NBP FUNDS

Managing Your Savings

Aitemaad

NBP ISLAMIC SARMAYA IZAFA FUND

ANNUAL REPORT

2021

AM1

Rated by PACRA

MISSION STATEMENT

To rank in the top quartile

in performance of

NBP FUNDS

relative to the competition,

and to consistently offer

Superior risk-adjusted returns to investors.

Contents

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

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

Bankers to the Fund

Habib Bank Limited (Islamic)
United Bank Limited (Ameen)
Bank Al Habib Limited (Islamic)
Meezan Bank Limited
Bank Islami (Pakistan) Limited
Sindh Bank Limited (Saadat)
MCB Bank Limited (Islamic)
Dubai Islamic Bank Limited
Bank Alfalah Limited (Islamic)
Soneri Bank Limited (Mustaqeem)
Habib Metro Bank Limited (Islamic)
Allied Bank Limited (Islamic)
Silk Bank Limited (Emaan)
National Bank of Pakistan
JS Bank Limited
Summit Bank Limited

Auditors

Grant Thornton Anjum Rahman.
1st & 3rd Floor,
Modern Motors House, Beaumont Road,
Karachi, 75530

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive Officer

Shaikh Muhammad Abdul Wahid Sethi
Chairman

Mr. Khalid Mansoor
Director

Mr. Humayun Bashir
Director

Mr. Tauqeer Mazhar
Director

Mr. Ali Saigol
Director

Mr. Saad Amanullah Khan
Director

Ms. Mehnaz Salar
Director

Mr. Imran Zaffar
Director

Senior Management

Dr. Amjad Waheed, CFA
Chief Executive Officer

Mr. Sajjad Anwar, CFA
Chief Investment Officer

Mr. Samiuddin Ahmed
Country Head Corporate Marketing

Mr. Ozair Khan
Chief Technology Officer

Mr. Salim S Mehdi
Chief Innovation & Strategy Officer

Mr. Muhammad Murtaza Ali
Chief Operating Officer & Company Secretary

Mr. Khalid Mehmood
Chief Financial Officer

Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer

Syed Sharoz Mazhar, CFA
Head of Business & Sales Strategy

Mr. Salman Ahmed, CFA
Head of Fixed Income

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

Mr. Hassan Raza, CFA
Head of Research

Mr. Waheed Abidi
Head of Internal Audit

Mr. Zaheer Iqbal, ACA FPFA
Head of Operations

Muhammad Imran, CFA, ACCA
Head of Portfolio Management

Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

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

Fund's Performance

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

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

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

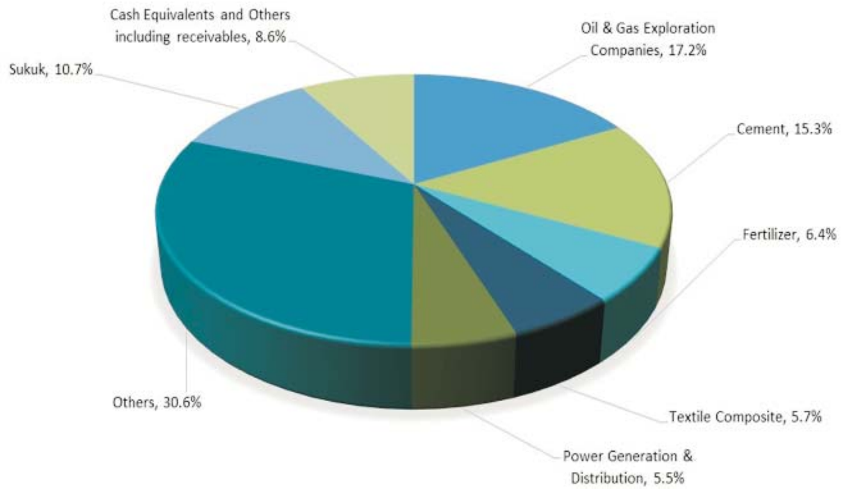
Trading activity in corporate sukuks further reduced as cumulative traded value stood at Rs. 16 billion compared to Rs. 27 billion in FY2020. However, the fresh issuance of shariah compliant commercial papers helped the undersupplied market for long-term shariah-compliant debt instruments to some extent.

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. 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.

