	Market value / carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
		(Number of Certificates)			(Rupees in '000)		(%)	
Saudi Pak Leasing Company Limited (Note 6.1.1)	5 years	15,000	-	-	15,000	-	-	-
Worldcall Telecom Limited (Note 6.1.2)	13 years	14,000	-	-	14,000	-	-	-
		29,000	-	-	29,000	-	-	-

6.1.1 This represents investment in listed term finance certificates with original term of five years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its terms on 26 December 2011 with new maturity in March 2017. The investee company again defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 30 April 2014. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of said circulars.

6.1.2 This represents investment in listed term finance certificates of Worldcall Telecom Limited. On 07 April 2012, the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP. The amount of provision required as per SECP circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.2 Term finance certificates - unlisted

All certificates have a face value of Rs. 5,000 each.

Name of the investee companies	Tenor	As at 1 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021	Market value / Carrying value as at 30 June 2021	Market value as a percentage of net assets	Market value as a percentage of total investments
		(Number of Certificates)			(Rupees in '000)		(%)	
Agritech Limited II (Note 6.2.1)	10 years	30,000	-	-	30,000	-	-	-
Agritech Limited V (Note 6.2.2)	5 years	4,436	-	-	4,436	-	-	-
		34,436	-	-	34,436	-	-	-

6.2.1 This represents investment in Privately Placed unlisted Term Finance Certificates (PPTFCs) with a term of ten years. On 14 July 2010 the investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing by MUFAP since 02 August 2010. The amount of provision as per circular no.1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.



6.2.2 This represents investment in Privately Placed Term Finance Certificates (PPTFC) of Agritech V received against due mark-up of Agritech I. The investee company defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 17 January 2012. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

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

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Secured							
Listed term finance certificates							
Saudi Pak Leasing Company Limited	15,000	Impaired	2,755	6 Month KIBOR ask rate plus 1.50%	13 March 2008	13 March 2013	Not Rated
Worldcall Telecom Limited	14,000	Impaired	1,881	6 Month KIBOR ask rate plus 1.6%	07 October 2008	07 October 2021	Not Rated
Unlisted term finance certificates							
Agritech Limited II	30,000	Impaired	4,996	6 Month KIBOR ask rate plus 1.75%	14 January 2008	14 January 2019	Not Rated
Agritech Limited V	4,436	Impaired	5,000	11% Fixed rate	01 July 2011	01 July 2017	Not Rated

6.4 Term deposit receipts

During the year, the Fund invested in TDRs amounting to Rs. 490 million which have matured before the reporting date. The TDRs placed carried profit at the rate of 7.4% to 15.6% per annum (2020: 15.6% per annum).

6.5 Sukuks - unlisted

All sukuku have a face value of Rs. 5,000 each.

Name of the investee companies	Tenor	As at 1 July 2020	Purchases during the year	Disposals 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 investments
			(Number of Certificates)			(Rupees in '000)	(%)	
New Allied Electronics (Private) Limited (Note 6.5.1)	11 years	10,000	-	-	10,000	-	-	-
Eden Housing Limited (Note 6.5.2)	12 years	20,000	-	-	20,000	-	-	-
		30,000	-	-	30,000	-	-	-

6.5.1 This represents investment in privately placed sukuku with a term of 11 years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since 09 January 2009. The amount of provision as per circular 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

6.5.2 This represents investment in privately placed sukuku with a term of 12 years. On 06 May 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.



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

6.6 Investments in government securities - Market Treasury Bills

Issue date	Tenor	Face value				Market value / carrying value as at 30 June 2021 (Note 6.6.1)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021			
(Rupees in '000)						(%)		
12 September 2019	12 Months	-	150,000	150,000	-	-	-	-
10 October 2019	12 Months	-	150,000	150,000	-	-	-	-
7 November 2019	12 Months	-	21,805	21,805	-	-	-	-
5 December 2019	12 Months	-	720,000	720,000	-	-	-	-
19 December 2019	12 Months	-	120,000	120,000	-	-	-	-
2 January 2020	12 Months	-	775,900	775,900	-	-	-	-
13 February 2020	12 Months	-	1,500	1,500	-	-	-	-
26 March 2020	12 Months	-	59,000	59,000	-	-	-	-
23 April 2020	3 months	100,000	-	100,000	-	-	-	-
7 May 2020	6 Months	-	69,015	69,015	-	-	-	-
18 June 2020	6 Months	-	77,000	77,000	-	-	-	-
2 July 2020	6 Months	-	21,600	21,600	-	-	-	-
16 July 2020	3 months	-	75,000	75,000	-	-	-	-
16 July 2020	6 Months	-	75,000	75,000	-	-	-	-
30 July 2020	3 months	-	100,000	100,000	-	-	-	-
13 August 2020	3 months	-	210,435	210,435	-	-	-	-
27 August 2020	3 months	-	200,000	200,000	-	-	-	-
24 September 2020	3 months	-	1,158,500	1,158,500	-	-	-	-
8 October 2020	3 months	-	133,100	133,100	-	-	-	-
5 November 2020	3 months	-	134,500	134,500	-	-	-	-
19 November 2020	3 months	-	326,000	326,000	-	-	-	-
3 December 2020	3 months	-	766,000	766,000	-	-	-	-
17 December 2020	3 months	-	150,000	150,000	-	-	-	-
31 December 2020	3 months	-	830,000	830,000	-	-	-	-
14 January 2021	3 months	-	165,000	165,000	-	-	-	-
28 January 2021	3 months	-	285,000	285,000	-	-	-	-
11 February 2021	3 months	-	100,000	100,000	-	-	-	-
25 March 2021	3 months	-	336,000	336,000	-	-	-	-
22 April 2021	3 months	-	100,000	95,000	5,000	4,986	0.33	100
20 May 2021	3 months	-	100,000	100,000	-	-	-	-
Total		100,000	7,410,355	7,505,355	5,000	4,986	0.33	100

6.6.1 Investments include market treasury bills with market value of Rs. 4.98 million (30 June 2020: Rs 99.709 million) which have been pledged with National Clearing Company of Pakistan 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.



6.7 Commercial paper

			Face value						
Name of Issuer	Yield	Maturity Date	As at 01 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021	Carrying value as at 30 June 2021	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
(Rupees in '000)							(%)		
K-Electric Limited	8.21%	12 February 2021	-	134,000	134,000	-	-	-	-
K-Electric Limited	8.13%	26 February 2021	-	15,000	15,000	-	-	-	-
			-	149,000	149,000	-	-	-	-

6.8 Letter of placement

Name of Issuer	Yield	Maturity Date	Face value				Carrying value as at 30 June 2021	Carrying value as a percentage of net assets	Carrying value as a percentage of total investments
			As at 01 July 2020	Purchases during the year	Sales / matured during the year	As at 30 June 2021			
						(Rupees in '000)	(%)		
Pak Brunei Investment Co.	7.20%	31 May 2021	-	150,000	150,000	-	-	-	-

7 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

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

8 PROFIT RECEIVABLE

	Note	2021 (Rupees in '000)	2020
Profit receivables on savings accounts		7,702	9,695
Margin Trading System		705	892
		8,407	10,587

9 ADVANCE, DEPOSITS AND PREPAYMENT

Deposit with Central Depository Company of Pakistan Limited		100	100
Deposit with National Clearing Company of Pakistan Limited		250	250
Deposit with MCB Financial Services Limited		100	100
Advance tax	9.1	479	479
Prepayment		113	221
		1,042	1,150

- 9.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 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 withholders. The tax withheld on bank deposits as at 30 June 2021 amounts to Rs. 0.479 million (2020: Rs. 0.479 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.

10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2021	2020
			(Rupees in '000)	
	Management remuneration	10.1	666	867
	Sindh Sales Tax on management remuneration	10.2	87	113
	Sales and transfer load payable		610	1,643
	Sindh Sales Tax on sales Load		79	212
	Selling and Marketing expense	10.3	2,659	2,116
	Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	475	302
	Other payable		26	-
			4,602	5,253
10.1	Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 7% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of average annual net assets of the Fund till 11 July 2019. With effect from 12 July 2019 to 09 January 2020, the Management Company revised its remuneration to the rate of 6% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1% of average annual net assets and with effect from 10 January 2020, the Management Company has revised its remuneration to the rate of 8% of net income subject to minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets.			
10.2	The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on management remuneration and sales load.			
10.3	As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the 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 from 0.4 % per annum of average net assets of the Fund to 0.7% per annum of average net assets of the Fund or actual expenses whichever is lower and accordingly selling and marketing expense has been charged from 12 July 2019 at the rate of 0.7% per annum of average net assets of the Fund or actual whichever is lower.			
10.4	In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019, SECP vide S.R.O. 639 (I)/2019 has substituted clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. However, the Management Company continued to charge 0.1% of average daily net assets till 26 October 2020 and with effect from 27 October 2020, the			



Management Company has charged its allocated expenses at the rate of 0.125% of the average annual net assets of the Fund.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2021 (Rupees in '000)	2020
	Trustee remuneration	11.1	92	69
	Sindh Sales Tax on Trustee remuneration	11.2	12	20
			104	89

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.075% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

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

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13 PAYABLE AGAINST REDEMPTION / CONVERSION OF UNITS

This includes an amount of Rs. 0.505 million and Rs. 3.061 million payable on account of conversion of units from NBP Financial Sector Income Fund and NBP Mahana Amdani Fund respectively.

14	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021 (Rupees in '000)	2020
	Provision for Sindh Workers' Welfare Fund	14.1	9,160	7,126
	Federal Excise Duty on management remuneration	14.2	2,808	2,808
	Auditors' remuneration		591	508
	Bank charges		70	82
	Printing charges		69	5
	Withholding tax		5,428	2,978
	Capital gains tax		91	513
	Laga and levy charges		165	101
	Legal and professional charges		509	91
	NCCPL charges		55	30
	Others		43	19
			18,989	14,261

14.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.



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

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

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till 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. The reversal of provision for WWF amounting to Rs. 4.095 million and a provision for SWWF of Rs. 1.645 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 as at 30 June 2021, the NAV per unit of the Fund would have been higher by Rs. 0.0586 per unit (30 June 2020: Rs. 0.0412).

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

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

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 3.019 million out of which Rs. 0.211 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0180 (30 June 2020: Rs. 0.0174) per unit.



15 CONTINGENCY AND COMMITMENT

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

16	NUMBER OF UNITS IN ISSUE	Note	2021 (Number of units)	2020
	Total units in issue at beginning of the year		173,015,951	102,693,776
	Add: units issued against			
	- Sale	16.1	78,314,421	233,052,335
	- Refund of capital at zero value	16.2	555,502	1,398,541
			78,869,923	234,450,876
	Less: units redeemed		(95,679,946)	(164,128,701)
	Total units in issue at the end of the year		156,205,928	173,015,951

16.1 This includes units 8,012,455 (2020: 10,770,744 units) issued against Dividend Re-investment amounting to Rs. 78.49 million (2020: Rs.105.325 million) net of taxation.

16.2 The Management Company on 24 June 2021 (2020: 24 June 2020) declared interim distribution amounting to Rs. 0.6320 per unit (2020: Rs. 1.1669 per unit) (for full year) for the year ended 30 June 2021. The aggregate cash distribution amounted to Rs. 84.167 million (2020: Rs. 108.951 million). The refund of capital / element of income was made by issuing 555,502 (2020: 1,398,541) additional units to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above. This refund of capital is in addition to cash distribution.

17 AUDITORS' REMUNERATION

	2021 (Rupees in '000)	2020
Annual audit fee	380	357
Half yearly review	157	143
Other certifications	110	100
Out of pocket expenses and others including government levy	140	125
	787	725

18 TAXATION

18.1 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 (ITO) 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. 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 ITO, 2001. Since the Management Company has distributed the income, earned by the Fund during the year, to the unitholders as per distribution policy (note 4.10 & 16.2), no provision has been recognised in the financial statements.

18.2 In the current year, the tax exemption for the tax year 2018 was denied by the Additional Commissioner – Audit (AC), on the ground that the amount paid as income on units redeemed by investors during the tax year cannot be treated as distribution of income as per criteria envisaged under Clause 99 of Part 1 of the Second Schedule of the ITO and AC due to this, commented that the distribution by the Fund fell short of 90% distribution threshold.



Further, during the year, an assessment Order was passed for tax year 2018, whereby tax demand of Rs. 14.05 million was raised. In the Order, the tax department has erroneously treated distribution of income in the form of "issuance of units in lieu of cash dividend at the option of re-investment by the unitholders" as bonus shares and hence not considered the same for the purpose of meeting the distribution criteria envisaged in the said clause of the ITO. In response to the orders, the management filed appeal with Commissioner Appeal office. In his judgment, the Commissioner Appeals upheld Assessment Order passed by AC. The Fund has initiated appeal in Appellate Tribunal, which was pending till 30 June 2021.

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

Further, the issue of distribution of income is also being contested by MUFAP on behalf of the mutual funds industry at various regulatory and Government levels and management is hopeful that the matter will be resolved soon as the matter has merely arisen due to incorrect interpretation by the relevant commissioners as to what construes as distribution of profit by an open end mutual fund. SECP agrees with MUFAP's interpretation and is also actively following up with FBR to resolve the matter at the earliest.

Based on the opinion of tax advisor, the Management company believes that the Fund has distributed required amount of income to be eligible for tax exemption under clause 99 of Part 1 of the Second Schedule of the ITO and hence, no provision for taxation is required to be made in these financial statements.

19	RECONCILIATION OF ASSETS AND LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against issuance of units	Payable against redemption of units	Dividend Payable	Total
					(Rupees in '000)
	Balance as at 1 July 2020	1,599	(69,352)	-	(67,753)
	Total Amount received on issuance of units	(780,982)	-	-	(780,982)
	Total Amount paid on redemption of units	-	1,021,946	-	1,021,946
	Dividend paid	-	-	84,167	84,167
	Net cash used in financing activities	(780,982)	1,021,946	84,167	325,131
	Issuance of units	784,824	-	-	784,824
	Redemption of units	-	(957,424)	-	(957,424)
	Dividend announced	-	-	(89,608)	(89,608)
	Refund of units on zero value	(5,441)	-	5,441	-
		779,383	(957,424)	(84,167)	(262,208)
	Balance as at 30 June 2021	-	(4,830)	-	(4,830)

20 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 2.09% per annum. Total expense ratio (excluding government levies) is 1.85% per annum.



21 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2021		
	Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	1,439,201	-	1,439,201
Investments	-	4,986	4,986
Receivable against Margin Trading System	107,206	-	107,206
Profit receivable	8,407	-	8,407
Deposits	450	-	450
	<u>1,555,264</u>	<u>4,986</u>	<u>1,560,250</u>

	30 June 2021		
	Other financial liabilities	At fair value through profit or loss	Total
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	4,602	-	4,602
Payable to Central Depository Company Limited - Trustee	104	-	104
Payable against redemption / conversion of units	4,830	-	4,830
Accrued expenses and other liabilities	1,502	-	1,502
	<u>11,038</u>	<u>-</u>	<u>11,038</u>

	30 June 2020		
	Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	1,414,360	-	1,414,360
Investments	-	164,709	164,709
Receivable against Margin Trading System	191,347	-	191,347
Profit receivable	10,587	-	10,587
Receivables from funds under management by Management Company against conversion of units	1,599	-	1,599
Deposits	450	-	450
	<u>1,618,343</u>	<u>164,709</u>	<u>1,783,052</u>



30 June 2020

	Other financial liabilities	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
Liabilities			
Payable to NBP Fund Management Limited - Management Company	5,253	-	5,253
Payable to Central Depository Company Limited - Trustee	89	-	89
Payable against redemption of units	69,352	-	69,352
Accrued expenses and other liabilities	836	-	836
	<u>75,530</u>	<u>-</u>	<u>75,530</u>

22 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

22.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, 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.

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

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

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

22.5 Transactions during the year:	2021	2020
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration to the Management company	8,965	9,967
Sindh Sales Tax	1,165	1,296
Sales and transfer load	2,189	1,928
Sindh Sales Tax on Sales load	285	251
Selling and marketing expense	10,922	7,827
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,825	1,133
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,170	850
Sindh Sales Tax on Trustee remuneration	152	110
CDS Charges	366	440
Muhammad Murtaza Ali - Company Secretary / COO		
Nil units issued (2020: 49,597 units)	-	500
Nil units redeemed (2020: 49,597 units)	-	503



	2021 (Rupees in '000)	2020
Fauji Fertilizer Company Limited (Common Directorship)*		
33 units issued (2020: 25,271,160 units)	-	250,000
Nil units redeemed (2020: 25,271,160 units)	-	250,167
Dividend re-invest: 1 unit (2020: Nil units)	-	-
Employees of the Management Company		
1,107,636 units issued (2020: 2,058,110 units)	10,961	20,285
1,076,131 units redeemed (2020: 1,628,550 units)	10,791	16,119
Dividend re-invest: 4,546 units (2020: 2,266 units)	45	22
NBP Employees Pension Fund (Pension Fund of the parent of the Management Company)		
Dividend re-invest: 4,852,904 units (2020: 8,019,059 units)	47,539	78,417
Portfolios managed by the Management Company		
1,395,603 units redeemed (2020: Nil units)	14,356	-
NBP Money Market Fund		
Sold Treasury Bills	168,726	-
Purchased Treasury Bills	-	34,370
NBP Financial Sector Income Fund		
Purchased Treasury Bills	900,375	-
Sold Term Finance Certificate	-	75,484
NBP Income Opportunity Fund		
Purchased Commercial Paper	-	23,182
Portfolios managed by the Management Company		
Purchased Treasury Bills	-	110,167
1,395,603 units redeemed (2020: Nil units)	14,356	-
Sold Treasury Bills	72,685	-
BankIslami Pakistan Limited (Common Directorship)		
Mark-up on bank balance	48	1,785
The Hub Power Company Limited (Common Directorship)		
Purchased Commercial Paper	-	83,647
National Clearing Company of Pakistan Limited (Common Directorship)		
NCCPL Charges	315	306
Pakistan Stock Exchange Limited (Common Directorship)		
Annual Listing Fee Paid	27	25
Khushhali Microfinance Bank Limited (Common Directorship)**		
Mark-up on bank deposit	6,196	-
Mark up on TDR	3,580	-
Placement of TDR	165,000	-



2021 2020
(Rupees in '000)

Telenor Microfinance Bank Limited (Common Directorship)**

Mark-up on bank deposit	25	-
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**Persons holding directly or indirectly 10% or more of the units
in issue / net assets of the Fund**

NBP Employees Pension Fund

Dividend re-invest: 4,852,903 units (2020: Nil units)	47,539	-
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K.T.H CP Fund (M.T.I)

Dividend re-invest: 1,1884,891 units (2020: Nil units)	11,607	-
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1,454,310 units issued (2020: Nil units)	14,244	-
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22.6 Balances outstanding as at year end

NBP Fund Management Limited - Management Company

Management remuneration payable	666	867
Sindh Sales Tax payable	87	113
Sales load payable to Management Company	610	1,643
Sindh Sales Tax payable on Sales load	79	212
Selling and marketing expense	2,659	2,116
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	475	302

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	92	69
Sindh Sales Tax payable	12	20
Security deposit	100	100
CDC charges	30	47

Employees of the Management Company

Units held: 265,984 units (2020: 648,465 units)	2,609	6,351
---	-------	-------

BankIslami Pakistan Limited (Common Directorship)

Bank balance	400	541
Mark- up on balance	3	23

National Clearing Company of Pakistan Limited (Common Directorship)

Charges payable	13	13
Deposit	250	250

Khushhali Microfinance Bank Limited (Common Directorship)**

Bank balance	168,702	-
Mark-up on bank balance	1,086	-

Telenor Microfinance Bank Limited (Common Directorship)**

Bank balance	104	-
Mark-up on bank balance	20	-



2021 2020
(Rupees in '000)

Fauji Fertilizer Company Limited (Common Directorship)

34 units issued (2020: Nil units)

- -

Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund

NBP Employees Pension Fund

Units held: 80,072,905 units (2020: 75,220,001 units)

785,323 736,727

K.T.H CP Fund (M.T.I)

Units held: 23,584,650 units (2020: 20,945,449 units)

231,309 205,146

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

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

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No	Name	Qualifications	Experience "in years"
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	33
2	Mr. Sajjad Anwar	CFA / MBA Finance	21
3	Mr. Asim Wahab Khan	CFA	16
4	Mr. Hassan Raza	ACCA, BSC and CFA	10
5	Mr. Muhammad Ali Bhabha*	CFA, MBA, FRM and MS	26

*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 Government Securities Plan - I and NBP Islamic Daily Dividend Fund.

24 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	Optimus Markets (Private) Limited	34.60
2	Bright Capital (Private) Limited	32.70
3	Continental Exchange (Private) Limited	32.70

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

S. No	Particulars	Percentage (%)
1	Icon securities (Private) Limited	100



25 PATTERN OF UNIT HOLDING

Category	As at 30 June 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	1,338	378,260	24.70
Associated companies / Directors	1	785,323	51.26
Retirement Funds	6	367,285	23.97
Public Limited Companies	3	-	-
Others	6	1,137	0.07
	1,354	1,532,005	100.00

Category	As at 30 June 2020		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment ---- (%) ---
Individuals	1,480	586,489	34.61
Associated companies / Directors	1	736,727	43.48
Public Limited Companies	3	12,361	0.73
Retirement Funds	8	152,448	9.00
Public Limited Companies	2	249	0.01
Others	9	206,296	12.17
	1,503	1,694,570	100

26 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 76th, 77th, 78th, 79th and 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
	Held during tenure of directorship	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
Mr. Saad ur Rahman Khan (note 26.1)	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 26.2)	2	2	-	-

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

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

27 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives



of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

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

27.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and debt security prices.

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.

i) 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.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market profit rates. The Fund's profit rate is monitored on a quarterly basis by the Board of Directors.

At the date of statement of financial position, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2021	2020
	(Rupees in '000)	
Variable rate instruments		
Bank balances	1,437,760	1,412,973
Receivable against Margin Trading System	107,206	191,347
	1,544,966	1,604,320
Fixed rate instruments		
Investments - T-Bills	4,986	99,709
Term deposit receipts	-	65,000
	4,986	164,709



(a) Sensitivity analysis for variable rate instruments

As at 30 June 2021, the Fund holds KIBOR based bank balance exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2021, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 15.45 million (30 June 2020: Rs.16.04 million).

(b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise Market Treasury Bills, Term Deposit Receipts. Except for Market Treasury Bills, the Fund's income and net assets are substantially independent of changes in market interest rate.

As at 30 June 2021, the Fund holds Market Treasury Bills which are classified as 'fair value through profit and loss', exposing the Fund to fair value interest rate risk. 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 higher / lower by Rs. 0.05 million (2020: Rs. 1.647 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 2020 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.