During the fiscal year, NBP Islamic Sarmaya Izafa Fund increased by 21.3% versus 21.7% increase in the benchmark. Thus, the Fund underperformed the benchmark by 0.4% during the year. The drag on the Fund performance was lagged performance of its key holdings belonging Oil & Gas Exploration and Power Generation sectors which are at steep discount to their fundamentals values. We expect these stocks to regain the lost ground with the improvement in circular debt in the due course of time given their undemanding valuations. Since its launch (October 26, 2007), the Fund has risen by 373.4%, versus the benchmark return of 226.0%, thus to date outperformance is 147.4%. This outperformance is net of management fee and all other expenses. The Fund size is 5,611 mln as of June 30, 2021.

NBP Islamic Sarmaya Izafa Fund has earned total income of Rs.1,324.30 million during the year. After deducting total expenses of Rs.239.94 million, the net income is Rs. 1084.37 million. During the year, the unit price of NAFA Islamic Asset Allocation Fund has increased from Rs. 13.7819 (Ex-Div) on June 30, 2020 to Rs. 16.7187 on June 30, 2021. The resultant per unit gain is Rs.2.9368 i.e. 21.3%.

The asset allocation of NBP Islamic Sarmaya Izafa 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 3.51% of the opening ex-NAV (4.97% 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 Islamic Sarmaya Izafa Fund amounting to Rs. 91.54 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 Sarmaya Izafa Fund by 1.69% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs Grant Thornton Anjum Rahman., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2022.

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

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

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

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

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

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

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

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

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

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

10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 27 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 24 to these financial statements.

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

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive **Director**

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

ڈائریکٹرز رپورٹ

NBPفنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBPاسلامک سرمایہ اضافہ فنڈ (NISIF) کی چودھویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2021 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 20 میں ناقص کارکردگی کے بعد (KSE-100 انڈیکس) نے اسٹاک مارکیٹ کی پُرکشش قیمتوں، توقع سے قبل کاروباری پابندیوں کے خاتمے اور تیز ترین معاشی بحالی، ڈویلپمنٹ اور مؤثر ویکسین کی تیاری اور تعیناتی اور مانیٹری اور فسکل حکام کی طرف سے مربوط کن فیصلہ سازی کے باعث مالی سال 2021 کے دوران 37.6% کا مستحکم منافع دیا ہے۔ مقامی اسٹاک مارکیٹ میں ریلی 1HFY21 میں بھرپور بڑھ گئی کیونکہ قابل قدر رقم اسٹاک مارکیٹ میں داخل ہوئی۔ مضبوط معاشی بحالی اور مضبوط آمدنی میں اضافے نے مارکیٹ کے جذبات کو مزید فروغ دیا۔ یہ بات قابل ذکر ہے کہ مالی سال 21 کے دوران اسٹاک مارکیٹ کی کارکردگی کارپوریٹ آمدنی میں اضافے سے کارفرما تھی کیونکہ مارکیٹ اب بھی 6.5x گنا کی پرکشش Pric-to-Earning (P/E) پر تجارت کرتی ہے۔

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

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

کارپوریٹ سکوک میں تجارتی سرگرمی مالی سال 2020 میں 27 بلین روپے کے مقابلے میں مجموعی تجارتی قیمت مزید کم ہوگئی جو کہ 16 بلین روپے رہی۔ تاہم، شریعہ کمپلینٹ کمرشل پیپرز کے نئے اجراء نے طویل مدتی شریعہ کمپلینٹ ڈیبٹ آلات کے زیرِ اثر مارکیٹ کی کسی حد تک مدد کی۔

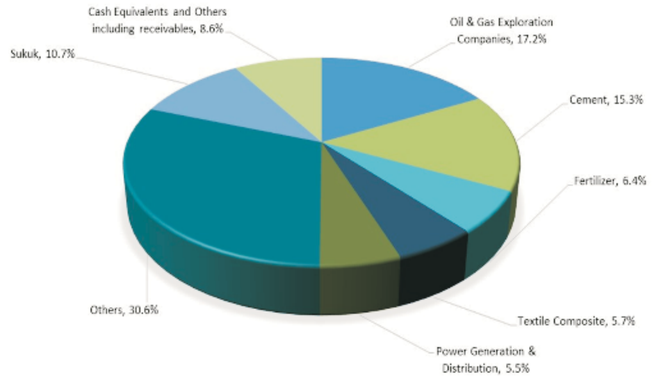
سی پی آئی (CPI) کی پیائش کردہ افراطِ زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بینچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراطِ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

زیرِ جائزہ مالی سال کے دوران، NBP اسلامک سرمایہ اضافہ فنڈ 21.7% بینچ مارک اضافہ کے بخلاف 21.3% تک زیادہ ہوا۔ لہٰذا سال کے دوران فنڈ نے بینچ مارک میں 0.4% کی ابتر کارکردگی دکھائی۔ فنڈ کی یہ خراب کارکردگی تیل و گیس ایکسپلوریشن، کمرشل بینکوں اور پاور جنریشن سیکٹرز میں کلیدی ہولڈنگز کی خراب کارکردگی کے باعث رہی جو کہ اپنی بنیادی قیمتوں سے سخت رعایت پر ہیں۔ ہم توقع کرتے ہیں کہ یہ اسٹاک سرکلر ڈیبٹ میں بہتری کے ساتھ اور مقررہ وقت میں سود کی شرح میں اضافے کو ان غیر ضروری قیمتوں کے پیش نظر کھوئے ہوئے مقام کو دوبارہ حاصل کرلیں گے۔ اپنے آغاز (26 اکتوبر 2007) سے، فنڈ نے 226.0 فیصد بینچ مارک ریٹرن کے مقابلے 373.4 فیصد کا اضافہ حاصل کیا، چنانچہ آج تک بہتر کارکردگی 147.4 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے

علاوہ خالص ہے۔فنڈ کا سائز 30 جون 2021 کو 5,611 ملین ہے۔

این بی پی اسلامک سرمایہ اضافہ فنڈ کو سال کے دوران 1,324.30 ملین روپے کی مجموعی آمدنی ہوئی۔ 239.94 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص آمدنی 1084.37 ملین روپے ہے۔سال کے دوران NBP اسلامک ایسٹ ایلوکیشن فنڈ کے یونٹ کی قیمت 30 جون 2020 کو 13.7819 روپے (EX-Div) سے بڑھ کر 30 جون 2021 کو 16.7187 روپے ہوگئی، جس کے نتیجے فی یونٹ گین 2.9368 روپے یعنی (21.3%) ہے۔یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

30 جون 2021 کو این بی پی اسلامک سرمایہ اضافہ فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2021 کے اختتام کے بعد اوپننگ ex-NAV کا 3.51% (بنیادی قدر کا 4.97%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

سندھ ورکرز ویلفیئر فنڈ (SWWF)

مورخہ 12 اگست 2021 کو سندھ ریونیو بورڈ کی جانب سے ایک وضاحتی مراسلہ نمبر SRB/TP/70/2013/8772 میوچل فنڈز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP اسلامک سرمایہ اضافہ فنڈ میں ریکارڈ کی گئی 91.54 ملین روپے ورکرز ویلفیئر فنڈ کی پروویژننگ کو 13 اگست 2021 ریورس کردیا گیا۔ پروویژن کی اس ریورسل کے باعث NBP اسلامک سرمایہ اضافہ فنڈ کی NAV میں 1.69% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوگئے ہیں اور اہل ہونے کی بناء پر 30 جون 2022 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6• فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک وشبہات نہیں ہیں۔

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

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

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

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

11• یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔

12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اوران کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید وفروخت ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔

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

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

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز
NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو **ڈائریکٹر**

تاریخ: 16 ستمبر 2021ء
مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

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

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

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2021

FUND MANAGER REPORT

NBP Islamic Sarmaya Izafa Fund

NBP Islamic Sarmaya Izafa Fund (NISIF) is an Open-ended Shariah Compliant Asset Allocation Fund

Investment Objective of the Fund

Objective of NISIF is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

Benchmark

Daily weighted return of KMI-30 Index & 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP, based on Fund's actual allocation, effective from September 01, 2016. Previously average of (i) average 3-months Islamic banks deposit rate (ii) 6-months KIBOR or its Shariah Complaint Equivalent (iii) KMI 30 Index.