As at 30 June 2021						
	Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / Interest risk	Total
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	5.5% - 8.5%	1,437,760	-	-	1,441	1,439,201
Investments	7.16%	4,986	-	-	-	4,986
Profit receivable		-	-	-	8,407	8,407
Receivable against Margin Trading System	8.25% - 11.97%	107,206	-	-	-	107,206
Receivable from funds under management by Management Company against conversion of units		-	-	-	-	-
Deposits		-	-	-	450	450
		<u>1,549,952</u>	<u>-</u>	<u>-</u>	<u>10,298</u>	<u>1,560,250</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	4,602	4,602
Payable to Central Depository Company Limited - Trustee		-	-	-	104	104
Payable against redemption / conversion of units		-	-	-	4,830	4,830
Accrued expenses and other liabilities		-	-	-	1,502	1,502
		<u>-</u>	<u>-</u>	<u>-</u>	<u>11,038</u>	<u>11,038</u>
On-balance sheet gap		<u><u>1,549,952</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(740)</u></u>	<u><u>1,549,212</u></u>
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total interest sensitivity		<u><u>1,549,952</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(740)</u></u>	<u><u>1,549,212</u></u>
Cumulative interest rate sensitivity gap		<u><u>1,549,952</u></u>	<u><u>1,549,952</u></u>	<u><u>1,549,952</u></u>		



As at 30 June 2020						
	Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / Interest risk	Total
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Bank balances	5.5% - 15.5%	1,412,973	-	-	1,387	1,414,360
Investments	8.21% - 15.9%	164,709	-	-	-	164,709
Profit receivables		-	-	-	10,587	10,587
Receivable against Margin Trading System	9.49% - 17.14%	191,347	-	-	-	191,347
Receivables from funds under management by Management Company against conversion of units		-	-	-	1,599	1,599
Deposits		-	-	-	450	450
		<u>1,769,029</u>	<u>-</u>	<u>-</u>	<u>14,023</u>	<u>1,783,052</u>
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	5,253	5,253
Payable to Central Depository Company Limited - Trustee		-	-	-	89	89
Payable against redemption of units		-	-	-	69,352	69,352
Accrued expenses and other liabilities		-	-	-	836	836
		<u>-</u>	<u>-</u>	<u>-</u>	<u>75,530</u>	<u>75,530</u>
On-balance sheet gap		<u>1,769,029</u>	<u>-</u>	<u>-</u>	<u>(61,507)</u>	<u>1,707,522</u>
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest sensitivity		<u>1,769,029</u>	<u>-</u>	<u>-</u>	<u>(61,507)</u>	<u>1,707,522</u>
Cumulative interest rate sensitivity gap		<u>1,769,029</u>	<u>1,769,029</u>	<u>1,769,029</u>		

(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 yield / interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to any price risk as no equity securities are held by the Fund as at 30 June 2021.

27.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills, Term deposit receipts and Term Finance Certificates is limited as Market Treasury Bill are guaranteed by the Federal Government and in case of Term Finance Certificates and Term deposit receipts the counter parties are financial institutions with reasonably high credit ratings. While bank balances are maintained with banks with a reasonably high credit rating.

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



	2021 (Rupees in '000)	2020
Bank balances		
AAA	7,242	3,379
AA+	1,037,184	7,017
AA-	2,901	1,023,348
AA	117	172
A+	172,600	248,718
A-	864	864
A	216,852	129,475
Suspended	1,441	1,387
	1,439,201	1,414,360

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

Concentration of credit risk

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

27.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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



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

	30 June 2021				
	Maturity Up to			More than one year	Total
	Three months	Six months	One year		
Financial Liabilities	----- (Rupees in '000) -----				
Payable to NBP Fund Management Limited - Management Company	4,602	-	-	-	4,602
Payable to Central Depository Company of Pakistan Limited - Trustee	104	-	-	-	104
Payable against redemption / conversion of units	4,830				4,830
Accrued expenses and other liabilities	1,502	-	-	-	1,502
	<u>11,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,038</u>
Net assets attributable to redeemable units	<u>1,532,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,532,005</u>
	30 June 2020				
	Maturity Up to			More than one year	Total
	Three months	Six months	One year		
Financial Liabilities	----- (Rupees in '000) -----				
Payable to NBP Fund Management Limited - Management Company	5,253	-	-	-	5,253
Payable to Central Depository Company of Pakistan Limited - Trustee	89	-	-	-	89
Payable against redemption / conversion of units	69,352	-			69,352
Accrued expenses and other liabilities	836	-	-	-	836
	<u>75,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,530</u>
Net assets attributable to redeemable units	<u>1,694,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,694,570</u>

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

For valuation techniques for specific instruments, refer note 4.1.3.



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

		30 June 2021							
		Carrying value				Fair value			
		Amortised cost	At fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments	Note								
Financial assets measured at fair value									
Market Treasury Bills		-	4,986	-	4,986	-	4,986	-	4,986
Financial assets not measured at fair value	28.1								
Bank balances		1,439,201	-	-	1,439,201	-	-	-	-
Profit receivable		8,407	-	-	8,407	-	-	-	-
Receivable against Margin Trading System		107,206	-	-	107,206	-	-	-	-
Deposits		450	-	-	450	-	-	-	-
		1,555,264	-	-	1,555,264	-	-	-	-
Financial liabilities not measured at fair value	28.1								
Payable to NBP Fund Management Limited - Management Company		-	-	4,602	4,602	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	104	104	-	-	-	-
Payable against redemption / conversion of units		-	-	4,830	4,830	-	-	-	-
Accrued expenses and other liabilities		-	-	1,502	1,502	-	-	-	-
		-	-	11,038	11,038	-	-	-	-
		30 June 2020							
		Carrying value				Fair value			
		Amortised cost	At fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
On-balance sheet financial instruments	Note								
Financial assets measured at fair value									
- Market Treasury Bills		-	99,709	-	99,709	-	99,709	-	99,709
- Term deposit receipt	28.1	65,000	-	-	65,000	-	-	-	-
		65,000	99,709	-	164,709	-	-	-	-
Financial assets not measured at fair value	28.1								
Bank balances		1,414,360	-	-	1,414,360	-	-	-	-
Profit receivable		10,587	-	-	10,587	-	-	-	-
Receivable against Margin Trading System		191,347	-	-	191,347	-	-	-	-
Receivables from funds under management by Management Company against conversion of units		1,599	-	-	1,599	-	-	-	-
Deposits		450	-	-	450	-	-	-	-
		1,618,343	-	-	1,618,343	-	-	-	-
Financial liabilities not measured at fair value	28.1								
Payable to NBP Fund Management Limited - Management Company		-	-	5,253	5,253	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	89	89	-	-	-	-
Payable against redemption of units		-	-	69,352	69,352	-	-	-	-
Accrued expenses and other liabilities		-	-	836	836	-	-	-	-
		-	-	75,530	75,530	-	-	-	-



- 28.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 28.2** Financial instruments not measured at FVTPL include Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

29 UNITHOLDERS' FUND RISK MANAGEMENT (CAPITAL RISK MANAGEMENT)

The unitsholders' 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 under management.

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

30 DATE OF AUTHORISATION FOR ISSUE

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

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016
Net assets (Rs. '000')	1,532,005	1,694,570	1003926	803,721	922,057	618,907
Net Income / (loss) (Rs. '000')	99,643	129,128	83840	46,846	40,477	39,882
Net Asset Value per units (Rs.)	9.8076	9.7943	9.7759	10.2938	9.7548	9.7377
Offer price per unit	9.9168	9.9050	9.8864	10.4102	9.8650	9.8665
Redemption price per unit	9.8076	9.7943	9.7759	10.2938	9.7548	9.7377
Ex - Highest offer price per unit (Rs.)	9.9168	9.9050	10.7662	10.4101	9.8650	9.8665
Ex - Lowest offer price per unit (Rs.)	9.3071	8.7363	9.8682	9.865	9.2727	9.2329
Ex - Highest redemption price per unit (Rs.)	9.8076	9.7943	10.6459	10.2938	9.7548	9.7377
Ex - Lowest redemption price per unit (Rs.)	9.2022	8.7363	9.7579	9.7564	9.1576	9.109
Fiscal Year Opening Ex NAV	9.2006	8.7337	9.7548	9.7548	9.1577	9.1067
Total return of the fund	6.60%	12.11%	9.30%	5.53%	6.52%	6.93%
Capital growth	0.14%	0.18%	0.16%	0.00%	-0.21%	0.08%
Income distribution as % of Ex-NAV	6.45%	11.94%	9.14%	5.53%	6.73%	6.85%
Income distribution as % of Par Value	6.32%	11.67%	8.91%	5.39%	6.17%	6.67%
Interim distribution per unit	0.6320	1.1669	0.8911		0.6167	0.6667
Final distribution per unit				0.539	-	0
Distribution dates						
Interim	24-Jun-21	24-Jun-20	24-Jun-18		19-Jun-17	29-Jun-16
Final				4-Jul-18		
Average annual return (launch date 28-03-08)						
(Since inception to June 30, 2021)	5.40%					
(Since inception to June 30, 2020)		5.31%				
(Since inception to June 30, 2019)			4.70%			
(Since inception to June 30, 2018)				4.28%		
(Since inception to June 30, 2017)					4.14%	
(Since inception to June 30, 2016)						3.86%
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	4 Days	12 Days			40	332
"Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up."						

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 /nbpffunds



NBP ISLAMIC INCOME FUND



MISSION STATEMENT

**To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.**



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Bank Islami Pakistan Limited
United Bank Limited (Islamic)
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited
Silk Bank Limited (Emaan Islamic)
AlBaraka Bank (Pakistan Limited)
National Bank of Pakistan (Islamic Banking)
Habib Bank Limited (Islamic)



Auditors

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

Legal Advisor

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

Head Office:

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



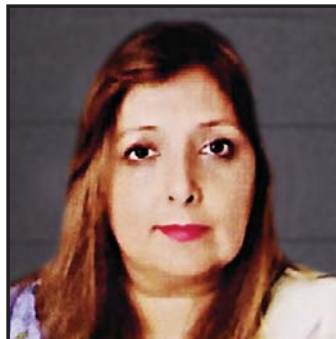
Mr. Tauqeer Mazhar
Director



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 First Annual Report of **NBP Islamic Income Fund** (NBP-IIF) for the year ended June 30, 2021.

Fund's Performance

The size of NBP Islamic Income Fund is Rs. 3,247 million as at June 30, 2021. The Fund has earned an annualized return of 6.7% p.a. since its inception (August 13, 2020) as compared to its benchmark return of 3.4% p.a. The performance of the Fund is net of management fee and all other expenses.

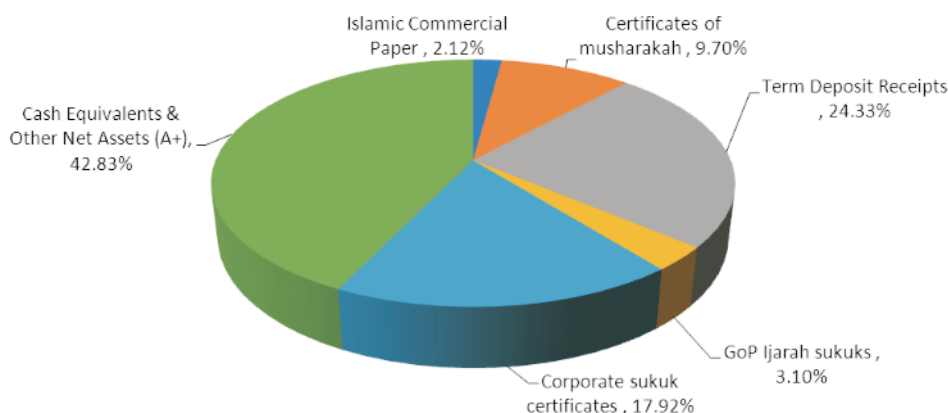
NBP-IIF is categorized as a Shariah Compliant Income Fund. The fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

Trading activity in corporate sukuk further reduced as cumulative traded value stood at Rs. 16 billion compared to Rs. 27 billion in FY2020. However, the fresh issuance of shariah compliant commercial papers helped the undersupplied market for long-term shariah-compliant debt instruments to some extent.

Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country.

The Fund has earned a total income of Rs. 91.07 million during the year. After deducting total expenses of Rs. 13.80 million, the net income is Rs. 77.27 million.

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



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.69% of the opening ex-NAV (5.69% of the par value) for 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 INCOME FUND amounting to Rs. 2.18 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 INCOME FUND by 0.05% 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 29 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 26 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 Officer

Director

Date: **September 16, 2021**

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 جون 2021 کو ختم ہونے والے سال کے لئے INBP اسلامک انکم فنڈ (NBP-IIF) کی پہلی سالانہ رپورٹ پیش کرتے ہیں۔

فنڈ کی کارکردگی

30 جون 2021ء کو NBP اسلامک انکم فنڈ کا سائز 3,247 ملین روپے ہے۔ فنڈ نے اپنے آغاز (13 اگست 2020) سے بیج مارک منفعت 3.4% سالانہ کے مقابلے 6.7% سالانہ منافع درج کروایا۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

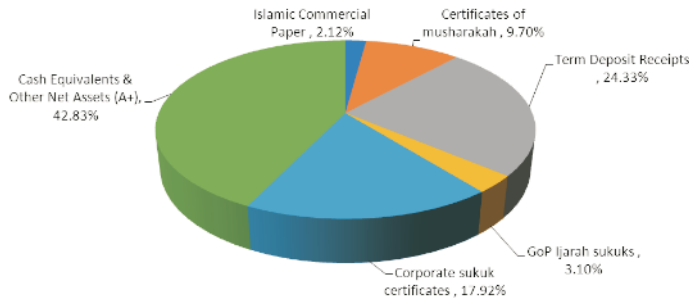
NBP-IIF کی درجہ بندی بطور شریعہ کیپٹل انکم فنڈ کی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سیکورٹیز اور مبنی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز / اونڈوز میں آسانی سے لیکویڈیٹی فراہم کرنے والے A- یا بالا درجہ کے اسلامی بینکوں کے ساتھ سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق A یا اس سے بالا درجہ بندی کے مبنی مارکیٹ کے آلات اور ڈیٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکویٹی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سیکورٹیز کے علاوہ فنڈ کی ہیپچورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2020 میں 27 ملین روپے کے مقابلے میں مجموعی تجارتی قیمت مزید کم ہو گئی جو کہ 16 ملین روپے رہی۔ تاہم، شریعہ کمپلیٹ کمرشل ہیپچر کے نئے اجراء نے طویل مدتی شریعہ کمپلیٹ ڈیٹ آلات کے زیر اثر مارکیٹ کی کسی حد تک مدد کی۔

سی پی آئی (CPI) کی پیش کردہ افراط زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بیج مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراط زر میں اضافے کے باوجود، اسٹیٹ بینک نے معیشت میں نمایاں ست روی اور معاشی بحالی کو ملک میں بڑھتے ہوئے کورونا وائرس کیمر سے پیدا ہونے والے خطرات کے حوالہ سے مانیٹری پالیسی کے مؤثر موقف کو جاری رکھا۔

فنڈ نے سال کے دوران 91.07 ملین روپے کی کل آمدنی کمائی ہے۔ 13.80 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 77.27 ملین روپے ہے۔

30 جون 2021 کو NBP-IIF کی ایسٹ ایلوکیشن حسب ذیل ہے:



آمدنی کی تقسیم

منیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 5.69% (بنیادی قدر کا 5.69%) 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 آئٹم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

سندھ درکرز ویلفیئر فنڈ (SWWF)

مورخہ 12 اگست 2021 کو سندھ ریونیو بورڈ کی جانب سے ایک وضاحتی مراسلہ نمبر SRB/TP/70/2013/8772 میو جیل فنڈ ز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے INBP اسلامک انکم فنڈ میں ریکارڈ کی گئی 2.18 ملین روپے درکرز ویلفیئر فنڈ کی پروویژنگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پروویژن کی اس ریورسل کے باعث INBP اسلامک انکم فنڈ کی NAV میں 0.05% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اپیل ہونے کی بناء پر 30 جون 2022 کو ختم ہونے والے سال کے دوبارہ تقرر کے لئے خود کو پیش کرتے ہیں۔

لسٹڈ کمپنیوں کے بورڈ 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۔ شہریاتی 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. انٹر 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 و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، 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 29 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 26 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 فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2021 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

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



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے 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 خلص 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

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 16 ستمبر 2021ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Income Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from August 13, 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 Islamic Income Fund

NBP Islamic Income Fund (NBP-IIF) is an Open-End Shariah Compliant Income Fund.

Investment Objective of the Fund

To provide competitive returns by investing in Shariah compliant debt securities and money market instruments.

Benchmark

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

Fund Performance Review

This is the First Annual report since the launch of the Fund on August 13, 2020. The Fund size during the year and stands at Rs. 3,247 million as of June 30, 2021. Since its inception, the Fund has earned an annualized return of 6.7% versus the benchmark return of 3.4%, thus registering an outperformance of 3.3% p.a. This outperformance is net of management fee and other expenses.

NBP-IIF aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. Minimum eligible rating is AA, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

Trading activity in corporate sukuks further reduced as cumulative traded value stood at Rs. 16 billion compared to Rs. 27 billion in FY2020. However, the fresh issuance of shariah compliant commercial papers helped the undersupplied market for long-term shariah-compliant debt instruments to some extent.

Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-21
Islamic Commercial Papers	2.12%
Corporate Sukuk certificates	17.92%
GOP Ijarah Sukuks	3.10%
Term Deposit Receipts	24.33%
Certificate of Musharika	9.70%
Cash Equivalents & Other Assets	42.83%
Total	100%



Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June 2021	4.57%	10.4571	10.00
October 2020	1.12%	10.1121	10.00

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

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	6
1-1000	110
1001-5000	42
5001-10000	42
10001-50000	171
50001-100000	120
100001-500000	224
500001-1000000	50
1000001-5000000	58
5000001-10000000	7
10000001-100000000	4
Total	834

During the period under question

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 1.58 Million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0049/0.06%. For details, investors are advised to read note 12.1 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 Islamic Income Fund amounting to Rs. 2.18 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 Income Fund by 0.05% 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 Income 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 period from August 13, 2020 to June 30, 2021. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer



REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, the period from August 13, 2020 to June 30, 2021 was the First year of the operations of NBP Islamic Income Fund (NBP-IIF). This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NBP-IIF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NBP-IIF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.

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

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
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 NBP Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Income 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 August 13, 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 August 13, 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 notes 4 and 5 to the annexed financial statements) The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2021 amounted to Rs. 1,492.721 million and Rs. 1,856.273 million respectively. The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: - tested the design and operating effectiveness of the key controls for valuation of investments; - obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2021 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; - re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies;



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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: September 28, 2021



STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	2021 (Rupees in '000)
ASSETS		
Bank balances	4	1,492,721
Investments	5	1,856,273
Profit receivable	6	23,892
Prepayments, deposits and other receivables	7	529
Preliminary expenses and floatation costs	8	641
Total assets		3,374,056
LIABILITIES		
Payable to NBP Fund Management Limited - the Management Company	9	3,476
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	172
Payable to the Securities and Exchange Commission of Pakistan	11	238
Payable against redemption of units		16,841
Payable against purchase of investments		101,326
Accrued expenses and other liabilities	12	5,347
Total liabilities		127,400
NET ASSETS		3,246,656
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,246,656
CONTINGENCIES AND COMMITMENTS	13	
		Number of units
NUMBER OF UNITS IN ISSUE	15	324,225,556
		Rupees
NET ASSET VALUE PER UNIT	14	10.0136

The annexed notes 1 to 31 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 AUGUST 13, 2020 TO JUNE 30, 2021

**For the period
from August 13,
2020 to June
30, 2021**

Note (Rupees in '000)

INCOME

Income on corporate sukuk certificates		14,002
Income on GoP Ijarah sukuku		7,676
Income on term deposit receipts		15,903
Income on Islamic commercial papers		7,522
Income on certificates of musharakah		6,578
Profit on bank balances		38,461
Gain on sale of investments - net		330
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.6	602
Total income		91,074

EXPENSES

Remuneration of NBP Fund Management Limited - the Management Company	9.1	6,060
Sindh sales tax on remuneration of the Management Company	9.2	788
Allocated expenses	9.3	1,451
Selling and marketing expenses	9.4	1,337
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	893
Sindh sales tax on remuneration of the Trustee	10.2	116
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	238
Amortisation of preliminary expenses and floatation costs	8	137
Auditors' remuneration	16	503
Legal and professional charges		163
Annual listing fee		25
Shariah advisor fee		146
Settlement and bank charges		157
Printing expenses		52
Brokerage		75
Annual rating fee		86
Total operating expenses		12,227

Net income from operating activities

Provision against Sindh Workers' Welfare Fund	12.1	(1,577)
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Net income for the period before taxation

Taxation	17	-
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Net income for the period after taxation

Earnings per unit

18

Allocation of net profit for the period

Net income for the period after taxation	77,270
Income already paid on units redeemed	(36,455)
	40,815

Accounting income available for distribution

- Relating to capital gains	518
- Excluding capital gains	40,297
	40,815

The annexed notes 1 to 31 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 AUGUST 13, 2020 TO JUNE 30, 2021

For the period
from August 13,
2020 to June
30, 2021
(Rupees in '000)

Net income for the period after taxation

77,270

Other comprehensive income for the period

-

Total comprehensive income for the period

77,270

The annexed notes 1 to 31 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 AUGUST 13, 2020 TO JUNE 30, 2021

For the period from August 13, 2020 to June 30, 2021		
Capital value	Undistributed income	Total

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

Issuance of 681,601,240 units

- Capital value (at net asset value per unit at the commencement of the fund)
- Element of income

Total proceeds on issuance of units

6,816,012	-	6,816,012
129,823	-	129,823
6,945,835	-	6,945,835

Redemption of 357,375,684 units

- Capital value (at net asset value per unit at the commencement of the fund)
- Element of loss

Total payments on redemption of units

(3,573,757)	-	(3,573,757)
(55,651)	(36,455)	(92,106)
(3,629,408)	(36,455)	(3,665,863)

Total comprehensive income for the period

- 77,270 77,270

Distributions during the period

- @ Re 0.1121 per unit (date of declaration: October 14, 2020)
- @ Re 0.4571 per unit (date of declaration: June 23, 2021)

(3,253) (4,927) (8,180)
(70,534) (31,872) (102,406)

Net assets at the end of the period

3,242,640	4,016	3,246,656
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Accounting income available for distribution:

- Relating to capital gains
- Excluding capital gains

518
40,297
40,815
(36,799)

Distributions during the period

Undistributed income carried forward

4,016

Undistributed income carried forward:

- Realised income
- Unrealised income

3,414
602
4,016

(Rupees)

Net assets value per unit at the end of the period

10.0136

The annexed notes 1 to 31 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 AUGUST 13, 2020 TO JUNE 30, 2021

For the period
from August
13, 2020 to
June 30, 2021

Note (Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation		77,270
Adjustments:		
Income on corporate sukuk certificates		(14,002)
Income on GoP Ijarah sukuks		(7,676)
Income on term deposit receipts		(15,903)
Income on Islamic commercial papers		(7,522)
Income on certificates of musharakah		(6,578)
Profit on bank balances		(38,461)
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.6	(602)
Provision against Sindh Workers' Welfare Fund	12.1	1,577
Amortisation of preliminary expenses and floatation costs	8.1	137
		(89,030)
Increase in assets		
Investments		(964,345)
Prepayments, deposits and other receivables		(529)
Preliminary expenses and floatation costs		(778)
		(965,652)
Increase in liabilities		
Payable to NBP Fund Management Limited - the Management company		3,476
Payable to Central Depository Company of Pakistan Limited - the Trustee		172
Payable to the Securities and Exchange Commission of Pakistan		238
Accrued expenses and other liabilities		3,770
		7,656
Profit received on bank balances, Islamic commercial papers, term deposit receipts and corporate sukuk certificates		66,250
Net cash used in operating activities		(903,506)

CASH FLOWS FROM FINANCING ACTIVITIES

Amount received against issuance of units - net of refund of capital		6,872,048
Amount paid against redemption of units		(3,649,022)
Distributions paid		(36,799)
Net cash generated from financing activities		3,186,227
Net increase in cash and cash equivalents during the period		2,282,721
Cash and cash equivalents at the end of the period	21	2,282,721

The annexed notes 1 to 31 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 AUGUST 13, 2020 TO JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 16, 2020 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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

The Fund has been categorised as an open ended Shariah compliant income fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 2020 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide competitive returns by investing in Shariah compliant debt securities and money market instruments.

The Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed an asset manager rating of AM1 as at June 23, 2021 to the Management Company and rated A(f) with stable outlook as at April 16, 2021 to the Fund.

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

As per the offering document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared for the period from August 13, 2020 to June 30, 2021.

This is the first accounting period of the Fund and, hence, there are no comparative figures.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.



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

2.2 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective:

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

2.3 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 (note 3.2 and 5), provision against Sindh Workers' Welfare Fund (note 12.1) and provision for taxation (notes 3.14 and 17).

2.4 Basis of measurement

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

2.5 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Debt instruments

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

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

based on the business model of the entity.

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

3.2.3 Impairment

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

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

3.2.4 Impairment loss on debt securities

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

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

3.2.5 Regular way contracts

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

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and 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

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 period end.

3.7 Issue and redemption of units

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

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

3.8 Distributions to unit holders

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

Distributions declared subsequent to the period 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 net asset value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.



3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- "Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the period in which these arise."
- Profit on bank balances is recognised on an accrual basis.
- Income from corporate sukuk certificates, GoP Ijarah sukuks, term deposit receipts, Islamic commercial papers and certificates of musharakh is recognised on an accrual basis using effective interest rate method.

3.11 Expenses

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

3.12 Preliminary expenses and floatation costs

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

3.13 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.

3.14 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 period, 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.

3.15 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 18.

		2021	
4	BANK BALANCES	Note	(Rupees in '000)
	Balances with banks in:		
	Current accounts		8,776
	Savings accounts	4.1	1,483,945
			<u>1,492,721</u>

- 4.1 These include balances of Rs 0.299 million and Rs 8.743 million maintained with National Bank of Pakistan and BankIslami Pakistan Limited (related parties) respectively, that carry profit at the rate ranging from 4.5% to 7% per annum respectively. Other savings accounts of the Fund carry profit at the rate ranging from 4% to 7.4% per annum.



5 INVESTMENTS

2021
Note (Rupees in '000)

At fair value through profit or loss

Islamic commercial papers	5.1	68,800
GoP Ijarah sukuks	5.2	100,630
Corporate sukuk certificates	5.3	581,843
Term deposit receipts	5.4	790,000
Certificates of musharakah	5.5	315,000
		<u>1,856,273</u>

5.1 Islamic commercial papers

Name of investee company	Purchased during the period	Disposed of / matured during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Market value as a percentage of total investments	Market value as a percentage of net assets
	Face value (Rupees in '000)			(Rupees in '000)			----- % -----	

POWER GENERATION & DISTRIBUTION

K-Electric Limited ICP-10 (A-1+, VIS)	59,000	59,000	-	-	-	-	-	-
K-Electric Limited ICP-15 (A-1+, PACRA)	220,000	220,000	-	-	-	-	-	-
K-Electric Limited ICP-18 (A-1+, PACRA)	60,000	60,000	-	-	-	-	-	-
K-Electric Limited ICP-11 (A-1+, PACRA)	23,000	23,000	-	-	-	-	-	-
K-Electric Limited ICP-12 (A-1+, PACRA)	29,000	29,000	-	-	-	-	-	-
K-Electric Limited ICP-16 (A-1+, PACRA)	70,000	-	70,000	68,800	68,800	-	3.71%	2.12%
Total as at June 30, 2021				<u>68,800</u>	<u>68,800</u>	<u>-</u>	<u>3.71%</u>	<u>2.12%</u>

5.1.1 This carries a yield of 8.48% per annum and is due to mature latest by September 16, 2021.

5.2 GoP Ijarah sukuks

Name of the security	Profit payments	Issue date	Maturity date	Profit rate	Purchased during the period	Sold during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation to	
					Number of certificates				(Rupees in '000)		total market value of investments	net assets of the Fund
GoP Ijarah sukuks XX - VRR 19 (Note 5.2.1)	Semi-annually	May 29, 2020	May 29, 2025	Weighted average 6 months T-Bills	40,000	20,000	20,000	100,630	100,630	-	5.42%	3.10%
GoP Ijarah sukuks XX - FRR 04	Semi-annually	July 29, 2020	July 29, 2025	8.37%	37,500	37,500	-	-	-	-	-	-
Total as at June 30, 2021								<u>100,630</u>	<u>100,630</u>	<u>-</u>	<u>5.42%</u>	<u>3.10%</u>

5.2.1 The nominal value of these sukuks is Rs 5,000 each.



5.3 Corporate sukuk certificates

Name of the security	Profit payments / redemptions	Maturity date	Profit rate	Purchased during the period	Sold / redeemed during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Percentage in relation to	
										total market value of the investments	net assets of the Fund
								Number of certificates		(Rupees in '000)	

POWER GENERATION & DISTRIBUTION

The Hub Power Company Limited - a related party (AA+, PACRA, non-traded) (Face value of Rs 100,000 per certificate)	Semi-annually	March 19, 2024	1 year KIBOR plus base rate of 1.9%	500	-	500	51,473	51,200	(273)	2.76%	1.58%
The Hub Power Company Limited - a related party (AA+, PACRA) (Face value of Rs 100,000 per certificate)	Semi-annually	November 5, 2021	3 months KIBOR plus base rate of 1.75%	2,180	-	2,180	218,000	218,000	-	11.74%	6.71%
Hub Power Holdings Limited - a related party (AA+, PACRA, non-traded) (Face value of Rs 100,000 per certificate)	Semi-annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700	-	700	61,868	61,868	-	3.33%	1.91%
K-Electric Limited (AA+, VIS, traded) (Face value of Rs 5,000 per certificate)	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.7%	10,000	-	10,000	50,000	50,775	775	2.74%	1.56%
Kot Addu Power Company Limited (A-1+, VIS) (Face value of Rs 100,000 per certificate)	Semi-annually	June 8, 2021	3 months KIBOR plus base rate of 0.7%	1,173	1,173	-	-	-	-	-	-
Engro Powergen Thar (Private) Limited (A, PACRA, traded) (Face value of Rs 5,000 per certificate)	Quarterly	August 3, 2024	3 months KIBOR plus base rate of 1.7%	40,000	-	40,000	199,900	200,000	100	10.77%	6.16%

Total as at June 30, 2021

581,241	581,843	602	31.34%	17.92%
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5.4 Term deposit receipts

Name of the security	Maturity date	Profit rate	Purchased during the period	Matured during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets
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(Rupees in '000) %

COMMERCIAL BANKS

BankIslami Pakistan Limited - a related party	November 02, 2020	6.75%	120,000	120,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	December 28, 2020	6.75%	108,500	108,500	-	-	-	-	-
BankIslami Pakistan Limited - a related party	December 30, 2020	7.00%	13,000	13,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	January 12, 2021	7.00%	110,000	110,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	January 21, 2021	7.00%	24,000	24,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	January 29, 2021	7.10%	134,000	134,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	February 22, 2021	7.10%	5,500	5,500	-	-	-	-	-
BankIslami Pakistan Limited - a related party	March 02, 2021	7.10%	155,500	155,500	-	-	-	-	-
BankIslami Pakistan Limited - a related party	March 15, 2021	6.85%	30,000	30,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	March 22, 2021	6.85%	25,000	25,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	April 05, 2021	6.90%	171,000	171,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	April 15, 2021	6.90%	80,000	80,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	April 29, 2021	7.15%	48,500	48,500	-	-	-	-	-
BankIslami Pakistan Limited - a related party	May 05, 2021	7.15%	171,000	171,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	May 17, 2021	7.15%	116,000	116,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	May 31, 2021	7.15%	48,000	48,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	June 07, 2021	7.15%	175,000	175,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	June 17, 2021	7.15%	114,000	114,000	-	-	-	-	-
BankIslami Pakistan Limited - a related party	June 29, 2021	7.15%	39,000	39,000	-	-	-	-	-
United Bank Limited - Islamic Banking	July 28, 2021	6.90%	340,000	-	340,000	340,000	340,000	18.32%	10.47%
BankIslami Pakistan Limited - a related party	July 29, 2021	7.30%	400,000	-	400,000	400,000	400,000	21.55%	12.32%
BankIslami Pakistan Limited - a related party	August 02, 2021	7.30%	50,000	-	50,000	50,000	50,000	2.69%	1.54%

Total as at June 30, 2021

790,000 790,000 42.56% 24.33%

5.5 Certificates of musharakah

Name of the security	Maturity date	Profit rate	Purchased during the period	Matured during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets
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(Rupees in '000) %

NON-BANK ISLAMIC FINANCIAL INSTITUTION

First Habib Modaraba	July 26, 2021	7.25%	140,000	-	140,000	140,000	140,000	7.54%	4.31%
First Habib Modaraba	October 28, 2021	7.30%	175,000	-	175,000	175,000	175,000	9.43%	5.39%

Total as at June 30, 2021

315,000 315,000 16.97% 9.70%



		2021 (Rupees in '000)
5.6	Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	Note
	Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5 1,856,273
	Less: carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5 1,855,671
		<u>602</u>
6	PROFIT RECEIVABLE	
	Profit receivable on:	
	Bank balances	8,275
	Corporate sukuk certificates	2,201
	GoP Ijarah sukuks	6,479
	Term deposit receipts	359
	Certificates of musharakah	6,578
		<u>23,892</u>
7	PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	
	Advance tax	7.1 343
	Prepaid mutual fund rating fee	86
	Security deposit with Central Depository Company of Pakistan Limited *	100
		<u>529</u>
	* related party balance	
7.1	As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, withholding tax on profit on bank balances and profit on debt securities 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 withholders. The taxes withheld on profit on bank balances and profit on debt securities amount to Rs 0.343 million.	
	For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit received by the Fund on bank balances and on debt securities have been shown as other receivable as at June 30, 2021 as, in the opinion of the management, the amount of taxes deducted at source will likely be refunded.	
8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note
	Preliminary expenses and floatation costs incurred	778
	Less: amortisation during the period	8.1 (137)
	At the end of the period	<u>641</u>
8.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (Management Company). These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.	



9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2021 (Rupees in '000)
	Remuneration payable to the Management Company	9.1	1,022
	Sindh sales tax on remuneration payable to the Management Company	9.2	133
	Allocated expenses payable	9.3	706
	Sales and transfer load payable		566
	Sindh sales tax payable on sales load		74
	Preliminary expenses and floatation cost payable		778
	ADC charges payable including Sindh sales tax		49
	Other payable		148
			<u>3,476</u>

9.1 The Management Company has charged its remuneration at the rate of 6% on net income, subject to floor and capping of 0.5% and 1.25% per annum of the average net assets of the Fund during the period from August 13, 2020 till June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the period, an amount of Rs. 0.788 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%.

9.3 In accordance with Regulation 60 of the NBFC Regulations 2008, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

Rate applicable from August 13, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to June 30, 2021
0.1% of average annual net assets	0.125% of average annual net assets

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

During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% had been removed and an asset management company was required to set a maximum limit for charging of such expenses to the Fund and the same has to be approved by the Board of Directors of the Management Company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company based on its own discretion has charged selling and marketing expenses at the rate of 0.7% per annum of the average annual net assets for the period from August 13, 2020 till November 19, 2020 and 0% thereafter. This has been duly approved by the Board of Directors of the Management Company.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2021 (Rupees in '000)
	Trustee fee payable	10.1	152
	Sindh sales tax payable on the trustee fee	10.2	20
			<u>172</u>



10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% per annum of net assets.

10.2 During the period, an amount of Rs. 0.116 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.

**11 PAYABLE TO THE SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN**

2021
Note (Rupees in '000)

Annual fee payable	11.1	<u>238</u>
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11.1 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.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

2021
Note (Rupees in '000)

Provision for Sindh Workers' Welfare Fund	12.1	1,577
Auditors' remuneration payable		349
Legal fees payable		107
Shariah advisor fee payable		146
Withholding tax payable		1,840
Capital gain tax payable		946
Payable against printing charges		39
Bank and settlement charges payable		17
Other payables		326
		<u>5,347</u>

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, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Fund has accordingly made provision in respect of SWWF as recommended by MUFAP.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from August 13, 2020 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been recorded in the financial statements



of the Fund for the year, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re 0.0049 per unit.

13 CONTINGENCIES AND COMMITMENTS

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

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 circulation at the period end.

	2021 Number of units
15 NUMBER OF UNITS IN ISSUE	
Total units in issue at the beginning of the period	-
Units issued during the period	681,601,240
Less: units redeemed during the period	357,375,684
Total units in issue at the end of the period	<u>324,225,556</u>
16 AUDITORS' REMUNERATION	
Annual audit fee	220
Other certifications	150
Half yearly review	80
Out of pocket expenses	53
	<u>503</u>

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the period ended June 30, 2021 to the unit holders in the manner as explained above, therefore, 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.

18 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.

19 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.01% which includes 0.19% representing government levies such as sales taxes, Sindh Worker's Welfare Fund and SECP fee. The TER excluding government levies is 0.82% which is within the prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an income scheme.



20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

- 20.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) 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.
- 20.2** Transactions with connected persons / related parties are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 20.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 20.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the the Trust Deed.
- 20.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 20.6** Details of transactions with related parties / connected persons during the period are as follows:

**For the period
from August
13, 2020 to
June 30, 2021**

(Rupees in '000)

NBP Fund Management Limited - the Management Company

Remuneration of NBP Fund Management Limited - the Management Company	6,060
Sindh sales tax on remuneration of the Management Company	788
Allocated expenses	1,451
Selling and marketing expenses	1,337
Sales load and sindh sales tax on sales load	1,542
ADC charges including Sindh sales tax	79

Central Depository Company of Pakistan Limited - the Trustee

Remuneration of Central Depository Company of Pakistan Limited - the Trustee	893
Sindh sales tax on remuneration of the Trustee	116
Settlement charges	40

Employees of NBP Fund Management Limited

Dividend re-invest units issued - 3,703 units	37
Units issued - 11,670,030 units	117,677
Units redeemed - 4,949,031 units	50,667

Portfolio managed by the Management Company

Dividend re-invest units issued - 1,018,413 units	10,187
Units issued - 75,099,706 units	754,818
Units redeemed - 35,290,232 units	362,341



For the period
from August
13, 2020 to
June 30, 2021
(Rupees in '000)

Pakistan Stock Exchange Limited - common directorship

Listing fee and formation costs paid 300

National Bank of Pakistan - Parent Company

Bank profit* -

BankIslami Pakistan Limited - common directorship

Bank profit 15,253
Placement in term deposit receipts during the period 2,138,000
Matured during the period 1,688,000
Income on term deposit receipts 10,446

NBP Riba Free Savings Fund

Purchase of corporate sukuk certificates 104,597

NBP Islamic Money Market Fund

Purchase of commercial paper 39,428
Sale of commercial papers 184,737

NBP Active Allocation Riba Free Savings Fund

Purchase of corporate sukuk certificates 14,477

NBP Islamic Savings Fund

Purchase of corporate sukuk certificates 38,472

NBP Islamic Sarmaya Izafa Fund

Purchase of GoP Ijarah sukuks 100,602
Purchase of corporate sukuk certificates 201,583

Hub Power Holdings Limited - common directorship

Purchase of corporate sukuk certificates 57,721
Discount income on corporate sukuk certificates 4,171
Participation fee 350

The Hub Power Company Limited - common directorship

Purchase of corporate sukuk certificates 218,000
Income earned on corporate sukuk certificates 8,559
Income received on corporate sukuk certificates 4,179

*Nil due to rounding off



**As at June 30,
2021**

(Rupees in '000)

20.7 Amounts / balances outstanding as at period end are as follows

NBP Fund Management Limited - the Management Company

Remuneration payable to the Management Company	1,022
Sindh sales tax on remuneration payable to the Management Company	133
Allocated expenses payable	706
Sales and transfer load payable	566
Sindh sales tax payable on sales load	74
Preliminary expenses and floatation cost payable	778
ADC charges payable including Sindh sales tax	49
Other payable	148

Central Depository Company of Pakistan Limited - the Trustee

Remuneration payable to the Trustee	152
Sindh sales tax payable on Trustee remuneration	20
Settlement charges payable	8
Security deposit with Central Depository Company of Pakistan Limited - the Trustee	100

Employees of NBP Fund Management Limited

Units outstanding - 6,624,820 units	66,338
-------------------------------------	--------

Portfolio managed by the Management Company

Units outstanding - 40,827,887 units	408,834
--------------------------------------	---------

National Bank of Pakistan - Parent Company

Bank balances	299
Profit receivable on bank balances *	-

BankIslami Pakistan Limited - common directorship

Bank balances	8,743
Term deposit receipts	450,000
Profit receivable on bank balances	111
Profit receivable on term deposit receipts	166

Hub Power Holdings Limited - common directorship

Corporate sukuk certificates held	61,868
Profit receivable on corporate sukuk certificates	25

The Hub Power Company Limited - common directorship

Corporate sukuk certificates held	269,200
Profit receivable on corporate sukuk certificates	4,380

*Nil due to rounding off

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

		2021
	Note	(Rupees in '000)
21 CASH AND CASH EQUIVALENTS		
Bank balances	4	1,492,721
Term deposit receipts	5.4	790,000
		<u>2,282,721</u>



22 FINANCIAL INSTRUMENTS BY CATEGORY

	2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Bank balances	1,492,721	-	1,492,721
Investments	-	1,856,273	1,856,273
Profit receivable	23,892	-	23,892
Deposits	100	-	100
	<u>1,516,713</u>	<u>1,856,273</u>	<u>3,372,986</u>
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	3,476	-	3,476
Payable to Central Depository Company of Pakistan Limited - the Trustee	172	-	172
Payable against redemption of units	16,841	-	16,841
Accrued expenses and other liabilities	984	-	984
Payable against purchase of investments	101,326	-	101,326
	<u>122,799</u>	<u>-</u>	<u>122,799</u>

23 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.

23.1 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

Yield / Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks and investments in Islamic commercial papers, GoP Ijarah sukuk, term deposit receipts, certificates of musharakah and corporate sukuk certificates. 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, KIBOR based corporate sukuk certificates, certificates of musharakah, term deposit receipts and GoP Ijarah sukuk 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 August 13, 2020 to June 30, 2021 and net assets of the Fund would have been higher / lower by Rs. 32.802 million.



b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds Islamic commercial papers 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 August 13, 2020 to June 30, 2021 and net assets of the Fund would have been higher / lower by Rs. 0.688 million.

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:

June 30, 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	4% - 7.4%	1,483,945	-	-	8,776	1,492,721
Investments	6.65% - 14.18%	1,249,575	606,698	-	-	1,856,273
Profit receivable		-	-	-	23,892	23,892
Deposits		-	-	-	100	100
		2,733,520	606,698	-	32,768	3,372,986

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	3,476	3,476
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	172	172
Payable against redemption of units		-	-	-	16,841	16,841
Payable against purchase of investments		-	-	-	101,326	101,326
Accrued expenses and other liabilities		-	-	-	984	984
		-	-	-	122,799	122,799

On-balance sheet gap (a)	2,733,520	606,698	-	(90,031)	3,250,187
Total profit rate sensitivity gap (a+b)	2,733,520	606,698	-		
Cumulative profit rate sensitivity gap	2,733,520	3,340,218	3,340,218		

(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 does not have any investment that is exposed to price risk as of June 30, 2021.

23.2 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed 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 August 13, 2020 to June 30, 2021.

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

June 30, 2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						

Financial liabilities

Payable to NBP Fund Management Limited
- the Management Company

Payable to Central Depository Company of
Pakistan Limited - the Trustee

Payable against redemption of units

Payable against purchase of investments

Accrued expenses and other liabilities

3,476	-	-	-	-	-	3,476
172	-	-	-	-	-	172
16,841	-	-	-	-	-	16,841
101,326	-	-	-	-	-	101,326
635	349	-	-	-	-	984
122,450	349	-	-	-	-	122,799

23.3 Credit risk

23.3.1 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:



	June 30, 2021	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- (Rupees in '000) -----	
Bank balances	1,492,721	1,492,721
Investments	1,856,273	1,755,643
Profit receivable	23,892	17,413
Deposits	100	100
	<u>3,372,986</u>	<u>3,265,877</u>

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

23.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and investments in corporate sukuk certificates, Islamic commercial papers and term deposit receipts. The credit rating profile of banks, corporate sukuk certificates, Islamic commercial papers and term deposit receipts are as follows:

Rating	June 30, 2021 % of financial assets exposed to credit risk
Bank balances	
AAA	45.03%
AA	0.42%
AA-	0.13%
A+	0.35%
A-	0.02%
BBB-	0.01%
Commercial papers	
A-1+	2.11%
Corporate sukuk certificates	
AA+	11.76%
A	6.12%
Term deposit receipts	
AAA	10.42%
A+	13.78%
Certificates of musharakah	
AA+	9.85%
	<u>100.00%</u>

23.3.3 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.

24 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.

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.

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.

24.1 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:

As at June 30, 2021				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
At fair value through profit or loss				
Islamic commercial papers*	-	68,800	-	68,800
GoP Ijarah sukuks	-	100,630	-	100,630
Corporate sukuk certificates	-	581,843	-	581,843
Term deposit receipts**	-	790,000	-	790,000
Certificates of musharakah**	-	315,000	-	315,000
	-	1,856,273	-	1,856,273

* The valuation of commercial papers has been done based on amortisation to their fair value as per the guidelines given in Circular 33 of 2012 issued by the SECP as the residual maturity of this investment is less than six months and are placed with counterparties which have high credit rating.

** The carrying value of these deposits and certificates approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

25 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size at all times during the period from August 13, 2020 till June 30, 2021.



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 23, 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.