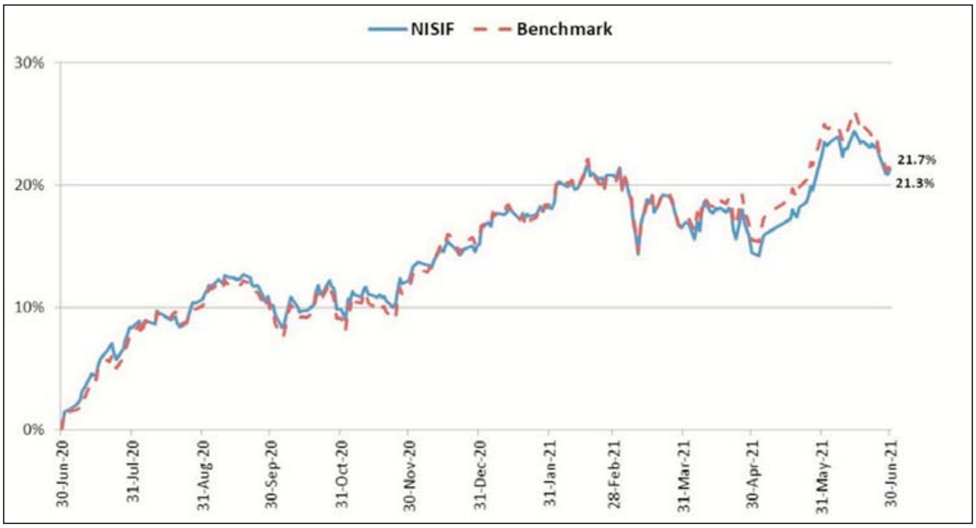
The fund category was changed to Islamic Asset Allocation from Islamic Balanced with effect from April 22, 2014. Consequently, allowed equity range is now 0% to 90% which previously was 30% to 70%. Previous benchmark was 50% KSE-30 Index & 50% 3-month Islamic Bank Deposit.

Fund performance review

This is the fourteenth annual report of the Fund. During the fiscal year, NBP Islamic Sarmaya Izafa Fund increased by 21.3% versus the benchmark increased by 21.7%. Thus, the Fund underperformed the benchmark by 0.4% during the year. Since its launch (October 26, 2007), the Fund has risen by 373.4%, versus the benchmark return of 226.0%, thus to date outperformance is 147.4%. This outperformance is net of management fee and all other expenses. Thus, NISIF has met its investment objective. During the year, the fund size of NISIF increased by 11% to Rs 5,611 mln.

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

NISIF Performance vs. Benchmark during FY21



NISIF was around 53.3% invested in equities at the beginning of the year. During the year, we adjusted the allocation of the Fund based on our view on different asset classes. Towards the end of the year, NISIF was around 80.8% invested in equities.

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

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

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

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. 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 the Fund (% of NAV)

Particulars	**30-Jun-21**	**30-Jun-20**
Equities / Stocks	80.76%	53.30%
Cash Equivalents	12.01%	13.10%
TFC/Sukuk	10.69%	37.70%
Other Net Assets / (Liabilities)	-3.46%	-4.10%
Total	**100.00%**	**100.00%**

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
Eden Housing (Sukuk II)	SUKUK	4,921,875	4,921,875	-	-	-
Total		**4,921,875**	**4,921,875**	**-**	**-**	**-**

Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	4.97%	17.4995	17.0021

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

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	655
1-1000	1889
1001-5000	979
5001-10000	943
10001-50000	2060
50001-100000	777
100001-500000	528
500001-1000000	53
1000001-5000000	33
10000001-100000000	1
Total	**7918**

During the period under question

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

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 89.944 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.2680 / 1.94%. For details investors are advised to read note 19 of the Financial Statements of the Scheme for the year ended June 30, 2021.

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Sarmaya Izafa Fund amounting to Rs. 91.54 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 Sarmaya Izafa Fund by 1.69% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

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

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARIAH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, the period from July 1, 2020 to June 30, 2021 was the Thirteenth year of operations of NBP Islamic Sarmaya Izafa Fund (NISIF). This report is being issued in accordance with clause 3.6.8 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

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

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

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

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Company Name	**Nature of Business**	**Debt to Assets (<37%)**	**Non-Compliant Investment s (<33%)**	**Non-Compliant Income to Gross Revenue (<5%)**	**Illiquid Assets to Total Assets (>25%)**	**Net Liquid Assets vs. Share Price (B>A)**	
						Net Liquid Assets per Share (A)	**Share Price (B)**
Lucky Cement Limited	Cement	26.58%	1.36%	2.4610%	83.62%	(401.95)	
Engro Corporation Limited	Fertilizer	35.22%	25.23%	4.80%	56.69%	(190.04)	
Mari Petroleum Company Limited.	Oil & Gas Exploration Companies	0.00%	26.87%	3.79%	42.91%	356.34	1339.82
Hub Power Company Limited	Power Generation & Distribution Companies	23.52%	0.00%	4.66%	52.68%	(38.21)	
Oil & Gas Development Company Limited	Oil & Gas Exploration Companies	0.00%	18.90%	4.74%	29.95%	100.44	103.77
Pakistan Petroleum Limited	Oil & Gas Exploration Companies	0.00%	14.34%	2.01%	30.57%	76.47	90.33