26 UNIT HOLDING PATTERN OF THE FUND

Category	June 30, 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	790	1,737,859	53.53%
Insurance companies	7	378,882	11.67%
Retirement funds	24	861,271	26.53%
Public limited companies	1	50,617	1.56%
Others	12	218,027	6.71%
	<u>834</u>	<u>3,246,656</u>	<u>100.00%</u>

27 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	June 30, 2021
	Percentage of commission paid
Paramount Capital (Private) Limited	100.00%

27.1 The Fund has traded with only one broker / dealer during the period ended June 30, 2021.

28 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	Deputy Chief Investment Officer	CFA	15
Muhammad Ali Bhabha (note 28.1)	Head of Fixed Income	CFA / MBA / FRM / MS	26
Hassan Raza	Head of Research	ACCA / BSC / CFA	10

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

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



29 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of director	Number of meetings			Meetings not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
Saad ur Rahman Khan [note 29.1]	3	2	1	77th Meeting
Syed Hasan Irtiza Kazmi	5	5	-	-
Ali Saigol	5	5	-	-
Imran Zaffar	5	5	-	-
Khalid Mansoor	5	5	-	-
Humayun Bashir	5	5	-	-
Saad Amanullah Khan	5	5	-	-
Amjad Waheed	5	5	-	-
Mehnaz Salar [note 29.2]	2	2	-	-

29.1 Saad ur Rahman Khan resigned from the Board as director on December 03, 2020.

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

30 DATE OF AUTHORISATION FOR ISSUE

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

31 GENERAL

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the period from August 13, 2020 to June 30, 2021
Net assets (Rs. '000')	3,246,657
Net Income (Rs. '000')	77,270
Net Asset Value per units (Rs.)	10.0136
Offer price per unit	10.1268
Redemption price per unit	10.0136
Ex - Highest offer price per unit (Rs.)	10.1268
Ex - Lowest offer price per unit (Rs.)	9.4569
Ex - Highest redemption price per unit (Rs.)	10.0136
Ex - Lowest redemption price per unit (Rs.)	9.4569
Since Inception Ex Nav	9.4569
Total return of the fund	6.69%
Capital growth	1.00%
Income distribution as % of Ex-NAV	5.69%
Income distribution as % of Par Value	5.69%
Interim distribution per unit	0.1121
Final distribution per unit	0.4571
Distribution dates	
Interim	14-Oct-20
Final	23-Jun-21
Average annual return (launch date 13-08-2020)	
(Since inception to June 30, 2021)	6.69%
Weighted average portfolio duration	36 Days

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

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 /nbpfunds

NAFA ISLAMIC ACTIVE ALLOCATION FUND – II



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.

MISSION STATEMENT



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

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

Chairman	Mr. Humayun Bashir
Member	Mr. Tauseef Mazhar
Member	Mr. Ali Saigol
Member	Mr. Imran Zaffar
Member	Mr. Saad Amnnullah Khan

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Al Habib Limited
Faysal Bank Limited
Soneri Bank Limited
Dubai Islamic Bank
Habib Bank Limited
JS Bank Limited
United Bank Limited

Auditor

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shahed 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.nbpfund.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. Aamjad 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



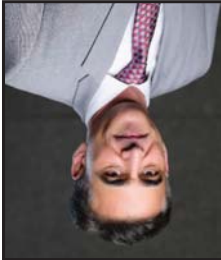
Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Qasir 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 FPPA
Head of Operations



Muhammad Imran, CFA, ACCA
Head of Portfolio Management



Syed Haseeb Ahmed Shah
Head of Compliance



DIRECTORS' REPORT

This is the Fifth Annual Report for the period ended June 30, 2021, since launch of **NAFA Islamic Active Allocation Fund-II** (NIAAF-II) on May 26, 2017.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-II has been constituted in the form of a Trust Scheme that shall invest in following (NIAAF-VI), NAFA Islamic Active Allocation Plan-VIII (NIAAF-VIII), NAFA Islamic Capital Preservation Plan-II (NICPP II), NAFA Islamic Capital Preservation Plan-I (NICPP I) & NAFA Islamic Free Savings Fund

Islamic Income Fund:
Islamic Money Market Fund:
Islamic Equity Fund:

NAFA Active Allocation Riba Free Savings Fund
NBP Islamic Money Market Fund
NBP Islamic Active Allocation Equity Fund

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 1H FY21 as value money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

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

In terms of sectoral performance, Auto Assemblers, 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.

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.

NAFA Islamic Active Allocation Plan-VI (NIAAF-VI)

This is the fifth annual report for the period ended June 30, 2021, since launch of NAFA Islamic Active Allocation Plan-VI (NIAAF-VI) on May 26, 2017. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

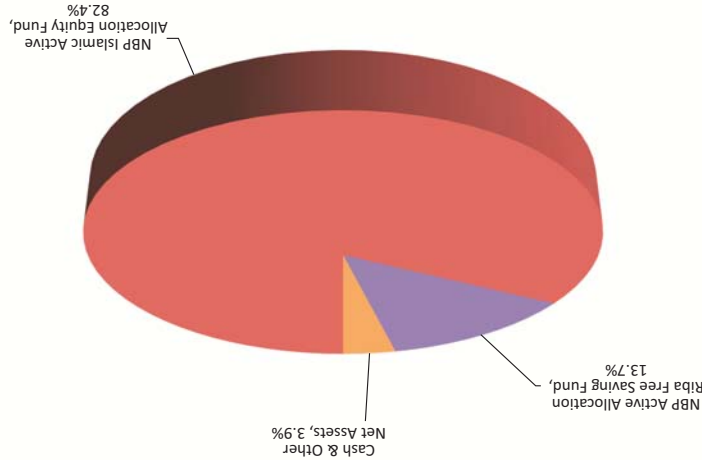


Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) increased by 26.5% as against the benchmark which increased by 29.4%, thus, the Fund underperformed the benchmark by 2.9% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-V (NIAAP-VI) has increased from Rs.86.5969 (Ex-Div) on May 26, 2017 to Rs. 98.3310 on June 30, 2021, thus showing an increase of 13.6%. The Benchmark return during the same period increased by 14.7%. Thus, the Fund has underperformed its Benchmark by 1.1% since its inception on May 26, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 48 million

The Plan has earned a total income of Rs. 37.93 million during the year. After deducting total expenses of Rs. 1.50 million, the net income is Rs. 36.43 million.

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



Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 3.92% of the opening ex-NAV (3.14% of the par value) in NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) 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.

NAFA Islamic Active Allocation Plan-VII (NIAAP-VII)

This is the fifth annual report for the period ended June 30, 2021, since launch of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) on June 29, 2017. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

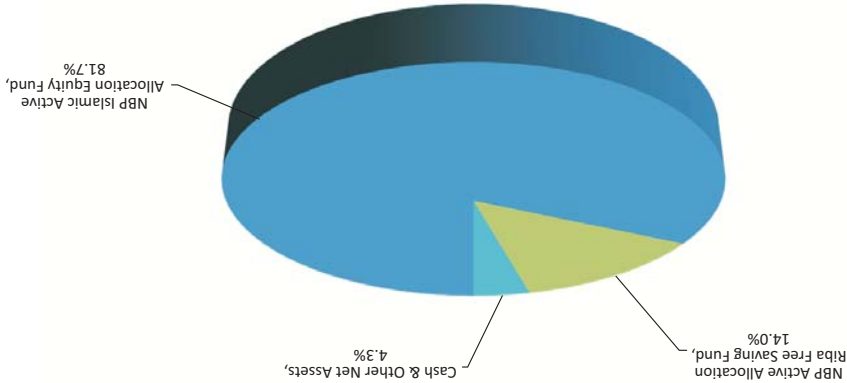
Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) increased by 24.9% as against the benchmark which increased by 29.0%, thus, the Fund underperformed the benchmark by 4.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) has increased from Rs.89.8190 (Ex-Div) June 29, 2017 to Rs. 101.8358 on June 30, 2021, thus showing an increase of 13.4%. The Benchmark return during the same period increased by 17.5%. Thus, the Fund has underperformed its Benchmark by 4.1% since its inception on January 29, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 27 million.

The Plan has earned a total income of Rs. 8.59 million during the year. After deducting total expenses of Rs 0.754 million, the net income is Rs. 7.83 million.



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



Income Distribution

The Board of Directors of the Management Company has approved cash dividend of 4.58% of the opening ex-NAV (3.88% of the par value) in NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) 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.

NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII)

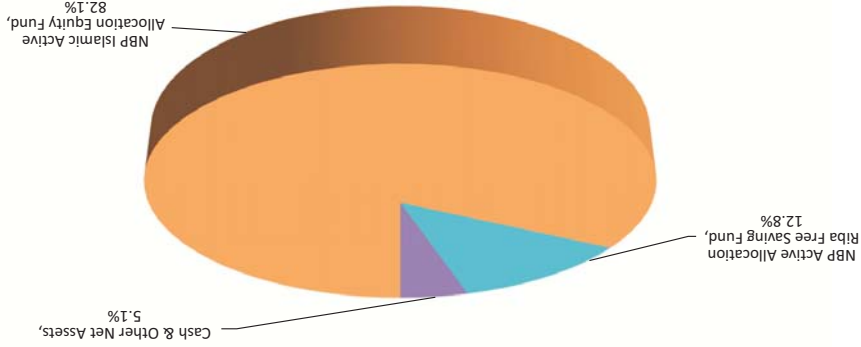
This is the fourth annual report for the period ended June 30, 2021, since launch of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) on November 03, 2017. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shariah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) increased by 26.2% as against the benchmark which increased by 29.0%, thus, the Fund underperformed the benchmark by 2.8% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) has increased from Rs. 90.0431 (Ex-Div) on November 03, 2017 to Rs. 118.1734 on June 30, 2021, thus showing an increase of 31.2%. The Benchmark return during the same period increased by 30.2%. Thus, the Fund has outperformed its Benchmark by 1.1% since its inception on November 03, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs.57 million.

The Plan has earned a total income of Rs. 25.02 million during the year. After deducting total expenses of Rs. 1.13 million, the net income is Rs. 23.89 million.

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



NIFA ISLAMIC ACTIVE ALLOCATION FUND-II

NBP FUNDS
Managing Your Savings



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 4.40% of the opening ex-NAV (4.27% of the par value) in NIFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) 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.

NIFA Islamic Capital Preservation Plan-I (NICPP-I)

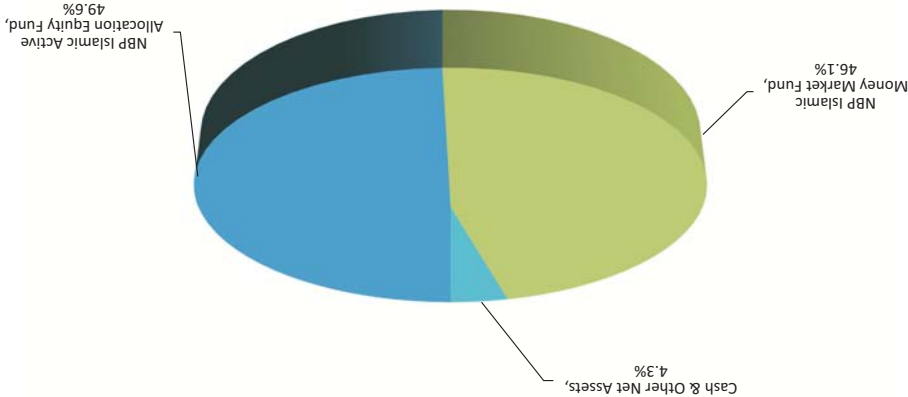
This is the fourth annual report for the period ended June 30, 2021, since launch of NIFA Islamic Capital Preservation Plan-I (NICPP-I) on February 28, 2018. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shar'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NIFA Islamic Capital Preservation Plan-I (NICPP I) increased by 16.8% as against the benchmark which increased by 17.9%, thus, the Fund underperformed the benchmark by 1.1% during the year. Since launch of the plan, the unit price of NIFA Islamic Capital Preservation Plan-I (NICPP I) has increased from Rs.87.9199 (Ex-Div) on February 28, 2018 to Rs.111.8859 on June 30, 2021, thus showing an increase of 27.3%. The Benchmark return during the same period was increased by 23.0%. Thus, the Fund has outperformed its Benchmark by 4.3% since its inception on February 28, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs 130 million.

The Plan has earned a total income of Rs. 27.67 million during the year. After deducting total expenses of Rs 1.36 million, the net income is Rs. 26.31 million.

The asset allocation of the 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 5.23% of the opening ex-NAV (5.25% of the par value) in NIFA Islamic Capital Preservation Plan-I (NICPP-I) 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.



NAFA Islamic Capital Preservation Plan-II (NICPP-II)

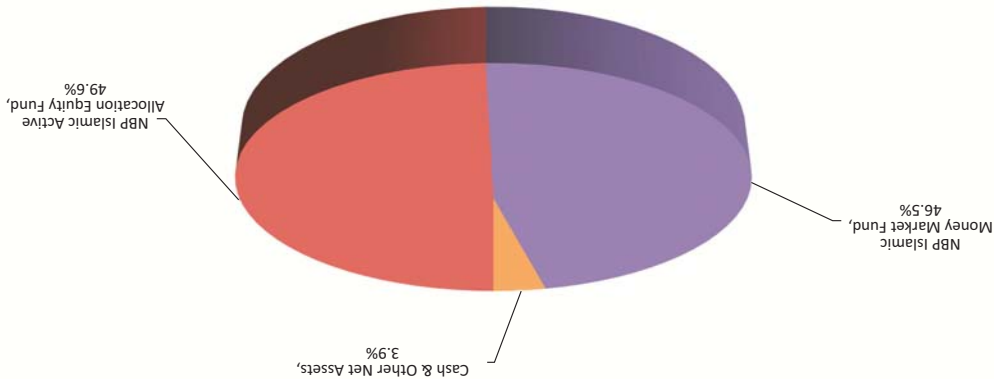
This is the fourth annual report for the period ended June 30, 2021, since launch of NAFA Islamic Capital Preservation Plan-II (NICPP-II) on April 27, 2018. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-II (NICPP II) increased by 11.3% as against the benchmark which increased by 12.6%, thus, the Fund underperformed the benchmark by 1.3% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-II (NICPP II) has increased from Rs.89.1162 (Ex-Div) on April 27, 2018 to Rs.105.6406 on June 30, 2021, thus showing an increase of 18.5%. The Benchmark return during the same period was increased by 14.0%. Thus, the Fund has outperformed its Benchmark by 4.5% since its inception on April 27, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 92 million.

The Plan has earned a total income of Rs. 16.55 million during the year. After deducting total expenses of Rs 1.61 million, the net income is Rs. 14.94 million.

The asset allocation of the 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 5.91% of the opening ex-NAV (5.92% of the par value) in NAFA Islamic Capital Preservation Plan-II (NICPP-II) 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 NAFA Islamic Active Allocation Fund-II (NIAAF-II) has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TF/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 on August 13, 2021 of the sub-Plans as detailed below. This is one-off event and is not likely to be repeated in the future.

Plan	SWWF Reversed (Rs million)	Increase in NAV (%)
NIAAF-VI	1.19	2.39%
NIAAF-VII	0.22	0.77%
NIAAF-VIII	0.96	1.74%
NICPP-I	2.03	1.97%
NICPP-II	0.93	1.08%



Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, has completed their five years tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the replacement would be required. The Board has approved the appointment of Messrs Grant Thornton Anjum Rahman & Co., 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 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 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

Date: September 16, 2021
Place: Karachi.

Chief Executive

Director

On behalf of the Board of
NBP Fund Management Limited

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.

Acknowledgement

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

[illegible][illegible][illegible][illegible]

اسلام آباد: پیپلز پارٹی کے قائدین اور قائدہ انجیئر ایف بی بیٹو نے کہا کہ ان کے پاس اس وقت کوئی ایسا دوا نہیں ہے جس سے نBP کو ختم کیا جاسکے۔

پیشتر ایس ایم ایف: NBP

پہلے ہی سٹیج پر پہنچنے کے لیے ہم نے NBP استعمال کیا۔

[illegible][illegible]

۱۔ ہے۔ اور اگر کہہ دوں کہ جو کچھ میں نے کہا ہے وہ سب سچ ہے تو یہ تو بڑا بڑا جھوٹ ہے۔

[illegible]

ॐ नमो भगवते वासुदेवाय ॥

۱۔ ۲۷ ستمبر ۲۰۲۲ء کو ۱۴.۱% کی شرح پر ۱۰ سالہ قرضہ کی تجدید ہوئی۔

[illegible]

အိန္ဒိယ

۲۔ اگر کرم فریق کو فتح میں ناکام کر دیا تو کرم فریق کو غلام کر دیا۔ ان کو اس سے بڑھ کر اور بھی کڑی سزا دی جائے گی۔

[illegible]

(NIAAP-VII) VII-انٹرنیشنل پیئریم انٹروال NFA

۲۔ لے لی گئی تھی۔ 99 کے نتیجے میں الیکشن کمیشن نے 2001 کے دوسرے پتہ پر الیکشن کمیشن کے لیے

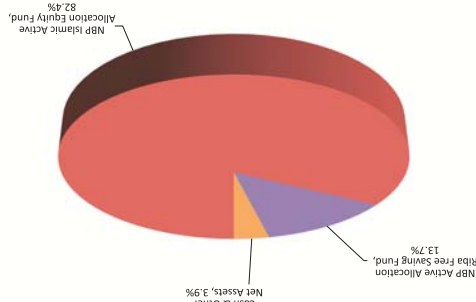
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حقیقت

- (خبر، نقدی قدر 3.14%) میزوری نقدی مبالغہ مستقیم کی منظوری دی ہے۔

[illegible]

لغتیں کی؟



تاریخ: ۳۰ جون ۲۰۲۱ء

[illegible]

48.9% کے برابر ہے۔

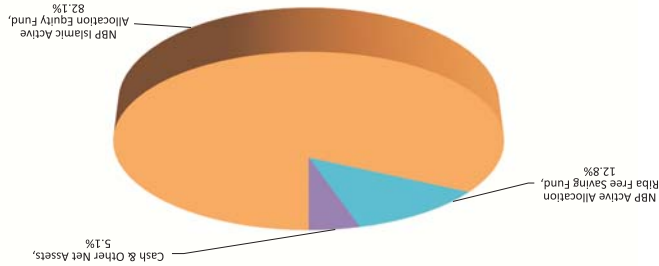
2021 کے لیے 2020 کے مقابلے میں 26.5% اضافہ ہوا، جبکہ 2017 کے مقابلے میں 29.4% اضافہ ہوا۔

ကံကုသလ

[illegible]

26 جنوری 2017 کو شہر لاہور میں ایک پبلک میٹنگ منعقد کی گئی۔ اس موقع پر پاکستان مسلم لیگ ق کے قائد مولانا مفتی محمد رفیع صاحب نے ایک قرارداد منظور کروائی جس میں ان کے بیان کے تحت لکھا ہے کہ:

(NIAAP-VI)VI-نیشنل ایئر پورٹ اتھارٹی آف پاکستان



تاریخ: 30 جولائی 2021ء

- ہے۔ 23.89 ملین روپے، 1.13 ملین روپے کے اجراء پر مشتمل مجموعی مقررہ کی مدتوں میں سے 25.02 ملین روپے کے اجراء پر مشتمل صاف منافع (Net Profit) کا اعلان کیا گیا ہے۔

[illegible]

یہ گراف 2017 اور 2021 کے درمیان بین الاقوامی تجارت کی شرح میں تبدیلیوں کو ظاہر کرتا ہے۔ 2017 میں، بین الاقوامی تجارت کی شرح 30.2% تھی، جبکہ 2021 میں یہ 31.2% ہو گئی تھی۔

အိန္ဒိယ

۲۔ اگر کرم فرج کے مروجہ فرائض کو مسترد کر دے اور یہ کہ وہ ان سے غلط طور پر مستفید ہو کر احوال خود کو برقرار رکھے، تو یہ کفر ہے۔

تقریباً 30 سالوں سے، NIAAP (NIAAP-VIII-VIII) کے تحت، NFAFA کے تحت، 03 نومبر 2017

(NIAAP-VIII) VIII-اے پی سی اے ایف اے

۲۔ - ترقی یافتہ ممالک کے 99 فیصد بچے تعلیم حاصل کر چکے ہیں، جبکہ پاکستان کے 2001 کے دور کے پتہ چلتا ہے کہ تقریباً 50 فیصد بچے تعلیم حاصل کر چکے ہیں۔

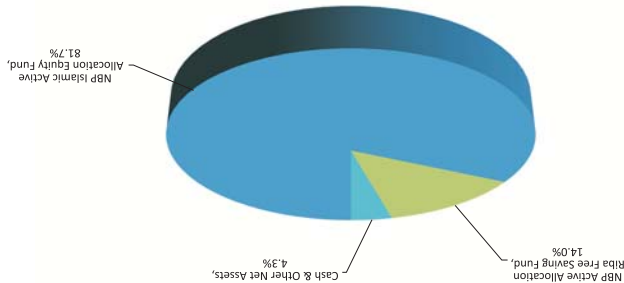
06 فیصد سے زائد ہے، اس کے علاوہ تین گینتیں بھی کھیلنے والے کھلاڑیوں نے حاصل کیں۔ سیریا کی تاریخ میں ان کی پہلی گینتیں 1970ء کے دہائی میں ہی حاصل ہوئی تھیں۔

ہستی

۲۔ مقرر کی پیشکش پر فیصد بنی (مقرر کی 3.88%) (بقیہ کی قدرتی قدرتی)

[illegible]

لغتي کی؟



تاریخ: ۳۰ مرداد ۱۳۹۸

-ع۔ 7.83 تھرو، 0.754 تھرو، 8.59 تھرو کے لئے فراہم کیے گئے ہیں۔

NFAFA

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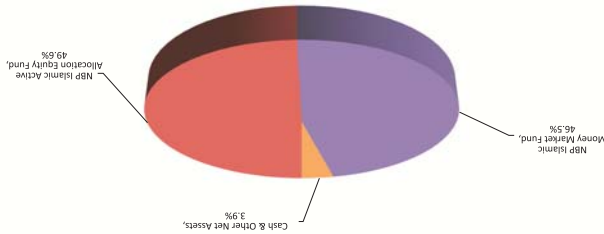
Plan	SWWF Reversed (Rs million)	Increase in NAV (%)
NIAAP-VI	1.19	2.39%
NIAAP-VII	0.22	0.77%
NIAAP-VIII	0.96	1.74%
NICPP-I	2.03	1.97%
NICPP-II	0.93	1.08%

[illegible]

تقریباً 90 فیصد سے زائد ہے، اس کے بعد 90 فیصد سے زائد کر کے لیتے ہیں۔ لیکن یہ سب کچھ خود اور غیر خودی کے اصولوں کے تحت ہوتا ہے، جو ان کے اصولوں کے تحت ہوتا ہے، جو ان کے اصولوں کے تحت ہوتا ہے۔

۲۔ (بقیہ قیامہ 5.92%) بمطابق مندرجہ ذیل:

5.91% ex-NAV، نیف (NICPP-II) اور نیف (NICPP-I) کے درمیان 2021-22 کے مالی سال کے لیے جوئے کو تسلیم کرنے کے لیے 30 جون 2021 کو جاری کردہ نوٹس کے تحت پیش کیے گئے تھے۔



تاریخ: 30 جولائی 2021ء

۱۴.۹۴ -

جانبی سے تصدیق شدہ 16.55 روپے کی آمدنی 1.61 لاکھ روپے کے اخراجات مہیا کرنے کے بعد خالص آمدنی NAFA اسلامی فنڈ پر پوزیشن ٹائمنگ II (NICPP-II) کے اس مدت کے دوران 16.55 روپے کی آمدنی 1.61 لاکھ روپے کے اخراجات مہیا کرنے کے بعد خالص آمدنی

۹۲ - ۱۰۰

[illegible]

۱	جانب جالبہ تصور	۱	جانب خالص
۲	جانب سحران الہی	۲	جانب خالص
۳	جانب تاثیر	۳	جانب خالص
۴	جانب علمی	۴	جانب خالص
۵	جانب کمال	۵	جانب خالص

1. میخینٹ کشن کی طرف سے تیار کردہ، اپنا ذاتی گواہی کے طور پر پیش کیا گیا ہے۔
2. فیڈ کے اصرار کے تحت درجہ اولیٰ میں رکھے ہوئے ہیں۔
3. اپنا گواہی کی تیاری میں اپنا ذاتی گواہی کے طور پر پیش کیا گیا ہے۔
4. اپنا گواہی کی تیاری میں اپنا ذاتی گواہی کے طور پر پیش کیا گیا ہے۔
5. اپنا گواہی کی تیاری میں اپنا ذاتی گواہی کے طور پر پیش کیا گیا ہے۔
6. فیڈ کی روایات میں رکھے ہوئے ہیں۔
7. گواہی کے طور پر پیش کیا گیا ہے۔
8. گواہی کے طور پر پیش کیا گیا ہے۔
9. گواہی کے طور پر پیش کیا گیا ہے۔
10. اس میں گواہی کے طور پر پیش کیا گیا ہے۔
11. ہونٹ ہولڈنگ کے طور پر پیش کیا گیا ہے۔
12. ڈائریکٹری کے طور پر پیش کیا گیا ہے۔
13. گواہی کے طور پر پیش کیا گیا ہے۔
- 30 جولائی 2021 کو گواہی کے طور پر پیش کیا گیا ہے۔

خدا سر: لایه

۲۰۲۱ ستمبر ۱۶: بج

مہتر بڑا جتہ

پتہ

پیشہ ورانہ تعلیم و تربیت

! کہ تو گراؤ جاؤ، مگر نہ خنجر

۱۔ یہ تین اہل تہذیب و تمدن کے تھے جنہوں نے دنیا کو علم و ادب سے آگاہ کیا اور ان کے ہر ایک کلمے میں ایک نیا عالم کھل گیا۔

۱۔ ایک کمالیہ، حق پرست، سچے دل کا انسان، ایسی زندگی بسر کرنا جس پر آپ مبارک فرما رہے ہیں۔

اور ان اہل بیت علیہم السلام سے تعلق رکھنے والے افراد کو بھی شہرہ آفاق اور بین الاقوامی سطح پر مقبولیت حاصل ہوئی ہے۔ ان کے علمی و ادبی خدمات کی وجہ سے ان کو "مفتی اعظم پاکستان" اور "مفتی اعظم دارالافتاء پاکستان" کے عہدوں پر فائز کیا گیا ہے۔ ان کے علمی و ادبی خدمات کی وجہ سے ان کو "مفتی اعظم پاکستان" اور "مفتی اعظم دارالافتاء پاکستان" کے عہدوں پر فائز کیا گیا ہے۔

کتابخانه



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 NAFI Islamic Active Allocation Fund-II (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

NAFA Islamic Active Allocation Fund - II

NAFA Islamic Asset Allocation Fund -II (NIAAF-II) is an Open-ended Shari'ah Compliant Fund of Funds.