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

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

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

During the year, fund booked charity of amounting PKR 5,467,901/- wherein amount available for disbursement is PKR 3,309,604/-, which is inclusive of PKR 1,383,945/- provisional amount of previous year adjusted after availability of the respective financial statements.

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Sarmaya Izafa Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Sarmaya Izafa Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the related income statement, statement of comprehensive income, statement of movements in unit holder's fund, statement of cash flow, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Valuation and existence of investment** (refer note 5 to the financial statements)	
	Investments held at fair value through profit or loss represent are disclosed in note 6.2 and 6.3 to the financial statements and represent a significant portion of the net assets of the Fund. The Fund's primary activity is, inter alia, to invest in listed equity shares and Government Ijara Sukuks, which are the main driver of the Fund's performance. Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which we have considered this as a key audit matter.	We performed the following procedures during our audit of investments: • obtained understanding of relevant controls placed by the Management Company applicable to the balance; • independently verified existence of investments from Central Depository Company (CDC) statements and other relevant document; • performed test of details on sale, purchase and maturity of investments on a sample basis; • tested valuation of investments; and

S. No.	Key Audit Matter	How the matter was addressed in our audit
		• any differences identified during our testing that were over our acceptable threshold were investigated further.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Board is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Other matter

The financial statements of the Fund for the year ended June 30, 2020, were audited by another firm of auditors who in their audit report dated September 29, 2020 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

Further, we report that the Fund's financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 30, 2021

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021	2020
		-------- Rupees in '000 --------	
ASSETS			
Bank balances	5	**673,761**	622,432
Investments	6	**5,131,729**	4,586,516
Mark-up accrued and dividend receivable	7	**16,207**	34,678
Deposits, prepayments and other receivables	8	**38,907**	6,076
Receivable against transfer of units	9	**4,569**	798
Total assets		**5,865,173**	5,250,500
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	10	**83,529**	47,220
Payable to Central Depository Company of Pakistan Limited - Trustee	11	**633**	563
Payable to the Securities and Exchange Commission of Pakistan	12	**1,166**	1,069
Payable against redemption of units	13	**21,117**	17,700
Payable against purchase of investments		**3,120**	-
Accrued expenses and other liabilities	14	**144,192**	139,978
Total liabilities		**253,757**	206,530
NET ASSETS		**5,611,416**	5,043,970
UNIT HOLDERS' FUND (as per statement attached)		**5,611,416**	5,043,970
Contingencies and commitments	15		
		------------ Number of units ------------	
Number of units in issue	16	**335,637,170**	355,582,420
		---------------- Rupees ----------------	
Net asset value per unit	17	**16.7187**	14.1851

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		-------- Rupees in '000 --------	
INCOME			
Return / mark-up on:			
- bank balances		**58,036**	143,658
- sukuks		**127,675**	110,851
Dividend income		**151,088**	165,754
Net gain on sale of investments		**194,571**	36,940
Net unrealised gain on re-measurement of investments at fair value through profit or loss		**792,932**	70,049
Total income		**1,324,302**	527,252
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	10.1	**87,488**	81,218
Sindh Sales Tax on remuneration of the Management Company	10.2	**11,373**	10,558
Reimbursement of operational expenses to the Management Company	10.3	**7,831**	5,346
Selling and marketing expenses charged by the Management Company	10.4	**93,834**	66,697
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	**6,833**	6,346
Sindh Sales Tax on remuneration of the Trustee	11.2	**888**	825
Annual fee to the Securities and Exchange Commission of Pakistan	12	**1,167**	1,069
Securities transaction costs		**5,461**	3,458
Settlement and bank charges		**975**	2,354
Auditors' remuneration	18	**642**	663
Fund rating fee		**256**	231
Legal and professional charges		**110**	34
Annual listing fee		**27**	18
Printing charges		**172**	62
Shariah advisor fee		**750**	782
Total expenses		**217,807**	179,661
Net income / (loss) from operating activities		**1,106,495**	347,591
Provision for Sindh Workers' Welfare Fund	19	**(22,130)**	(6,952)
Net income / (loss) for the year before taxation		**1,084,365**	340,639
Taxation	20	**-**	-
Net income / (loss) for the year after taxation		**1,084,365**	340,639
Earnings per unit	21		
Allocation of net income for the year			
Net income / loss for the year after taxation		**1,084,365**	340,639
Income already paid on units redeemed		**(384,070)**	(17,903)
		700,295	322,736
Accounting income available for distribution:			
Relating to capital gain		**635,674**	96,398
Excluding capital gain		**64,621**	226,338
		700,295	322,736

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	------------- Rupees in '000 -------------	
Net income for the year after taxation	**1,084,365**	340,639
Other comprehensive income for the year	**-**	-
Total comprehensive income / (loss) for the year	**1,084,365**	340,639

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2021

	2021			2020		
	Capital value	**Undistributed income / accumulated loss**	**Total**	Capital value	Undistributed income / accumulated loss	Total
	----------	----------	---------- (Rupees in '000) ----------	----------	----------	----------
Net assets at beginning of the year	**5,544,770**	**(500,800)**	**5,043,970**	7,451,921	(596,548)	6,855,373
Issuance of 264,935,511 units (2020: 214,446,764 units)						
- Capital value	**3,758,135**	**-**	**3,758,135**	2,965,068	-	2,965,068
- Element of income / (loss)	**550,744**	**-**	**550,744**	273,949	-	273,949
Total proceeds on issuance of units	**4,308,879**	**-**	**4,308,879**	3,239,017	-	3,239,017
Redemption of 284,880,761 units (2021: 357,762,610 units)						
- Capital value	**(4,041,060)**	**-**	**(4,041,060)**	(4,916,024)	-	(4,916,024)
- Element of income	**(236,645)**	**(384,070)**	**(620,715)**	(211,810)	(17,903)	(229,713)
Total payments on redemption of units	**(4,661,775)**	**(384,070)**	**(4,661,775)**	(5,127,834)	(17,903)	(5,145,737)
Total comprehensive income / (loss) for the year	**-**	**1,084,365**	**1,084,365**	-	340,639	340,639
Interim cash dividend @ 0.4974 declared on June 23, 2021	**(39,034)**	**(124,988)**	**(164,022)**	-	-	-
Annual distribution at the rate of Re. 0.7252 per unit declared on June 26, 2020 as cash dividend	**-**	**-**	**-**	(18,334)	(226,988)	(245,322)
Net assets at end of the year	**5,152,840**	**74,507**	**5,611,416**	5,544,770	(500,800)	5,043,970
Undistributed income / accumulated loss brought forward						
- Realised		**(570,849)**			373,476	
- Unrealised		**70,049**			(970,024)	
		(500,800)			(596,548)	
Accounting income available for distribution						
- Relating to capital gain		**635,674**			96,398	
- Excluding capital gain		**64,621**			226,338	
Net income / (loss) for the year after taxation		**700,295**			322,736	
Annual distribution during the year		**(124,988)**			(226,988)	
Accumulated loss carried forward		**74,507**			(500,800)	
Accumulated gains / (loss) carried forward						
- Realised (loss)		**(718,426)**			(570,849)	
- Unrealised gains		**792,932**			70,049	
		74,507			(500,800)	
			- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the year			**14.1851**			13.7410
Net assets value per unit at end of the year			**16.7187**			14.1851

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		**1,084,365**	340,639
Adjustments:			
Return / mark-up on;			
- bank balances		**(58,036)**	(143,658)
- sukuks		**(127,675)**	(110,851)
Dividend income		**(151,088)**	(165,754)
Net (gain) / loss on sale of investments		**(194,571)**	(36,940)
Net unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss		**(792,932)**	(70,049)
		(1,324,302)	(527,252)
		(239,937)	(186,613)
(Increase) / decrease in assets			
Investments - net		**442,291**	(436,903)
Receivable against sale of investments		**-**	123,522
Receivable against transfer of units		**(32,831)**	(652)
		409,460	(314,033)
(Decrease) / increase in liabilities			
Payable to the Management Company		**36,309**	(14,068)
Payable to the Trustee		**70**	(221)
Payable to the Securities and Exchange Commission of Pakistan		**97**	(8,425)
Payable against purchase of investments		**3,120**	-
Accrued expenses and other liabilities		**4,215**	47,127
		43,811	24,413
Mark-up received on bank balances		**60,419**	175,315
Mark-up received on sukuks received		**145,710**	89,237
Dividend received		**149,140**	170,954
Net cash used in operating activities		**568,602**	**(40,727)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on issuance of units		**4,266,073**	3,219,885
Amounts paid on redemption of units		**(4,658,358)**	(5,128,037)
Dividend paid		**(124,988)**	(226,988)
Net cash used in financing activities		**(517,273)**	(2,135,140)
Net decrease in cash and cash equivalents during the year		**51,329**	(2,175,867)
Cash and cash equivalents at the beginning of the year		**622,432**	2,798,299
Cash and cash equivalents at the end of the year		**673,761**	622,432