Investment Objective of the Fund

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income/Money Market Funds.

NAFA Islamic Active Allocation Fund-II has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through five (5) Allocation Plans including NAFA Islamic Active Allocation Plan-VI (NIAAP-VI), NAFA Islamic Active Allocation Plan-VII (NIAAP-VII), NAFA Islamic Active Allocation Plan-VIII (NIAAP-VIII), NAFA Islamic Capital Preservation Plan-I (NICPP I) & NAFA Islamic Capital Preservation Plan-II (NICPP II).

Islamic Income:
Islamic Money Market:
Islamic Equity:
NBP Active Allocation Riba Free Savings Fund
NBP Islamic Money Market Fund
NBP Islamic Active Allocation Equity Fund

Fund performance review

Plans	Launch Date	Fund Size (Million)	Plans Return	Cumulative Performance Since Inception
NIAAP-VI	26-May-17	48	13.6%	14.7%
NIAAP-VII	29-June-17	27	13.4%	17.5%
NIAAP-VIII	03-Nov-17	57	31.2%	30.2%
NICPP-I	28-Feb-18	130	27.3%	23.0%
NICPP-II	27-Apr-18	92	18.5%	14.0%

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 1H FY21 as value money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

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

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

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) increased by 26.5% as against the benchmark

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) in May, 2017 which is the sixth plan under NBPF Funds launched its NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) in May, 2017 which is the sixth plan under equity and income schemes managed by NBPF Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-VI has an initial maturity of two years.

NAFA Islamic Active Allocation Plan - VI

NIAAP-VI	1.19	SWWF Reversed (Rs million)	Increase in NAV (%)
NIAAP-VII	0.22		0.77%
NIAAP-VIII	0.96		1.74%
NICPP-I	2.03		1.97%
NICPP-II	0.93		1.08%

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NAFA Islamic Active Allocation Fund - I 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 on August 13, 2021 of the sub-Plans as detailed below. This is one-off event and is not likely to be repeated in the future.

Sindh Workers' Welfare Fund (SWWF)

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. 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.

During the period under question:

Asset Allocation of Plans			
Plans	Funds		Assets/Liabilities Net Cash & Other
	NAFA Islamic Active Allocation	Money Market Fund Savings/Islamic Riba Free	
NIAAP-VI	82.4%	13.7%	3.9%
NIAAP-VII	81.7%	14.0%	4.3%
NIAAP-VIII	82.1%	12.8%	5.1%
NICPP-I	49.6%	46.1%	4.3%
NICPP-II	49.6%	46.5%	3.9%

Asset Allocation of the Fund (% of NAV)

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.

Proprietary Trading were large sellers with net outflows of around USD 387 million, USD 95 million, and USD 32 million, respectively.



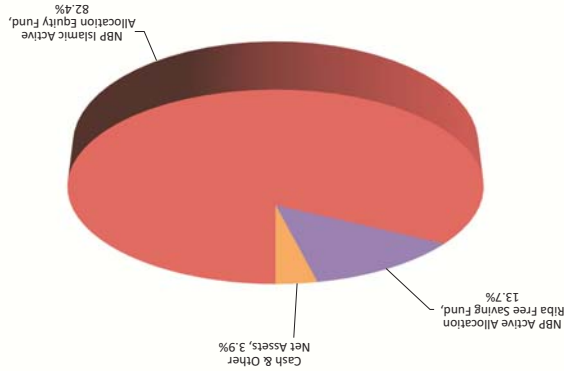
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

NBP FUNDS
Managing Your Savings



which increased by 29.4%, thus, the Fund underperformed the benchmark by 2.9% during the year. Since launch of the plan, the unit price of NAFA Islamic Active Allocation Plan-VI (NIAAP-VI) has increased from Rs.86.5969 (Ex-Div) on May 26, 2017 to Rs. 98.3310 on June 30, 2021, thus showing an increase of 13.6%. The Benchmark return during the same period increased by 14.7%. Thus, the Fund has underperformed its Benchmark by 1.1% since its inception on May 26, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 48 million.

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



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex-Div. Price
Jun-21	3.92%	102.4254	99.2834

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -VI as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1
1-1000	10
1001-5000	15
5001-10000	7
10001-50000	12
100001-500000	1
Total	46

Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 1.179 Million if the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 2.4160/3.11%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

NAFA Islamic Active Allocation Plan -VII

NBP Funds launched its NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) in June 2017 which is the seventh plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity and Income schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-VII has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shar'iah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Active Allocation Plan-VII (NIAAP-VII) increased by 24.9% as against the benchmark

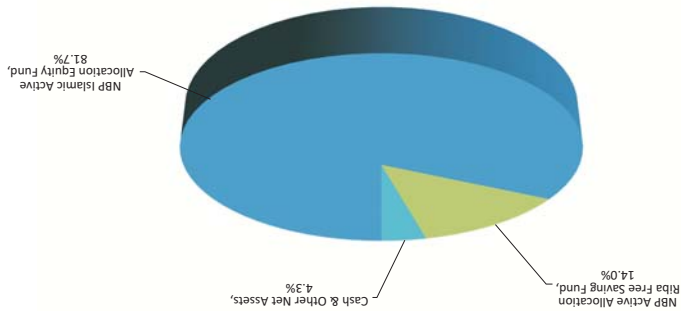
NIFA ISLAMIC ACTIVE ALLOCATION FUND-II

NBP FUNDS
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which increased by 29.0%, thus, the Fund underperformed the benchmark by 4.1% during the year. Since launch of June 29, 2017 to Rs. 101.8358 on June 30, 2021, thus showing an increase of 13.4%. The Benchmark return during the same period increased by 17.5%. Thus, the Fund has underperformed its Benchmark by 4.1% since its inception on January 29, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 27 million.

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



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex-Div. Price
Jun-21	4.58%	106.5715	102.6942

Unit Holding Pattern of NIFA Islamic Active Allocation Plan -VII as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1
1-1000	7
1001-5000	4
5001-10000	4
100001-500000	1
Total	17

Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.215 Million if the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.8095/0.99%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2021

NIFA Islamic Active Allocation Plan - VIII

NBP Funds launched its NIFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) in November 2017 which is the eighth plan under NIFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity and income schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NIAAP-VIII has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NIFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) increased by 26.2% as against the benchmark which increased by 29.0%, thus, the Fund underperformed the benchmark by 2.8% during the year. Since launch of the plan, the unit price of NIFA Islamic Active Allocation Plan-VIII (NIAAP-VIII) has increased from Rs. 90.0431 (Ex-

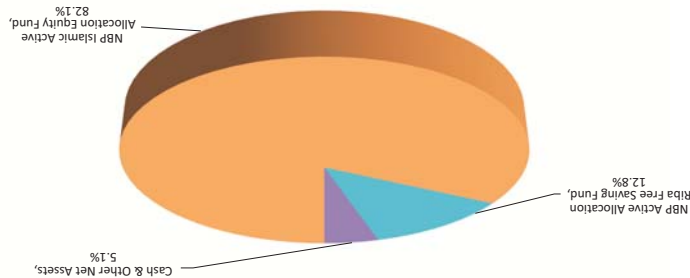
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

NBP FUNDS
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Div) on November 03, 2017 to Rs.118.1734 on June 30, 2021, thus showing an increase of 31.2%. The Benchmark return during the same period increased by 30.2%. Thus, the Fund has outperformed its Benchmark by 1% since its inception on November 03, 2017. This performance is net of management fee and all other expenses. The size of the Fund is Rs.57 million.

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



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex-Div. Price
Jun-21	4.40%	123.5436	119.2744

Unit Holding Pattern of NAFA Islamic Active Allocation Plan -VIII as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1
1-1000	48
1001-5000	48
5001-10000	10
10001-50000	10
100001-500000	1
Total	117

Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.940 Million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 1.9477/2.08%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

NAFA Islamic Capital Preservation Plan-I (NICPP I)

NBP Funds launched its NAFA Islamic Capital Preservation Plan-I (NICPP I) in February 2018 which is the ninth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-I has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shariah Compliant Equity Fund and Money Market Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-I (NICPP I) increased by 16.8% as against the benchmark which increased by 17.9%, thus, the Fund underperformed the benchmark by 1.1% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-I (NICPP I) has increased from Rs.87.9199 (Ex-Div) on February 28, 2018 to Rs.111.8859 on June 30, 2021, thus showing an increase of 27.3%. The Benchmark return during the same period was increased by 23.0%. Thus, the Fund has outperformed its Benchmark by 4.3% since its

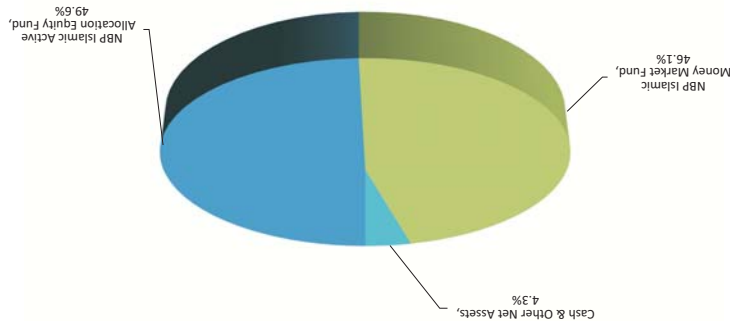
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



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NBP FUNDS

inception on February 28, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs 130 million.

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



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex-Div. Price
Jun-21	5.23%	117.7806	112.5339

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan I as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	2
1-1000	54
1001-5000	46
5001-10000	15
10001-50000	21
50001-100000	4
100001-500000	2
Total	144

Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 2.004 Million if the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 1.7203/1.81%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

NAFA Islamic Capital Preservation Plan-II (NICPP II)

NBP Funds launched its NAFA Islamic Capital Preservation Plan-II (NICPP II) in April 2018 which is the tenth plan under NAFA Islamic Active Allocation Fund-II. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-II has an initial maturity of two years.

The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shariah Compliant Equity Fund and Money Market Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-II (NICPP II) increased by 11.3% as against the benchmark which increased by 12.6%, thus, the Fund underperformed the benchmark by 1.3% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-II (NICPP II) has increased from Rs.89.1162 (Ex-Div) on April 27, 2018 to Rs.105.6406 on June 30, 2021, thus showing an increase of 18.5%. The Benchmark return during

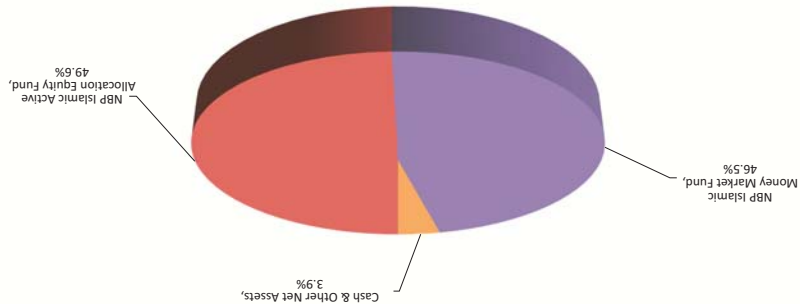
NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



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the same period was increased by 14.0%. Thus, the Fund has outperformed its Benchmark by 4.5% since its inception on April 27, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 92 million.

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



Distribution for the Financial Year 2021

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-21	5.91%	112.1925	106.2773

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan I as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	24
1-1000	57
1001-5000	45
5001-10000	21
10001-50000	14
50001-100000	2
100001-500000	1
Total	164

Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 0.904 Million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 1.0412/1.1%. For details, investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2021.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
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STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NAFA Islamic Active Allocation Fund - II (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

Dr. Amjad Waheed, CFA
Chief Executive Officer

Date: **September 16, 2021**
Karachi



REPORT OF THE SHARIAH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, it was the Fifth year of the operations of NAFa Islamic Active Allocation Fund-II (NIAAF-II). Under this fund, NBP Funds launched its NAFa Islamic Active Allocation Plan-VI (NIAAP-VI) on May 26, 2017, NAFa Islamic Active Allocation Plan-VII (NIAAP-VII) on June 29, 2017, NAFa Islamic Active Allocation Plan-VIII (NIAAP-VIII) on November 03, 2017, NAFa Islamic Capital Preservation Plan-I (NICPP-I) on February 28, 2018 and NAFa Islamic Capital Preservation Plan-II (NICPP-II) on April 27, 2018. This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shar'ah Compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIAAF-II in light of Shar'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIAAF-II by NBP Funds are Shar'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that cause us to believe that all the operations of NIAAF-II for the year ended June 30, 2021 are not in compliance with Shar'ah principles.

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

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

Mufti Muhammad Naveed Alam
Member
Shar'ah Supervisory Board

Mufti Ehsan Waqar
Shar'ah Advisor & Member
Shar'ah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shar'ah Supervisory Board

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of the NAFA Islamic Active Allocation Fund - II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NAFA Islamic Active Allocation Fund - II ("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)	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.
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. 26.937 million and Rs. 338.926 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.	

- 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
- 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:

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

do so.

unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to

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

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.

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

nothing to report in this regard.

conclude that there is a material misstatement of this other information, we are required to report that fact. We have obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we so, consider whether the other information is materially inconsistent with the financial statements or our knowledge in connection with our audit of the financial statements, our responsibility is to read the other information and, in doing Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

Other Information



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 **Amyr Malik**.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: September 30, 2021
Karachi



STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2021

	2021						2020					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)						(Rupees in '000)					
Note												
Assets												
Bank balances	5	4,419	2,269	4,595	6,764	26,937	15,513	3,636	12,118	10,730	145,111	187,108
Investments	6	46,092	25,915	54,104	88,072	338,926	128,235	32,135	111,587	183,312	21,796	477,065
Profit receivable on bank deposits		81	16	40	332	583	141	37	159	144	891	1,372
Advance and other receivable	7	40	8	6	1,523	1,692	40	8	6	115	1,523	1,692
Total assets		50,332	28,208	58,745	96,691	368,138	143,929	35,816	123,870	194,301	169,321	667,237
Liabilities												
Payable to NBP Fund Management Limited - Management Company	9	527	375	75	987	2,260	557	380	109	413	1,103	2,562
Payable to Central Depository Company of Pakistan Limited - Trustee	10	3	2	4	12	30	9	2	9	14	10	44
Payable to Securities and Exchange Commission of Pakistan	11	24	7	15	25	102	36	9	38	83	51	217
Payable against redemption of units		-	-	-	1,725	1,725	-	-	-	-	2,065	2,065
Accrued expenses and other liabilities	12	1,831	719	1,605	2,243	9,890	3,323	708	2,391	4,009	3,011	13,442
Total liabilities		2,385	1,103	1,699	4,992	14,007	3,925	1,099	2,547	4,519	6,240	18,330
Net assets		47,947	27,105	57,046	91,699	354,131	140,004	34,717	121,323	189,782	163,081	648,907
Unit holders' fund (as per statement attached)		47,947	27,105	57,046	91,699	354,131	140,004	34,717	121,323	189,782	163,081	648,907
Contingency and commitment	13											
Number of units in issue	14	487,610	266,163	482,729	1,164,881	868,032	1,745,686	410,231	1,250,919	1,892,169	1,628,237	
Net assets value per unit		98.3310	101.8358	118.1734	111.8859	105.6406	80.2002	84.6286	96.9868	100.2984	100.1578	

The annexed notes 1 to 27 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 30 JUNE 2021

2021

2020

Note	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI (Rupees in '000)	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
Income												
Profit on bank deposits	659	155	343	798	3,776	5,731	1,857	439	1,865	3,718	23,667	31,546
Dividend income	1,344	931	1,917	5,595	1,814	11,601	10,721	2,660	10,421	6,561	670	31,033
Gain / (loss) on sale of investments	27,582	3,100	13,197	7,680	4,349	55,908	12,245	(79)	12,142	23,775	(2,532)	45,551
Net unrealised gain / (loss) on re-measurement of investments classified as 'fair value through profit or loss'	8,354	4,411	9,572	13,606	6,611	42,554	(2,256)	156	(5,971)	4,894	(84)	(3,261)
Total income	37,939	8,597	25,029	27,679	16,550	115,794	22,567	3,176	18,457	38,948	21,721	104,869
Expenses												
Remuneration to NBP Fund Management Limited - Management Company	103	23	57	92	588	863	179	36	166	305	1,972	2,658
Sindh Sales Tax on remuneration to Management Company	13	3	7	12	76	111	23	5	22	40	256	346
Remuneration to Central Depository Company of Pakistan Limited - Trustee	85	23	53	110	88	359	124	29	134	291	179	757
Sindh Sales Tax on remuneration to Trustee	11	3	7	14	11	46	16	4	17	38	23	98
Allocation of expenses related to registrar services, accounting, operation and valuation services	122	33	76	157	126	514	177	41	192	416	256	1,082
Annual fee - Securities and Exchange Commission of Pakistan	24	7	15	31	25	102	35	8	38	83	51	215
Auditors' remuneration	222	266	251	229	216	1,184	175	196	198	213	208	990
Amortisation of preliminary expenses and floatation cost	-	-	-	-	-	-	-	-	36	157	108	301
Legal fee	153	180	159	138	131	761	36	47	48	47	82	260
Shariah advisor fee	6	6	3	20	18	53	32	9	38	94	44	217
Settlement and bank charges	11	-	-	7	15	33	9	9	1	46	43	108
Annual listing fee	5	5	5	5	5	25	5	5	5	5	5	25
Printing charges	6	45	15	11	6	83	30	18	33	34	31	146
Total expenses	761	594	648	826	1,305	4,134	841	407	928	1,769	3,258	7,203
Net income from operating activities	37,178	8,003	24,381	26,853	15,245	111,660	21,726	2,769	17,529	37,179	18,463	97,666
Provision for Sindh Workers' Welfare Fund	(744)	(160)	(488)	(537)	(305)	(2,234)	(435)	(55)	(351)	(744)	(369)	(1,954)
Net income for the year before taxation	36,434	7,843	23,893	26,316	14,940	109,426	21,291	2,714	17,178	36,435	18,094	95,712
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year	36,434	7,843	23,893	26,316	14,940	109,426	21,291	2,714	17,178	36,435	18,094	95,712
Allocation of net income for the year												
Net income for the year	36,434	7,843	23,893	26,316	14,940	109,426	21,291	2,714	17,178	36,435	18,094	95,712
Income already paid on units redeemed	(26,312)	(2,401)	(11,960)	(7,292)	(5,377)	(49,342)	(325)	(76)	(2,260)	(24,472)	(9,214)	(33,956)
	10,122	5,442	11,933	19,024	9,563	59,084	20,966	2,638	14,918	11,963	8,880	61,756
Accounting income available for distribution:												
- Relating to capital gains	9,071	4,973	10,526	13,874	6,450	45,900	11,995	88	11,535	5,316	-	17,439
- Excluding capital gains	1,051	469	1,407	5,150	3,113	12,190	8,971	2,550	3,383	6,647	8,880	19,910
	10,122	5,442	11,933	19,024	9,563	58,090	20,966	2,638	14,918	11,963	8,880	61,756

The annexed notes 1 to 27 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 30 JUNE 2021

	2021					2020						
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											
Net Income for the year	36,434	7,843	23,893	26,316	14,940	109,426	21,291	2,714	17,178	36,435	18,094	95,712
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive Income for the year	36,434	7,843	23,893	26,316	14,940	109,426	21,291	2,714	17,178	36,435	18,094	95,712

The annexed notes 1 to 27 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 30 JUNE 2021

	2021													
	NAAP-VI		NAAP-VII		NAAP-VIII		NICPP-I		NICPP-II		Total			
	Value	Undistributed Income / Accumulated Incomes	Total	Value	Undistributed Income / Accumulated Incomes	Total	Value	Undistributed Income / Accumulated Incomes	Total	Value	Undistributed Income / Accumulated Incomes	Total		
<i>Note</i>	(Rupees in '000)													
Net assets at beginning of the year	280,227	(140,223)	140,004	59,256	(24,539)	34,717	133,952	(12,629)	121,323	188,087	163,054	824,576	(175,669)	648,907
Dividend re-investment of 12,405 units in NIAAP-VI, 8,252 units in NIAAP-VII, 14,254 units in NIAAP-VIII, 42,986 units in NICPP-I, and 39,157 units in NICPP-II	995	-	995	698	-	698	1,383	-	1,383	4,311	-	4,311	-	11,309
- Capital value	219	-	219	138	-	138	294	-	294	485	-	485	-	1,339
- Element of loss	1,214	-	1,214	836	-	836	1,677	-	1,677	4,796	-	4,796	-	12,648
Total proceeds on dividend re-invested														
Redemption of 1,270,481 Units in NIAAP-VI, 152,320 Units in NIAAP-VII, 782,444 Units in NIAAP-VIII, 770,274 Units in NICPP-I, and 799,362 Units in NICPP-II	(101,893)	-	(101,893)	(12,890)	-	(12,890)	(75,887)	-	(75,887)	(77,257)	-	(77,257)	-	(347,990)
- Capital value	(26,312)	(26,312)	(26,312)	(2,401)	(2,401)	(2,401)	(11,960)	(11,960)	(11,960)	(11)	(7,292)	(7,303)	(5,377)	(53,342)
Total payments on redemption of units	(101,893)	(26,312)	(128,205)	(12,890)	(2,401)	(15,291)	(75,887)	(11,960)	(87,847)	(77,268)	(80,070)	(84,560)	(53,447)	(348,008)
Total comprehensive income for the year	-	36,434	36,434	-	7,843	7,843	-	23,893	23,893	-	26,316	26,316	14,940	109,426
Interim distribution for the year ended 30 June 2021 of Rs. 3,1420 per unit for NIAAP-VI, Rs. 3,8775 per unit for NIAAP-VII, Rs. 4,2692 per unit for NIAAP-VIII, Rs. 5,2467 per unit for NICPP-I and Rs. 5,9152 per unit for NICPP-II (Date of distribution: 28 June 2021)	(1,500)	(1,500)	(1,500)	-	(1,000)	(1,000)	-	(2,000)	(2,000)	-	(6,000)	(6,000)	(5,000)	(15,500)
Net assets at end of the year	179,548	(131,601)	47,947	47,202	(20,097)	27,105	59,742	(2,696)	57,046	115,615	14,719	130,334	4,590	354,131
Undistributed income / (loss) brought forward														
- Realised	(137,987)	(137,987)	(24,695)	(24,695)	156	(24,539)	(6,658)	(6,658)	(6,658)	(3,199)	111	(3,199)	(172,408)	(172,408)
- Unrealised	(2,256)	(2,256)	156	156	(24,539)	(24,539)	(5,971)	(5,971)	(5,971)	4,894	(84)	(84)	(3,261)	(3,261)
Accounting income available for distribution:														
- Relating to capital gains	9,071	9,071	4,973	4,973	469	5,442	10,526	1,407	12,933	13,874	6,450	11,190	44,894	44,894
- Excluding capital gains	1,051	1,051	5,442	5,442	(1,000)	(1,000)	11,933	(2,000)	9,933	5,150	3,113	56,084	56,084	56,084
Interim distribution for the year ended 30 June 2021	(1,500)	(1,500)	(1,000)	(1,000)	(1,000)	(1,000)	-	(2,000)	(2,000)	-	(6,000)	(6,000)	(15,500)	(15,500)
- Cash distribution	(131,601)	(131,601)	(20,097)	(20,097)	(20,097)	(20,097)	(2,696)	(2,696)	(2,696)	-	(4,590)	(4,590)	(135,085)	(135,085)
Undistributed loss carried forward														
Undistributed (loss) / income carried forward	(139,955)	(139,955)	(24,508)	(24,508)	4,411	(20,097)	(12,288)	(12,288)	(12,288)	1,113	(2,021)	(2,021)	(177,639)	(177,639)
- Realised	8,354	8,354	4,411	4,411	(20,097)	(20,097)	9,572	9,572	9,572	13,606	6,611	42,554	42,554	42,554
- Unrealised	(131,601)	(131,601)	(20,097)	(20,097)	(20,097)	(20,097)	(12,288)	(12,288)	(12,288)	14,719	(4,590)	(4,590)	(135,085)	(135,085)
Net assets value per unit at beginning of the year														
Net assets value per unit at end of the year														
			80.2002				84.6286					100.2984		100.1578
			98.3310				101.8358					111.8859		105.6406

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2021

	2020																	
	NIAAP-VI			NIAAP-VII			NIAAP-VIII			NICPP-I			NICPP-II			Total		
	Value	Undistributed income / Accumulated losses	Total	Value	Undistributed income / Accumulated losses	Total	Value	Undistributed income / Accumulated losses	Total	Value	Undistributed income / Accumulated losses	Total	Value	Undistributed income / Accumulated losses	Total	Value	Undistributed income / Accumulated losses	Total
Note																		
Net assets at beginning of the year	369,150	(146,056)	223,094	100,645	(24,802)	75,843	415,380	(19,101)	396,279	779,107	13,564	792,671	379,249	69	379,318	2,043,531	(176,326)	1,867,205
Issue of 156,376 units (NIAAP-VI), 23,126 units (NIAAP-VII), 69,165 units (NIAAP-VIII), 188,158 units (NICPP-I), 81,507 units (NICPP-II)																		
- Capital value	12,372	-	12,372	1,961	-	1,961	6,654	-	6,654	19,160	-	19,160	8,160	-	8,160	48,307	-	48,307
- Element of income	180	-	180	(2)	-	(2)	60	-	60	(289)	-	(289)	3	-	3	(48)	-	(48)
Total proceeds on issuance of units	12,552	-	12,552	1,959	-	1,959	6,714	-	6,714	18,871	-	18,871	8,163	-	8,163	48,259	-	48,259
Redemption of 1,230,598 units (NIAAP-VI) 507,499 units (NIAAP-VII) 2,937,503 units (NIAAP-VIII) 6,080,199 units (NICPP-I) 2,242,174 units (NICPP-II)																		
- Capital value	(97,357)	(325)	(97,682)	(43,025)	(76)	(43,099)	(282,592)	(2,260)	(284,852)	(619,150)	(24,472)	(643,622)	(224,470)	(9,214)	(233,684)	(1,266,594)	(36,347)	(1,302,941)
- Element of loss	(4,118)	(325)	(4,443)	(323)	(76)	(400)	(1,142)	(2,260)	(3,402)	(9,259)	(289)	(9,548)	(112)	(10,551)	(10,663)	(620)	(11,283)	(11,903)
Total payments on redemption of units	(101,475)	(650)	(102,125)	(43,348)	(152)	(43,500)	(283,734)	(4,560)	(288,294)	(628,409)	(298)	(628,707)	(224,582)	(9,325)	(233,672)	(1,267,214)	(36,347)	(1,303,567)
Total comprehensive income for the year	-	21,291	21,291	-	2,714	2,714	-	17,178	17,178	-	36,435	36,435	-	18,094	18,094	-	95,712	95,712
Final distribution for the year ended 30 June 2020	-	-	-	-	-	-	-	-	-	-	(12,000)	(12,000)	-	-	-	-	(12,000)	(12,000)
Interim Distribution for the year ended 30 June 2020	-	(15,133)	(15,133)	-	(2,375)	(2,375)	-	(8,446)	(8,446)	-	(11,832)	(11,832)	-	(8,922)	(8,922)	-	(46,708)	(46,708)
- Cash distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets at end of the year	280,227	(140,223)	140,004	59,256	(24,539)	34,717	133,952	(12,629)	121,323	188,087	1,695	189,782	163,054	27	163,081	824,576	(175,669)	648,907
Undistributed income / (loss) brought forward																		
- Realised	(119,518)	-	(119,518)	(15,457)	-	(15,457)	(20,933)	-	(20,933)	32,928	-	32,928	10,620	-	10,620	(112,360)	-	(112,360)
- Unrealised	(26,538)	-	(26,538)	(9,345)	-	(9,345)	1,832	-	1,832	(19,364)	-	(19,364)	69	-	69	(63,966)	-	(63,966)
Accounting income available for distribution:																		
- Relating to capital gains	11,965	-	11,965	88	-	88	11,535	-	11,535	5,316	-	5,316	8,880	-	8,880	28,934	-	28,934
- Excluding capital gains	8,971	-	8,971	2,550	-	2,550	3,383	-	3,383	6,647	-	6,647	8,880	-	8,880	30,431	-	30,431
- Excluding capital gains	20,966	-	20,966	2,638	-	2,638	14,918	-	14,918	11,963	-	11,963	8,880	-	8,880	59,365	-	59,365
Final distribution for the year ended 30 June 2020	-	-	-	-	-	-	-	-	-	-	(12,000)	(12,000)	-	-	-	-	(12,000)	(12,000)
Interim Distribution for the year ended 30 June 2020	-	(15,133)	(15,133)	-	(2,375)	(2,375)	-	(8,446)	(8,446)	-	(11,832)	(11,832)	-	(8,922)	(8,922)	-	(46,708)	(46,708)
- Cash distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed loss carried forward																		
- Realised	(137,967)	-	(137,967)	(24,695)	-	(24,695)	(6,665)	-	(6,665)	(3,199)	-	(3,199)	111	-	111	(172,408)	-	(172,408)
- Unrealised	(2,256)	-	(2,256)	156	-	156	(5,971)	-	(5,971)	4,894	-	4,894	(84)	-	(84)	(3,261)	-	(3,261)
Net assets value per unit at beginning of the year	79.1139	-	79.1139	84.7762	-	84.7762	96.2016	-	96.2016	101.8306	-	101.8306	100.1129	-	100.1129	100.1578	-	100.1578
Net assets value per unit at end of the year	80.2002	-	80.2002	84.6286	-	84.6286	96.9868	-	96.9868	100.2984	-	100.2984	100.1578	-	100.1578	100.1578	-	100.1578

The annexed notes 1 to 27 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 30 JUNE 2021

Note	2021						2020					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
						(Rupees in '000)						
CASH FLOWS FROM OPERATING ACTIVITIES												
Net income for the year	36,434	7,843	23,893	26,316	14,940	109,426	21,291	2,714	17,178	36,435	18,094	95,712
Adjustments for non-cash items:												
Net unrealised (gain) / loss on re-measurement of investments classified as 'fair value through profit or loss'	(8,354)	(4,411)	(9,572)	(13,606)	(6,611)	(42,554)	2,256	(156)	5,971	(4,894)	84	3,261
(Gain) / loss on sale of investments - net	(27,582)	(3,100)	(13,197)	(7,600)	(4,349)	(55,908)	(12,245)	79	(12,142)	(23,775)	2,532	(45,551)
Amortisation of preliminary expenses and floatation costs	-	-	-	-	-	-	-	-	36	157	108	301
Provision for Sindh Workers Welfare Fund	744	160	488	537	305	2,234	435	55	351	744	369	1,954
Decrease / (Increase) in assets	1,242	492	1,612	5,567	4,285	13,198	11,737	2,692	11,394	8,667	21,187	55,677
Investments	118,079	13,731	80,252	79,855	(55,316)	236,601	88,329	35,857	257,555	595,761	47,240	1,024,742
Profit receivable on bank deposits	60	21	119	30	559	789	58	54	154	-	2,339	2,918
Preliminary expenses and floatation costs	-	-	-	-	-	-	-	-	-	-	-	-
Receivable against sale of investments	-	-	-	-	-	-	8,500	3,000	-	-	-	11,500
(Decrease) / Increase in liabilities	(30)	(5)	(34)	(117)	(116)	(302)	(69)	(36)	(159)	(368)	(225)	(857)
Payable to NBP Fund Management Limited - Management Company	-	-	-	(5)	2	(14)	(10)	(3)	(24)	(52)	(27)	(116)
Payable to Central Depository Company of Pakistan Limited - Trustee	(6)	-	(5)	(5)	(26)	(115)	(304)	(122)	(442)	(1,160)	(661)	(2,589)
Payable to Securities and Exchange Commission of Pakistan	(12)	(2)	(23)	(52)	(1,073)	(5,786)	2,528	403	1,615	2,087	1,952	8,585
Accrued expenses and other liabilities	(2,238)	(149)	(1,274)	(1,054)	(1,213)	(6,217)	2,145	242	990	507	1,739	5,023
Net cash generated from operating activities	(2,284)	(156)	(1,336)	(1,228)	(1,121)	(6,217)	110,769	41,845	270,093	605,248	71,905	1,099,860
	117,097	14,088	80,647	84,224	(51,685)	244,371						
CASH FLOWS FROM FINANCING ACTIVITIES												
Dividend re-invested	1,214	836	1,677	4,796	4,125	12,648	12,552	1,959	6,714	18,871	8,163	48,259
Amount paid against redemption of units	(128,205)	(15,291)	(87,847)	(84,560)	(85,787)	(401,690)	(101,800)	(43,424)	(290,402)	(634,363)	(231,507)	(1,301,496)
Distribution paid	(1,500)	(1,000)	(2,000)	(6,000)	(5,000)	(15,500)	(15,133)	(2,375)	(8,446)	(23,832)	(8,922)	(58,708)
Net cash used in financing activities	(128,491)	(15,455)	(88,170)	(85,764)	(86,662)	(404,542)	(104,381)	(43,840)	(292,134)	(639,324)	(232,266)	(1,311,945)
Net increase / (decrease) in cash and cash equivalents	(11,394)	(1,367)	(7,523)	(1,540)	(138,347)	(160,171)	6,388	(1,995)	(22,041)	(34,076)	(160,361)	(212,085)
Cash and cash equivalents at beginning of the year	15,513	3,636	12,118	10,730	145,111	187,108	9,125	5,631	34,159	44,806	305,472	399,193
Cash and cash equivalents at end of the year	4,119	2,269	4,595	9,190	6,764	26,937	15,513	3,636	12,118	10,730	145,111	187,108

The annexed notes 1 to 27 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 30 JUNE 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NAFI Islamic Active Allocation Fund - II (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 24 March 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 20 March 2017 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. By the year ended 30 June 2018, the Fund had offered five plans namely NAFI Islamic Active Allocation Plan - VI (NIAAP - VI), NAFI Islamic Active Allocation Plan - VII (NIAAP - VII), NAFI Islamic Active Allocation Plan - VIII (NIAAP - VIII), NAFI Islamic Capital Preservation Plan - I (NICPP - I) and NAFI Islamic Capital Preservation Plan - II (NICPP - II). The offer of units has been discontinued after the subscription period, however, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the SECP, after intimation to the Trustee. The maturities of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II were 27 April 2019, 29 June 2019, 04 November 2019, 28 February 2020 and 27 April 2020 respectively. All the plans have completed the initial maturity of two years. However, the management has decided to continue the allocation plans after their initial maturities as the duration of allocation plans is perpetual. The units of the plans are transferable and can be categorised as an "Open-Ended Shariah Compliant Fund of Funds" as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

1.4 The objective of the allocation plans is to provide investors an opportunity to earn attractive return from an actively managed portfolio of shariah compliant equity fund and income fund whereas the objective of the capital preservation plans is to earn a potentially high return through dynamic asset allocation between shariah compliant equity fund and money market fund while providing capital preservation of the initial investment value including sales load. The plans dynamically switch between equity asset class (NBP Islamic Active Allocation Equity Fund), moderate risk income asset class (NBP Active Allocation Riba Free Savings Fund), low risk asset class (NBP Islamic Money Market Fund) and Bank deposits. The Management Company may also invest in any other Collective Investment Schemes available to it with the prior approval of the SECP. Investors of the Fund may hold different types of plans and may invest in any one or more of the available plans.

1.5 Each plan under the Fund announces separate NAV which ranks pari passu according to the number of units of the respective plans. The books and records of each plan have been maintained separately.

1.6 The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' (2020: AM1) to the Management Company. The Fund has not yet been rated.

1.7 Title to the assets of the Fund is held in the name of CDC as a Trustee of the Fund. The Fund's property of different types of plans are accounted for and maintained separately in books of accounts which collectively constitute the Fund property of the Scheme.

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



1.9 Impact of COVID-19 on financial statements and going concern

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.

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

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

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

2.4 Use of judgement 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) Classification and valuation of financial instruments (Note 4.1.2, 4.1.3 and 6);
- (b) Impairment of financial assets (Note 4.1.7); and
- (c) Provision (Note 4.3).

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

Following are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on or after 01 July 2021. However, these are not likely to have any 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 clarify what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning



of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a entity's financial statements.

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

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

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

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



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial instruments

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

4.1.1 Recognition and initial measurement

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

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

4.1.2 Classification - Financial assets

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

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

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

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

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

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

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

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 investments in open-ended mutual funds. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

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

For the purposes of this assessment 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

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

Financial assets at FVTPL

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

Financial assets at amortised cost

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

The fair value of financial assets are determined as follows:

a) Investments in collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

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

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 21 November 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

4.1.8 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

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



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

4.1.9 Offsetting of financial assets and liabilities

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

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

4.1.10 Cash and cash equivalents

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

4.1.11 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.

4.2 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 two 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 amount of obligation can be made. Provisions are reviewed at each balance sheet date and are 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 period, 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 period, 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 of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price of each allocation plan 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 Management Company / distributors.

Units redeemed are recorded at the redemption price of each allocation plan, as per the constitutive documents, applicable to units for which the Management Company/ distributors receive redemption requests during business hours of that day. The redemption price represents daily Net Asset Value (NAV) announced as of the close of the business day less any back-end load, provisions for transaction costs and any provision for duties and charges, 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 the same ex-dividend NAV of all units outstanding on the 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 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 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 based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same 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 each allocated Plan by the number of units in circulation of the respective Plans at the year end.

4.9 Income recognition

- Dividend income is recognised in the income statement when the right to receive the dividend is established.
- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.



- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Mark-up on bank deposits is recognised using the effective yield method.

4.10 Distribution

Distributions declared are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAF'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

	2021							2020						
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	(Rupees in '000)	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	(Rupees in '000)
In current account	711	86	129	385	24	1,335			1	27	218	137	389	
In savings accounts	3,408	2,183	4,466	8,805	6,740	25,602		15,507	3,635	12,091	10,512	144,974	186,719	
5.1 & 5.2	4,119	2,269	4,595	9,190	6,764	26,937		15,513	3,636	12,118	10,730	145,111	187,108	

Note

5.1 These carry profit at the rates ranging from 6.50% to 8.10% (2020: 7.50% to 12.50%) per annum.

5.2 This includes cheques amounting to Rs. 0.2156 million, Rs. 1.764 million, Rs. 0.0200 million, Rs. 0.0791 million and Rs. 3.8258 million of NIAAP VI, NIAAP VII, NIAAP VIII, NICPP - I, and NICPP - II respectively (30 June 2020: Rs. 3.0200 million, Rs. 0.3401 million, and Rs. 0.1431 million of NIAAP VIII, NICPP - I, and NICPP - II respectively), issued on account of redemption of units as at year end.

6 INVESTMENTS

	2021							2020						
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	(Rupees in '000)	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	(Rupees in '000)
At fair value through profit or loss														
Investment in mutual funds														
- Related parties	46,092	25,915	54,104	124,743	88,072	338,926		128,235	32,135	111,587	183,312	21,796	477,065	
6.1														

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

6.1.1 NAFA Islamic Active Allocation Plan VI

Name of Fund	As at 1 July 2020	Purchased during the year	Redeemed during the year	As at 30 June 2021	Market value / carrying value as at 30 June 2021 (Rupees in '000)	Market value as a percentage of net assets	Market value as a percentage of total investments (%)
NBP Islamic Active Allocation Equity Fund	12,752,082	1,511,301	10,821,847	3,441,536	39,515	82.41	85.73
NBP Active Allocation Riba Free Savings Fund	1,715,576	5,123,162	6,184,027	654,711	6,577	13.72	14.27
Total					46,092	96.13	100.00
Carrying value before fair value adjustment as at 30 June 2021					37,738		

6.1.2 NAFA Islamic Active Allocation Plan VII

Name of Fund	As at 1 July 2020	Purchased during the year	Redeemed during the year	As at 30 June 2021	Market value / carrying value as at 30 June 2021 (Rupees in '000)	Market value as a percentage of net assets	Market value as a percentage of total investments (%)
NBP Islamic Active Allocation Equity Fund	3,153,533	471,177	1,697,153	1,927,557	22,132	81.65	85.40
NBP Active Allocation Riba Free Savings Fund	466,455	1,348,834	1,438,708	376,581	3,783	13.96	14.60
Total					25,915	95.61	100.00
Carrying value before fair value adjustment as at 30 June 2021					21,504		

6.1.3 NAFA Islamic Active Allocation Plan VIII

Name of Fund	As at 1 July 2020	Purchased during the year	Redeemed during the year	As at 30 June 2021	Market value / carrying value as at 30 June 2021 (Rupees in '000)	Market value as a percentage of net assets	Market value as a percentage of total investments (%)
NBP Islamic Active Allocation Equity Fund	10,777,680	897,864	7,598,271	4,077,273	46,815	82.07	86.53
NBP Active Allocation Riba Free Savings Fund	1,769,370	3,590,127	4,633,925	725,572	7,289	12.78	13.47
Total					54,104	95.61	100.00
Carrying value before fair value adjustment as at 30 June 2021					44,532		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

6.1.4 NAFA Islamic Capital Preservation Plan I

Name of Fund	As at 1 July 2020	Purchased during the year	Redeemed 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 investments
					(Rupees in '000)		(%)
NBP Islamic Active Allocation Equity Fund	5,855,898	2,694,635	2,922,311	5,628,222	64,623	49.58	51.80
NBP Islamic Money Market Fund	13,186,397	2,638,883	9,843,414	5,981,866	60,120	46.13	48.20
Total					124,743	95.71	100.00
Carrying value before fair value adjustment as at 30 June 2021							
					111,137		

6.1.5 NAFA Islamic Capital Preservation Plan II

Name of Fund	As at 1 July 2020	Purchased during the year	Redeemed 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 investments
					(Rupees in '000)		(%)
NBP Islamic Active Allocation Equity Fund	2,503,669	4,012,680	2,557,274	3,959,075	45,458	49.57	51.61
NBP Islamic Money Market Fund	-	7,313,900	3,073,832	4,240,068	42,614	46.47	48.39
Total					88,072	96.04	100.00
Carrying value before fair value adjustment as at 30 June 2021							
					81,461		

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

2021						Total
Note	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	
						(Rupees in '000)
Market value of investments	46,092	25,915	54,104	124,743	88,072	338,926
Less: Carrying value of investments	(37,738)	(21,504)	(44,532)	(111,137)	(81,461)	(296,372)
	8,354	4,411	9,572	13,606	6,611	42,554



2020

	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)					
Market value of investments	128,235	32,135	111,587	183,312	21,796	477,065
Less: Carrying value of investments	(130,491)	(31,979)	(117,558)	(178,418)	(21,880)	(480,326)
	<u>(2,256)</u>	<u>156</u>	<u>(5,971)</u>	<u>4,894</u>	<u>(84)</u>	<u>(3,261)</u>

Note

7 ADVANCE AND OTHER RECEIVABLE

2021

	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)					
Advance tax	40	-	-	76	1,523	1,639
Other receivable	-	8	6	39	-	53
	<u>40</u>	<u>8</u>	<u>6</u>	<u>115</u>	<u>1,523</u>	<u>1,692</u>

7.1

2020

	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)					
Advance tax	40	-	-	76	1,523	1,639
Other receivable	-	8	6	39	-	53
	<u>40</u>	<u>8</u>	<u>6</u>	<u>115</u>	<u>1,523</u>	<u>1,692</u>

7.1

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit 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 withholding agent. The tax withheld on profit on bank deposits as at 30 June 2021 amounts to Rs. 0.04 million, Rs. 0.076 million, and Rs. 1.523 million for NIAAP -VI, NICPP - I, and NICPP - II respectively (2020: Rs. 0.04 million, Rs. 0.076 million, and Rs. 1.523 million for NIAAP -VI, NICPP - I and NICPP - II respectively).

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 PRELIMINARY EXPENSES AND FLOATATION COSTS

	2021					2020				
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	Total
Opening Balance	-	-	-	-	-	-	-	-	36	157
Less: Amortisation for the year	-	-	-	-	-	-	-	-	(36)	(108)
Balance at end of the year	-	-	-	-	-	-	-	-	-	(301)

(Rupees in '000)

8.1 Preliminary expenses and floatation costs represented expenditure incurred prior to the commencement of the operations of the Fund and were being amortised over a period of two years as per the requirements set out in the Trust Deed.

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	2021					2020				
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	Total
Remuneration to Management Company	3	1	4	8	6	22	14	3	17	14
Sindh Sales Tax on management remuneration	-	-	1	1	1	3	2	1	2	2
Allocation of expenses related to registrar services, accounting, operation and valuation services	62	16	55	35	205	373	79	18	75	145
Sales and transfer load	391	304	-	201	668	1,564	391	304	-	201
Sindh Sales Tax on sales load	51	39	-	26	87	203	51	39	-	26
Other payable	20	15	15	25	20	95	20	15	15	25
	527	375	75	296	987	2,260	557	380	109	413
										1,103
										2,562

Note

(Rupees in '000)

9.1 Under the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company has charged remuneration at the rate of 1.25% per annum in NIAAP - VI, NIAAP - VII and NIAAP - VIII and 1% per annum in NICPP - I and NICPP - II based on the average daily net assets of the allocation plans after deducting the market value of investment in collective investments, managed by the Management Company of the Fund. The amount of remuneration is being paid monthly in arrears.

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.

9.3 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 from the mutual funds managed by it. Accordingly, such expense has been charged at the rate of 0.1% of average annual net assets of the Fund.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Note	2021						2020					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											
10.1	3	2	4	8	9	26	8	2	8	12	7	37
10.2	-	-	-	1	3	4	1	-	1	2	3	7
	3	2	4	9	12	30	9	2	9	14	10	44

10.1 Upto 30 June 2021, the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate 0.07% on the daily net assets value of the Fund.

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 investment scheme categorized as an Shariah Compliant Fund of Funds is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.02% of the average annual net assets of each respective plan. The fee is paid annually in arrears.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2021						2020					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
						(Rupees in '000)						
12.1	1,179	215	940	2,004	904	5,242	435	55	452	1,467	599	3,008
Provision for Sindh Workers' Welfare Fund	149	175	166	173	128	791	154	136	142	171	140	743
Auditors' remuneration	17	27	23	23	69	159	38	29	20	5	88	180
Bank charges	27	30	20	35	60	172	34	14	26	30	54	158
Printing charges	75	84	91	22	54	326	36	43	48	48	111	286
Legal fee	19	12	20	56	18	125	39	12	45	96	37	229
Shariah advisor fee	292	173	320	949	872	2,606	2,587	419	1,625	2,167	1,887	8,685
Withholding tax	73	3	25	230	138	469	-	-	33	25	95	153
Capital gain tax	1,831	719	1,605	3,492	2,243	9,890	3,323	708	2,391	4,009	3,011	13,442



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.

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 Fund, for the period from 21 May 2015 (from inception, incase of this Fund) 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 provision for SWWF not been recorded in the financial statements of each respective plan for the current period the net asset value per unit of the each respective plan as at 30 June 2021 would have been higher by Rs. 2,4160, Rs. 0.8095, Rs. 1,9447, Rs. 1,7203 and Rs. 1,0412 (30 June 2020: Rs. 0.2489, Rs.0.1350, Rs. 0.3607, Rs. 0.7752 and Rs. 0.3679) NIAAF - VI, NIAAF - VII, NIAAF - VIII, NIAAF - I, NICPP - I, NICPP - II respectively.

13 CONTINGENCY AND COMMITMENT

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

14 NUMBER OF UNITS IN ISSUE

	2021						2020					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	(Number of units)	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	
Opening	1,745,686	410,231	1,250,919	1,892,169	1,628,237		2,819,908	894,604	4,119,257	7,784,210	3,788,904	
Units issued	12,405	8,252	14,254	42,986	39,157		156,376	23,126	69,165	188,158	81,507	
Less: units redeemed	(1,270,481)	(152,320)	(782,444)	(770,274)	(799,362)		(1,230,596)	(507,499)	(2,937,503)	(6,080,199)	(2,242,174)	
Total units in issue at end of the year	487,610	266,163	482,729	1,164,881	868,032		1,745,686	410,231	1,250,919	1,892,169	1,628,237	

Note

14.1

The Management Company on 28 June 2021 has declared interim distribution of Rs. 3,1420 per unit for NIAAP - VI, Rs. 3,8773 per unit for NIAAP - VII, Rs. 4,2692 per unit for NIAAP - VIII, Rs. 5,2467 per unit for NICPP - I and Rs. 5,9152 per unit for NICPP - II (for full year). The aggregate cash distribution is Rs. 1.5 million for NIAAP - VI, Rs. 1 million for NIAAP - VII, Rs. 2 million for NIAAP - VIII, Rs. 6 million for NICPP - I and Rs. 5 million for NICPP - II.

14.2

This represents units issued against dividend re-investment amounting to Rs. 1,214 million (NIAAP-VI), Rs. 0.836 million (NIAAP-VII), Rs. 1.677 million (NIAAP-VIII), Rs. 4.796 million (NICPP-I) and Rs. 4.125 million (NICPP-II), net of taxation.



15 AUDITORS' REMUNERATION

	2021						2020			
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	(Rupees in '000)			
Annual audit fee	127	121	127	127	127	629	116	110	116	112
Half yearly fee	51	48	51	51	51	252	46	44	46	46
Out of pocket expenses and others including government levy	44	97	73	51	38	303	13	42	36	51
	222	266	251	229	216	1,184	175	196	198	208
										990

16 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO, 2001) subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders 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 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 ITO, 2001. Since the Management Company has distributed the income earned by NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II during the year to the unit holders as per distribution policy (refer note 4.10 and 14.1), hence, no provision for taxation has been made in these financial statements.

17 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	NIAAP - VI		
	Payable against redemption of units	Dividend Payable	Total
Balance as at 01 July 2020	-	-	-
Amount paid against redemption of units	(128,205)	-	(128,205)
Dividend re-invested	-	(1,214)	(1,214)
Dividend paid	-	(1,500)	(1,500)
Net cash generated from financing activities	(128,205)	(2,714)	(130,919)
Redemption of units	128,205	-	128,205
Dividend announced	-	2,714	2,714
Balance as at 30 June 2021	128,205	2,714	130,919
	-	-	-

[illegible]

	NICPP - II		
	Payable against redemption of units	Dividend Payable	Total
Balance as at 1 July 2020	2,065	-	2,065
Amount paid against redemption of units	(85,787)	-	(85,787)
Dividend re-invested	-	(4,125)	(4,125)
Dividend Paid	-	(5,000)	(5,000)
Net cash generated from financing activities	(85,787)	(9,125)	(94,912)
Redemption of units	85,447	-	85,447
Dividend announced	-	9,125	9,125
	85,447	9,125	94,572
Balance as at 30 June 2021	1,725	-	1,725

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Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 1.24%, 2.28%, 1.5%, 0.87% and 1.28% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II respectively. Total expense ratio (excluding government levies) is 0.59%, 1.76%, 0.82%, 0.49% and 0.95% per annum of NIAAP-VI, NIAAP-VII, NIAAP-VIII, NICPP-I and NICPP-II respectively.

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FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2021		As at 30 June 2020			
	At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----					
Assets						
Bank balances	4,119	-	4,119	15,513	-	15,513
Investments	-	46,092	46,092	-	128,235	128,235
Profit receivable on bank deposits	81	-	81	141	-	141
	4,200	46,092	50,292	15,654	128,235	143,889

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

	As at 30 June 2021		As at 30 June 2020			
	At fair value through profit or loss	Other financial liabilities	Total	At fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees in '000) -----					
Liabilities						
Payable to NBP Fund Management Limited - Management Company	-	527	527	-	557	557
Payable to Central Depository Company of Limited - Trustee	-	3	3	-	9	9
Accrued expenses and other liabilities	-	287	287	-	301	301
	-	817	817	-	867	867

NIAAP - VII

	As at 30 June 2021		As at 30 June 2020			
	At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----					
Assets						
Bank balances	2,269	-	2,269	3,636	-	3,636
Investments	-	25,915	25,915	-	32,135	32,135
Profit receivable on bank deposits	16	-	16	37	-	37
Other receivable	8	-	8	-	-	-
	2,293	25,915	28,208	3,673	32,135	35,808

	As at 30 June 2021		As at 30 June 2020			
	At fair value through profit or loss	Other financial liabilities	Total	At fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees in '000) -----					
Liabilities						
Payable to NBP Fund Management Limited - Management Company	-	375	375	-	380	380
Payable to Central Depository Company of Limited - Trustee	-	2	2	-	9	9
Accrued expenses and other liabilities	-	328	328	-	329	329
	-	705	705	-	718	718



NIAAP - VIII

As at 30 June 2021				As at 30 June 2020			
At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	At fair value through profit or loss	Total		
(Rupees in '000)							
4,595	-	4,595	12,118	-	12,118		
-	54,104	54,104	-	111,587	111,587		
40	-	40	159	-	159		
6	-	6	6	-	6		
4,641	54,104	58,745	12,283	111,587	123,870		
As at 30 June 2021							
As at 30 June 2020							

Assets

Bank balances
Investments
Profit receivable on bank deposits
Other receivable

Liabilities

Payable to NBP Fund Management Limited -
Management Company
Payable to Central Depository Company of Limited - Trustee
Accrued expenses and other liabilities

NICPP - I

As at 30 June 2021				As at 30 June 2020			
At Amortised cost	At fair value through profit or loss	Total	At Amortised cost	At fair value through profit or loss	Total		
(Rupees in '000)							
9,190	-	9,190	10,730	-	10,730		
-	124,743	124,743	-	183,312	183,312		
114	-	114	144	-	144		
39	-	39	39	-	39		
9,343	124,743	134,086	10,913	183,312	194,225		
As at 30 June 2021							
As at 30 June 2020							

Assets

Bank balances
Investments
Profit receivable on bank deposits
Other receivable

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

	As at 30 June 2021		As at 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	-	296	296	413
Payable to Central Depository Company of Limited - Trustee	-	9	9	14
Accrued expenses and other liabilities	-	309	309	350
	-	614	614	777

NICPP - II

	As at 30 June 2021		As at 30 June 2020	
	At Amortised cost	At fair value through profit or loss	Total	
				(Rupees in '000)
Assets				
Bank balances	6,764	-	6,764	145,111
Investments	-	88,072	88,072	21,796
Profit receivable on bank deposits	332	-	332	891
	7,096	88,072	95,168	167,798

	As at 30 June 2021		As at 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	-	987	987	1,103
Payable to Central Depository Company of Limited - Trustee	-	12	12	10
Accrued expenses and other liabilities	-	329	329	430
Payable against redemption of units	-	1,725	1,725	2,065
	-	3,053	3,053	3,608



20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

20.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), 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, 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 10 percent or more units of the Fund.

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

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

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

20.5 Transactions during the year

	2021						2020					
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)												
NBP Fund Management Limited- Management Company												
Remuneration to Management Company	103	23	57	92	588	863	179	36	166	305	1,972	2,658
Sindh Sales Tax on remuneration of Management Company	13	3	7	12	76	111	23	5	22	40	256	346
Allocation of expenses related to registrar services, accounting, operation and valuation services	122	33	76	157	126	514	177	41	192	416	256	1,082
Preliminary expenses and floatation costs	-	-	-	-	-	-	-	-	36	157	108	301
Central Depository Company of Pakistan Limited - Trustee												
Remuneration to the Trustee	85	23	53	110	88	359	124	29	134	291	179	757
Sindh Sales Tax on remuneration to Trustee	11	3	7	14	11	46	16	4	17	38	23	98
Pakistan Stock Exchange (Common directorship)**												
Listing fee	5	5	5	5	5	25	-	-	-	-	-	-
Employees of the Management Company												
Units redeemed: 110 units [2020: 1,935 units] (NIAAP-VI)	11	-	-	-	-	11	143	-	-	-	-	143
Dividend reinvestment: Nil units [2020: 10 units] (NIAAP VI)	-	-	-	-	-	-	1	-	-	-	-	1
Units redeemed: Nil units [2020: 1,940 units] (NIAAP-VIII)	-	-	-	-	-	-	-	-	186	-	-	186
Units redeemed: Nil units [2020: 11,106 units] (NICPP - I)	-	-	-	-	-	-	-	-	-	1,192	-	1,192
Dividend reinvestment: Nil units [2020: 147 units] (NICPP - I)	-	-	-	-	-	-	-	-	-	15	-	15
Units redeemed: Nil units [2020: 2,725 units] (NICPP - II)	-	-	-	-	-	-	-	-	-	-	286	286

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

2021

2020

	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total (Rupees in '000)	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
Investment in NBP Islamic Active Allocation Equity Fund												
Dividend Income	1,224	856	1,735	2,508	998	7,321	10,378	2,566	9,996	1,478	670	25,088
Units purchased: 1,511,301 units [2020: 6,634,097 units] (NIAAP-VI)	16,374	-	-	-	-	16,374	57,158	-	-	-	-	57,158
Units purchased: 471,177 units [2020: 2,091,611 units] (NIAAP-VII)	-	5,270	-	-	-	5,270	-	17,670	-	-	-	17,670
Units purchased 897,864 units [2020: 17,332,638 units] (NIAAP - VIII)	-	-	9,948	-	-	9,948	-	-	163,426	-	-	163,426
Units purchased: 2,694,635 Units [2020: 22,582,899 units] (NICPP - I)	-	-	-	26,298	-	26,298	-	-	-	208,674	-	208,674
Units purchased: 4,012,680 Units [2020: 11,232,997 units] (NICPP - II)	-	-	-	-	41,650	41,650	-	-	-	-	104,917	104,917

Units Redeemed:

Units redeemed: 10,821,847 units [2020: 8,513,442 units] (NIAAP - VI)	122,566	-	-	-	-	122,566	76,522	-	-	-	-	76,522
Units redeemed: 1,697,153 units [2020: 3,940,270 units] (NIAAP - VII)	-	17,806	-	-	-	17,806	-	35,654	-	-	-	35,654
Units redeemed: 7,598,271 units [2020: 6,554,958 units] (NIAAP - VIII)	-	-	79,077	-	-	79,077	-	-	63,098	-	-	63,098
Units redeemed: 2,922,311 units [2020: 24,792,114 units] (NICPP - I)	-	-	-	32,500	-	32,500	-	-	-	231,204	-	231,204
Units redeemed: 2,557,274 units [2020: 16,618,654 units] (NICPP - II)	-	-	-	-	28,425	28,425	-	-	-	-	154,689	154,689

Investment in NBP Islamic Active

Allocation Riba Free Savings Fund

Dividend Income	120	75	182	-	-	377	343	94	424	-	-	861
Units purchased: 5,123,162 units [2020: 6,558,027 units] (NIAAP VI)	51,778	-	-	-	-	51,778	68,604	-	-	-	-	68,604
Units purchased: 1,348,834 units [2020: 1,695,628 units] (NIAAP - VII)	-	13,581	-	-	-	13,581	-	17,187	-	-	-	17,187
Units purchased: 3,590,127 units [2020: 3,477,121 units] (NIAPP - VIII)	-	-	36,159	-	-	36,159	-	-	35,966	-	-	35,966

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

2021

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	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total (Rupees in '000)	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
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Units Redeemed:

Units redeemed: 6,184,027 units												
[2020: 12,192,607 units] (NIAAP - VI)	63,664	-	-	-	-	63,664	125,324	-	-	-	-	125,324
Units redeemed: 1,438,708 units												
[2020: 3,471,810 units] (NIAAP - VII)	-	14,777	-	-	-	14,777	-	35,138	-	-	-	35,138
Units redeemed: 4,633,925 units												
[2020: 37,912,215 units] (NIAAP - VIII)	-	-	47,281	-	-	47,281	-	-	381,708	-	-	381,708

Investment in NBP Islamic Money Market Fund

Dividend Income												
Units Purchased: 2,638,883 units	-	-	-	3,087	816	3,903	-	-	-	5,083	-	5,083
[2020: 12,239,877 units] (NICPP - I)	-	-	-	26,488	-	26,488	-	-	-	121,516	-	121,516
Units Purchased: 7,313,900 units												
[2020: Nil units] (NICPP - II)	-	-	-	-	74,441	74,441	-	-	-	-	-	-

Units Redeemed:

Units redeemed: 9,843,414 units												
[2020: 66,616,328 units] (NICPP - I)	-	-	-	100,140	-	100,140	-	-	-	670,972	-	670,972
Units redeemed: 3,073,832 units												
[2020: Nil units] (NICPP - II)	-	-	-	-	32,350	32,350	-	-	-	-	-	-

BankIslami Pakistan Limited (Common Directorship)

Mark-up on balances	204	23	18	-	-	245	585	152	431	-	-	1,168
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Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund

PITC Employees Trust (Pension) Fund*

Dividend re-invested: 30 June 2020: 3,999 units (NICPP - I)	-	-	-	-	-	-	-	-	-	401	-	401
Units redeemed: 30 June 2020: 295,627 units (NICPP - I)	-	-	-	-	-	-	-	-	-	32,747	-	32,747

Sindh Madressah Board Quaid-E-Azam Public School**

Dividend re-invested: 4,422 units	433	-	-	-	-	433	-	-	-	-	-	-
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Saba Haleem Siddiqui

Dividend re-invested: 7,006 units	-	710	-	-	-	710	-	-	-	-	-	-
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BN Fund Account 3 Commando SSG**

Dividend re-invested: 3,763 units	-	-	443	-	-	443	-	-	-	-	-	-
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Battalion Fund 4 Baloch Regiment

Dividend re-invested: 11,394 units	-	-	-	1,271	-	-	-	-	-	-	-	-
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NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

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	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
	(Rupees in '000)											

Behbud Association**

Dividend re-invested: 6,599 units
Units redeemed: 5,542 units

Parveen Muzaffar

Dividend re-invested: 12,418 units

20.6 Amounts outstanding as at year end:

NBP Fund Management Limited - Management Company

Management remuneration payable
Sindh Sales Tax payable
Allocation of expenses related to registrar services,
accounting, operation and valuation services
Sales load and transfer load payable
Sindh Sales Tax on sales load
Other payable

Employees of the Management Company

Units held: Nil units [2020: 110 units] (NIAAP-VI)

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable
Sindh Sales Tax payable on remuneration to Trustee

NBP Islamic Active Allocation Equity Fund

Units held: 3,441,536 units [2020: 12,752,082 units] (NIAAP-VI)
Units held: 1,927,557 units [2020: 3,153,533 units] (NIAAP-VII)
Units held: 4,077,273 units [2020: 10,777,680 units] (NIAAP - VIII)
Units held: 5,628,222 units [2020: 5,855,898 units] (NICPP - I)
Units held: 3,959,075 units [2020: 2,503,669 units] (NICPP - II)

NBP Islamic Active Allocation Riba Free Savings Fund

Units held: 654,711 units [2020: 1,715,576 units] (NIAAP-VI)
Units held: 376,581 units [2020: 466,455 units] (NIAAP - VII)
Units held: 725,571 units [2020: 1,769,370 units] (NIAAP - VIII)

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

	2021										2020			
	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total (Rupees in '000)	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total		
NBP Islamic Money Market Fund														
Units held: 5,981,866 units [2020: 13,186,397 units] (NICPP - I)	-	-	-	60,120	-	60,120	-	-	-	132,332	-	132,332		
Units held: 4,240,068 units [2020: Nil units] (NICPP - II)	-	-	-	-	42,614	42,614	-	-	-	-	-	-		
BankIslami Pakistan Limited (Common Directorship)														
Bank balances	298	441	336	-	-	1,075	8,808	647	10,293	-	-	19,748		
Profit receivable	56	4	5	-	-	65	115	12	34	-	-	161		
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund														
Sindh Madressah Board Quaid-e-Azam Public School**														
Units held: 166,522 units	16,374	-	-	-	-	16,374	-	-	-	-	-	-		
Saba Haleem Siddiqui														
Units held : 222,308 units [2020: 215,302 Units]	-	22,639	-	-	-	22,639	-	18,221	-	-	-	18,221		
BN Fund Account 3 Commando SSG**														
Units held : 107,452 units (NIAAP - VIII)	-	-	12,698	-	-	12,698	-	-	-	-	-	-		
Battalion Fund 4 Baloch Regiment														
Units held : 253,683 units [2020: 242,289 Units]	-	-	-	28,384	-	28,384	-	-	-	24,301	-	24,301		
Behbud Association**														
Units held : 171,690 units	-	-	-	19,210	-	19,210	-	-	-	-	-	-		
Ms Parveen Muzaffar														
Units held : 272,599 units [2020: 260,181 Units]	-	-	-	-	28,797	28,797	-	-	-	-	26,059	26,059		
Global Technologies & Services*														
Units held : 30 June 2020: 324,787 Units	-	-	-	-	-	-	26,048	-	-	-	-	26,048		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

2021

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NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total	NIAAP - VI	NIAAP - VII	NIAAP - VIII	NICPP - I	NICPP - II	Total
(Rupees in '000)											

Rashida Raza Kazim*

Units held : 30 June 2020: 273,434 Units

Muhammad Naeem*

Units held : 30 June 2020: 216,475

Brookes Pharma Lab Staff Provident Fund*

Units held : 30 June 2020: 300,445 Units

Haseeb Iqbal*

Units held : 30 June 2020: 176,082 Units

The Elsaar Trust*

Units held : 30 June 2020: 189,722 Units

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

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

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

*Mr.Sajjad Anwar is the Fund Manager. He is also managing NAFA Islamic Active Allocation Fund I, NAFA Islamic Active Allocation Fund III, NBP Islamic Stock Fund (Formerly NAFA Islamic Stock Fund), NAFA Pension Fund, NAFA Islamic Pension Fund and NAFA Islamic Principal Protected Fund II.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

22 PATTERN OF UNIT HOLDING

	2021		2020	
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of investment --- (%) ---	Investment amount (Rupees in '000)
Category			NIAAP - VI	
Individuals	43	24,190	50.45	79,866
Insurance Companies	-	-	-	11,354
Others	3	23,757	49.55	48,784
	46	47,947	100.00	140,004
				100.00
Category			NIAAP - VII	
Individuals	17	27,105	100.00	34,717
				100.00
Category			NIAAP - VIII	
Individuals	117	44,348	77.74	78,489
Retirement Funds	-	-	-	32,777
Others	1	12,698	22.26	10,057
	118	57,046	100.00	121,323
				100.00
Category			NICPP - I	
Individuals	138	68,736	52.74	100,934
Retirement Funds	3	7,950	6.10	19,186
Others	3	53,648	41.16	69,661
	144	130,334	100.00	189,782
				100.00
Category			NICPP - II	
Individuals	159	79,458	86.65	147,533
Retirement Funds	1	36	0.04	1,717
Others	4	12,206	13.31	13,831
	164	91,700	100.00	163,081
				99.99



23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 76th, 77th, 78th, 79th and 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 23.1)	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 23.2)	2	2	-	-

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

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

24 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 Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of change in market 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 shariah compliant equity funds and income funds. 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.

24.1 Market risk

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

Management of market risk

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

24.1.1 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.

24.1.2 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 for the year and net assets of the Fund would have been lower / higher by Rs. 0.0341 million, Rs. 0.0218, Rs. 0.0447, Rs. 0.0881, and Rs. 0.0674 of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I, and NICPP - II respectively (2020: Rs. 0.1551 million, Rs. 0.0364, Rs. 0.1209, Rs. 0.1051, and Rs. 1.4497 of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I, and NICPP - II respectively).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that exposes the Fund to any material profit rate risk.

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.

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

24.1.2.1 NIAAP-VI

As At 30 June 2021

As At 30 June 2020

	As At 30 June 2021				As At 30 June 2020			
	Yield / interest rate		Exposed to yield / interest rate risk		Yield / interest rate		Exposed to yield / interest rate risk	
	Upto three months	More than three months and upto one year	More than one year	Not exposed to Yield / Interest risk	Total	Upto three months	More than three months and upto one year	Not exposed to Yield / Interest risk
On-balance sheet financial instruments								
Financial assets								
Bank balances	3,408	-	-	711	4,119	15,507	-	6
Investments	-	-	-	46,092	46,092	-	-	128,235
Profit receivable on bank deposits	-	-	-	81	81	-	-	141
Receivable against sale of investments	-	-	-	-	-	-	-	-
	3,408	-	-	46,884	50,292	15,507	-	128,382
								143,889
Financial liabilities								
Payable to NBP Fund Management Limited - Management Company	-	-	-	527	527	-	-	557
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	3	3	-	-	9
Accrued expenses and other liabilities	-	-	-	287	287	-	-	301
	-	-	-	817	817	-	-	867
On-balance sheet gap	3,408	-	-	46,067	49,475	15,507	-	127,515
								143,022
Off-balance sheet financial instruments								
	-	-	-	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap	3,408	-	-	46,067	49,475	15,507	-	127,515
								143,022
Cumulative interest rate sensitivity gap	3,408	3,408	3,408			15,507	15,507	15,507

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

24.1.2.2 NIAAP-VII

As At 30 June 2021

As At 30 June 2020

	Exposed to yield / interest rate risk				Yield / interest rate	Exposed to yield / interest rate risk				
	Upto three months	More than three months and upto one year	More than one year	Not exposed to Yield / Interest risk		Upto three months	More than three months and upto one year	More than one year	Not exposed to Yield / Interest risk	
(Rupees in '000)										
On-balance sheet financial instruments										
Financial assets										
Bank balances	2,183	-	-	86	2,269	3,635	-	-	1	3,636
Investments	-	-	-	25,915	25,915	-	-	-	32,135	32,135
Profit receivable on bank deposits	-	-	-	16	16	-	-	-	37	37
Other receivable	-	-	-	8	8	-	-	-	8	8
	2,183	-	-	26,025	28,208	3,635	-	-	32,181	35,816
Financial liabilities										
Payable to NBP Fund Management Limited - Management Company	-	-	-	375	375	-	-	-	380	380
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	2	2	-	-	-	9	9
Accrued expenses and other liabilities	-	-	-	328	328	-	-	-	329	329
	-	-	-	705	705	-	-	-	718	718
On-balance sheet gap	2,183	-	-	25,320	27,503	3,635	-	-	31,463	35,098
Off-balance sheet financial instruments										
	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap	2,183	-	-	25,320	27,503	3,635	-	-	31,463	35,098
Cumulative interest rate sensitivity gap	2,183	2,183	2,183			3,635	3,635	3,635	3,635	

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

24.1.2.3 NIAAP-VIII

As at 30 June 2021

As at 30 June 2020

Yield / interest rate	Exposed to yield / interest rate risk				Yield / interest rate	Exposed to yield / interest rate risk			
	Upto three months	More than three months and upto one year	More than one year	Not exposed to Yield / Interest risk		Upto three months	More than three months and upto one year	More than one year	Not exposed to Yield / Interest risk
(Rupees in '000)									

On-balance sheet financial instruments

Financial assets

Bank balances	6.50% - 8.10%	4,466	-	-	129	4,595	12,091	-	-	27	12,118
Investments		-	-	-	54,104	54,104	-	-	-	111,587	111,587
Profit receivable on bank deposits		-	-	-	40	40	-	-	-	159	159
Other receivable		-	-	-	6	6	-	-	-	6	6
		4,466	-	-	54,279	58,745	12,091	-	-	111,779	123,870

Financial liabilities

Payable to NBP Fund Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities

	-	-	-	-	75	75	-	-	-	109	109
	-	-	-	-	4	4	-	-	-	9	9
	-	-	-	-	320	320	-	-	-	281	281
	-	-	-	-	399	399	-	-	-	399	399
On-balance sheet gap	4,466	-	-	-	53,880	58,346	12,091	-	-	111,380	123,471

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	4,466	-	-	-	53,880	58,346	12,091	-	-	111,380	123,471
	4,466	4,466	4,466	4,466			12,091	12,091	12,091		

Managing Your Savings

As at 30 June 2020

On-balance sheet financial instruments

Bank balances
Investments
Profit receivable
Other receivable

Financial liabilities

[illegible]

Off-balance sheet gap

[illegible]

Cumulative interest rate sensitivity gap

8,805	8,805	10,512	10,512
8,805	8,805	10,512	10,512

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II



NBP FUNDS
Managing Your Savings

24.1.2.2 NICPP - II

	As at 30 June 2021				As at 30 June 2020			
	Yield / interest rate		Exposed to yield / interest rate risk		Yield / interest rate		Exposed to yield / interest rate risk	
	Upto three months	More than three months and upto one year	More than one year	Not exposed to Yield / Interest risk	Total	Upto three months	More than one year	Not exposed to Yield / Interest risk
On-balance sheet financial instruments								
Financial assets								
Bank balances	6,740	-	-	24	6,764	144,974	-	137
Investments	-	-	-	88,072	88,072	-	-	21,796
Profit receivable on bank deposits	-	-	-	332	332	-	-	891
	6,740	-	-	88,428	95,168	144,974	-	22,824
								167,798
Financial liabilities								
Payable to NBP Fund Management Limited - Management Company	-	-	-	987	987	-	-	1,103
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	12	12	-	-	10
Payable against redemption of units	-	-	-	1,725	1,725	-	-	2,065
Accrued expenses and other liabilities	-	-	-	329	329	-	-	430
On-balance sheet gap	6,740	-	-	88,035	92,053	144,974	-	13,006
								168,608
Off-balance sheet financial instruments								
	-	-	-	-	-	-	-	-
Off-balance sheet gap								
	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap	6,740	-	-	85,375	92,115	144,974	-	19,216
								164,190
Cumulative interest rate sensitivity gap	6,740	6,740	6,740	6,740	6,740	144,974	144,974	144,974



24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of change in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently allocation plans are exposed to price risk due to their investment in the units of mutual funds. In case of 5% increase / (decrease) in the Net Asset Value per unit of the investee funds, the net income of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II would increase / (decrease) by Rs. 2.305 million, Rs. 1.296 million, Rs. 2.705 million, Rs. 6.237 million and Rs. 4.404 million (2020: Rs. 6.4118 million, Rs. 1.6068 million, Rs. 5.5793 million, Rs. 9.1656 million and Rs. 1.0398 million) respectively and net asset of NIAAP - VI, NIAAP - VII, NIAAP - VIII, NICPP - I and NICPP - II increase/ (decrease) by the same amount as a result of gains / (losses) on these securities at 'fair value through profit and loss'.

24.2 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 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.

Credit Rating	As at 30 June 2021					
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP - I	NICPP - II	Total
	1,194	1,314	3,832	6,783	5,077	18,200
AAA	-	-	-	-	-	-
AA+	1,916	428	298	2,019	1,660	6,321
AA	711	86	129	388	27	1,341
AA-	298	441	336	-	-	1,075
A+	4,119	2,269	4,595	9,190	6,764	26,937
Bank Balances						
	As at 30 June 2020					
	NIAAP-VI	NIAAP-VII	NIAAP-VIII	NICPP - I	NICPP - II	Total
	6,227	2,609	1,237	2,650	141,003	153,726
AAA	-	-	-	-	5	5
AA+	472	379	561	7,859	3,963	13,234
AA	6	1	27	221	140	395
AA-	8,808	647	10,293	-	-	19,748
A+	15,513	3,636	12,118	10,730	145,111	187,108

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.

24.3 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:

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

	30 June 2021		30 June 2020			
			NIAAP - VI			
	Upto three months	Over three months and Upto one year	Total	Upto three months	Over three months and Upto one year	Total
	(Rupees in '000)					
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company	527	-	527	557	-	557
Payable to Central Depository Company of Pakistan Limited - Trustee	3	-	3	9	-	9
Accrued expenses and other liabilities	287	-	287	301	-	301
	817	-	817	867	-	867
Unit holders' fund	47,947	-	47,947	140,004	-	140,004

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NIAAP - VI						
Over three months and Upto one year		Over three months and Upto one year		Over three months and Upto one year		Total
Upto three months	Over one year	Upto three months	Over one year	Upto three months	Over one year	
(Rupees in '000)						
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Limited	375	-	-	375	-	380
Payable to Central Depository Company of Pakistan Limited - Trustee	2	-	-	2	-	9
Accrued expenses and other liabilities	328	-	-	328	-	329
	705	-	-	705	-	718
Unit holders' fund	27,105	-	-	27,105	-	34,717
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company	75	-	-	75	-	109
Payable to Central Depository Company of Pakistan Limited - Trustee	4	-	-	4	-	9
Accrued expenses and other liabilities	320	-	-	320	-	281
	399	-	-	399	-	399
Unit holders' fund	57,046	-	-	57,046	-	121,323
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company	296	-	-	296	-	413
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	9	-	14
Accrued expenses and other liabilities	309	-	-	309	-	350
	614	-	-	614	-	777
Unit holders' fund	130,334	-	-	130,334	-	189,782
Financial Liabilities						
Payable to NBP Fund Management Limited - Management Company	987	-	-	987	-	1,103
Payable to Central Depository Company of Pakistan Limited - Trustee	12	-	-	12	-	10
Payable against redemption of units	1,725	-	-	1,725	-	2,065
Accrued expenses and other liabilities	329	-	-	329	-	430
	3,053	-	-	3,053	-	3,608
Unit holders' fund	91,699	-	-	91,699	-	163,081

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

25.1 NIAAP-VI

	30 June 2021				Fair value			
	Carrying value							
	At fair value through profit or loss	At Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
Mutual funds - related parties								
	46,092	-	-	46,092	-	46,092	-	46,092
Financial assets not measured at fair value								
Bank balances	-	4,119	-	4,119				
Profit receivable on bank deposits	-	81	-	81				
	-	4,200	-	4,200				
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company	-	-	527	527				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	3	3				
Accrued expenses and other liabilities	-	-	287	287				
	-	-	817	817				
25.6								
25.6								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
Mutual funds - related parties								
	128,235	-	-	128,235	-	128,235	-	128,235
Financial assets not measured at fair value								
Bank balances	-	15,513	-	15,513				
Profit receivable on bank deposits	-	141	-	141				
	-	15,654	-	15,654				
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company	-	-	557	557				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	9	9				
Accrued expenses and other liabilities	-	-	301	301				
	-	-	867	867				
25.6								

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

25.2 NIAAP-VII

30 June 2021

	Carrying value			Fair value		
	At fair value through profit or loss	At Amortised cost	Other financial liabilities	Total	Level 1	Level 2 Level 3 Total
On-balance sheet financial instruments						
Financial assets measured at fair value						
<i>Investments</i>						
Mutual funds - related parties						
	25,915	-	-	25,915	-	25,915 - 25,915

(Rupees in '000)

25.6

Financial assets not measured at fair value

Bank balances	-	2,269	-	2,269		
Profit receivable on bank deposits	-	16	-	16		
Other receivable	-	8	-	8		
	-	2,293	-	2,293		

25.6

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company	-	-	375	375		
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	2	2		
Accrued expenses and other liabilities	-	-	328	328		
	-	-	705	705		

30 June 2020

	Carrying value			Fair value		
	At fair value through profit or loss	At Amortised cost	Other financial liabilities	Total	Level 1	Level 2 Level 3 Total
On-balance sheet financial instruments						
Financial assets measured at fair value						
<i>Investments</i>						
Mutual funds - related parties						
	32,135	-	-	32,135	-	32,135 - 32,135

(Rupees in '000)

25.6

Financial assets not measured at fair value

Bank balances	-	3,636	-	3,636		
Profit receivable on bank deposits	-	37	-	37		
Other receivable	-	8	-	8		
	-	3,681	-	3,681		

25.6

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company	-	-	380	380		
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	9	9		
Accrued expenses and other liabilities	-	-	329	329		
	-	-	718	718		

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

25.3 NIAAP-VIII

30 June 2021

	Carrying value			Fair value		
	At fair value through profit or loss	At amortised cost	Other financial liabilities	Total	Level 1	Level 2 Level 3 Total

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

Mutual funds - related parties

	54,104	-	-	54,104	-	54,104	-	54,104
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Financial assets not measured at fair value

Bank balances

Profit receivable on bank deposits

Other receivable

25.6

	-	4,595	-	4,595				
	-	40	-	40				
	-	6	-	6				
	-	4,641	-	4,641				

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued expenses and other liabilities

25.6

	-	-	75	75				
	-	-	4	4				
	-	-	320	320				
	-	-	399	399				

30 June 2020

	Carrying value			Fair value		
	At fair value through profit or loss	At amortised cost	Other financial liabilities	Total	Level 1	Level 2 Level 3 Total

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

Mutual funds - related parties

	111,587	-	-	111,587	-	111,587	-	111,587
--	---------	---	---	---------	---	---------	---	---------

Financial assets not measured at fair value

Bank balances

Profit receivable on bank deposits

Other receivable

25.6

	-	12,118	-	12,118				
	-	159	-	159				
	-	6	-	6				
	-	12,283	-	12,283				

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued expenses and other liabilities

25.6

	-	-	109	109				
	-	-	9	9				
	-	-	281	281				
	-	-	399	399				

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

25.4 NICPP - I

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
124,743	-	-	-	124,743	-	124,743 - 124,743

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

Mutual funds - related parties

Financial assets not measured at fair value

Bank balances

Profit receivable on bank deposits

Other receivable

25.6

-	9,190	-	-	9,190		
-	114	-	-	114		
-	39	-	-	39		
-	9,343	-	-	9,343		

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued expenses and other liabilities

25.6

-	-	296	296			
-	-	9	9			
-	-	309	309			
-	-	614	614			

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
183,312	-	-	-	183,312	-	183,312 - 183,312

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

Mutual funds - related parties

Financial assets not measured at fair value

Bank balances

Profit receivable on bank deposits

Other receivable

25.6

-	10,730	-	-	10,730		
-	144	-	-	144		
-	39	-	-	39		
-	10,913	-	-	10,913		

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Accrued expenses and other liabilities

25.6

-	-	413	413			
-	-	14	14			
-	-	350	350			
-	-	777	777			

NAFA ISLAMIC ACTIVE ALLOCATION FUND-II

25.5 NICPP - II

	30 June 2021			
	Carrying value		Fair value	
At fair value through profit or loss	At Amortised cost	Other financial liabilities	Level 1	Level 2
Total	Level 1	Level 2	Level 3	Total
88,072	-	-	88,072	-

On-balance sheet financial instruments Financial assets measured at fair value

Investments

Mutual funds - related parties

Financial assets not measured at fair value

Bank balances

Profit receivable on bank deposits

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against redemption of units

Accrued expenses and other liabilities

(Rupees in '000)

25.6	-	-	88,072	-	88,072	-	88,072
	-	6,764	-	6,764			
	-	332	-	332			
	-	7,096	-	7,096			
25.6	-	-	987	987			
	-	-	12	12			
	-	-	1,725	1,725			
	-	-	329	329			
	-	-	3,053	3,053			

30 June 2020

	30 June 2020			
	Carrying value		Fair value	
At fair value through profit or loss	At Amortised cost	Other financial liabilities	Level 1	Level 2
Total	Level 1	Level 2	Level 3	Total
21,796	-	-	21,796	-

On-balance sheet financial instruments Financial assets measured at fair value

Investments

Mutual funds - related parties

Financial assets not measured at fair value

Bank balances

Profit receivable on bank deposits

Financial liabilities not measured at fair value

Payable to NBP Fund Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against redemption of units

Accrued expenses and other liabilities

(Rupees in '000)

25.6	-	-	21,796	-	21,796	-	21,796
	-	145,111	-	145,111			
	-	891	-	891			
	-	146,002	-	146,002			
25.6	-	-	1,103	1,103			
	-	-	10	10			
	-	-	2,065	2,065			
	-	-	430	430			
	-	-	3,608	3,608			

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

25.7 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 each respective plan at the time of redemption, cal on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders of each respective plan approximates their fair value. The units are categorized into Level 2 of fair value hierarchy.



26 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 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 under management.

In accordance with the risk management policies stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

27 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	2021					2020					2019					2018					2017	
	NIAP VI For the year ended June 30, 2021	NIAP VII For the year ended June 30, 2021	NIAP VIII For the year ended June 30, 2021	NICPP-I For the year ended June 30, 2021	NICPP-II For the year ended June 30, 2021	NIAP VI For the year ended June 30, 2020	NIAP VII For the year ended June 30, 2020	NIAP VIII For the year ended June 30, 2020	NICPP-I For the year ended June 30, 2020	NICPP-II For the year ended June 30, 2020	NIAP VI For the year ended June 30, 2019	NIAP VII For the year ended June 30, 2019	NIAP VIII For the year ended June 30, 2019	NICPP-I For the year ended June 30, 2019	NICPP-II For the year ended June 30, 2019	NIAP VI For the year ended June 30, 2018	NIAP VII For the year ended June 30, 2018	NIAP VIII For the period ended June 30, 2018	NICPP-I For the period ended June 30, 2018	NICPP-II For the period ended June 30, 2018	NIAP VI For the period ended June 30, 2017	NIAP VII For the period ended June 30, 2017
Net assets at the year / period ended (Rs '000)	47,547	27,105	57,046	130,334	91,699	140,004	34,717	121,323	189,782	163,081	223,094	75,843	336,279	792,671	379,318	448,306	195,469	598,504	1,762,589	852,992	889,384	174,577
Net income / (Loss) for the year / period ended (Rs '000)	36,434	7,843	23,883	26,316	14,940	21,291	2,714	17,178	36,435	18,094	(28,797)	(10,470)	(20,398)	27,359	6,096	(84,783)	(14,291)	4,925	8,082	5,161	(52,476)	(41)
Net Asset Value per unit at the year / period ended (Rs)	98.3310	101.8358	118.1734	111.8859	105.8406	80.2002	84.6286	96.9868	100.2884	100.578	79.1139	84.7782	96.2016	101.8306	100.1129	87.0647	93.4852	100.3081	100.3672	100.5769	94.4551	99.9773
Offer Price per unit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Redemption Price per unit	98.3310	101.8358	118.1734	111.8859	105.8406	80.2002	84.6286	96.9868	100.2884	100.578	79.1139	84.7782	96.2016	101.8306	100.1129	87.0647	93.4852	100.3081	100.3672	100.5769	94.4551	99.9773
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	100.9169	104.2915	121.1427	113.5569	107.2597	87.1148	91.2221	104.8229	108.7747	108.0773	89.5347	96.1950	103.2221	101.4688	103.6382	95.8903	100.9567	105.6002	100.7381	100.6673	100.0068	100.0000
Ex - Lowest redemption price per unit (Rs.)	79.1780	83.0327	95.3239	96.4418	95.1852	62.9397	66.4146	76.0014	93.7044	93.8695	77.4638	83.5841	94.7363	96.0093	99.3634	82.8638	89.1658	96.3967	99.4655	100.0000	92.8764	99.9773
Opening NAV of Fiscal Year	77.7400	81.5496	93.6353	95.3055	94.8771	70.6783	79.0219	88.7234	94.0417	94.7237	87.0647	93.4852	100.3081	98.4138	100.5769	94.4551	99.9773	100.0000	99.8371	100.0000	100.0000	100.0000
Total return of the fund	26.5%	24.9%	26.2%	16.8%	11.3%	13.47%	7.10%	8.10%	6.65%	5.74%	-9.13%	-9.31%	-4.09%	1.83%	0.11%	-7.82%	-6.49%	0.31%	0.37%	0.58%	-5.54%	-0.02%
Capital growth	23.3%	21.1%	22.6%	12.1%	5.8%	1.54%	-0.19%	0.88%	0.09%	0.05%	-9.13%	-9.31%	-4.09%	0.21%	0.11%	-	-	0.00%	0.00%	0.00%	-	-
Income distribution as % of Ex nav	3.2%	3.8%	3.6%	4.7%	5.6%	11.94%	7.24%	7.24%	6.56%	5.69%	-	-	-	1.61%	-	-	-	0.36%	0.36%	0.57%	-	-
Income distribution as % of Par nav	3.1%	3.9%	4.3%	5.2%	5.9%	9.52%	6.13%	6.86%	6.57%	5.69%	-	-	-	1.62%	-	-	-	0.36%	0.36%	0.57%	-	-
Distribution																						
Interim distribution per unit	3.1420	3.8873	4.2682	5.2467	5.9152	9.5218	6.1340	6.9649	6.5739	5.6922				1.6178				0.3642	0.5747		-	-
Final distribution per unit																					-	-
Distribution Dates																						
Interim	28-Jun-21	28-Jun-21	28-Jun-21	28-Jun-21	28-Jun-21	28-Jun-20	28-Jun-20	28-Jun-20	28-Jun-20	28-Jun-20								4-Jul-18	4-Jul-18		-	-
Final																						
Average annual return of the fund (launch date May 26, 2015)																						
(Since inception to June 30, 2021)	3.15%	3.16%	7.72%	7.49%	5.50%	-3.4%	-3.2%	1.5%	3.8%	2.9%	-10.58%	-7.91%	-2.31%	1.65%	0.59%	-11.87%	-6.50%	0.31%	0.37%	0.56%	-5.54%	-0.02%
(Since inception to June 30, 2020)																						
(Since inception to June 30, 2019)																						
(Since inception to June 30, 2018)																						
(Since inception to June 30, 2017)																						
(Since inception to June 30, 2016)																						
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.

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