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

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

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Islamic Sarmaya Izafa Fund was established under a trust deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on October 07, 2013 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.

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

The Fund is an open-ended mutual fund and categorised as an islamic asset allocation scheme and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company on June 24, 2020 and has assigned performance ranking of 4-star to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

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

(a) classification and valuation of financial assets (Note 4.2.2 and 5)
(b) impairment of financial assets (Note 4.2.3)
(c) provisions (Note 4.6)

2.5 Accounting Convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values. Further, the accrual basis of accounting is used except for the cash flow.

3 BASIS OF PRESENTATION

3.1 Statement of compliance

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

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

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

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

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

3.2 Standards, amendments and interpretations to the published standards that may be relevant to the Fund and adopted in the current year

The Fund has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

New or revised standard or interpretation	Effective Date
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Definition of a Business (Amendments to IFRS 3)	January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020

3.3 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Fund

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or interpretation	Effective Date
Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2022
IFRS 3 - References to Conceptual Framework	January 1, 2022
IAS 16 - Proceeds before intended use	January 1, 2022
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

The Fund is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Fund.

Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date "(Annual periods beginning on or after)"
IFRS 17 - Insurance Contracts	January 1, 2023
IFRS 9 - ECL model on the financial assets due from Government	July 1, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets and liabilities

4.2.1 Initial recognition

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

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

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

4.2.2 Classification and measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

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

Financial asset at amortised cost

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

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

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

Financial Asset at FVTOCI

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

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

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

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

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

Financial asset at FVTPL

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

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

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

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

Business Model Assessment

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

1) Hold to collect business model

Considering above, the Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

4.2.2.2 Financial laibilities

The fund classifies its financial liabilities in the following catergories

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

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

Classification and measurement of financial liabilities

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

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

- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

4.2.3 Impairment of financial assets

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

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

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

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

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

Basis of valuation of government securities:

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

Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

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

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

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

4.2.5 Regular way contracts

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

4.2.6 Derecognition

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

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

4.2.7 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.3 Impairment of non financial assets

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

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

4.4 Issuance and redemption of units

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

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

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

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

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

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

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

4.6 Provisions

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

4.7 Revenue recognition

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

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

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

4.8 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income statement on accural basis.

4.9 Taxation

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

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

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

4.10 Distributions to the unit holders

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

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

4.11 Earnings per unit

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

			2021	2020
5	**BANK BALANCES**	**Note**	**-------- Rupees in '000**	**--------**
	Current accounts	5.2	**33,052**	37,517
	Savings accounts	5.1 & 5.3	**640,709**	584,915
			673,761	622,432

5.1 These savings accounts carry profit at rates ranging from 2.40% to 7.5% per annum (June 30, 2020: 3.5% to 8.75% per annum).

5.2 These include bank balances of Rs. 8.318 million (June 30, 2020: Rs. 7.865 million), maintained with National Bank of Pakistan.

5.3 These include a bank balances of Rs. 150.209 million (June 30, 2020: Rs. 0.241 million), which is maintained with National Bank of Pakistan , related party and carries mark-up at the rate of 6.80% (June 30, 2020: 6.25%) per annum.

			2021	2020
6	**INVESTMENTS**	**Note**	**-------- Rupees in '000**	**--------**
	At fair value through profit or loss			
	Listed equity securities	6.1	**4,531,878**	2,686,257
	Government securities - Ijarah sukuks	6.2	**-**	974,225
	Sukuks	6.3	**599,851**	926,034
			5,131,729	4,586,516

6.1 Listed equity securities

Name of the investee company	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
	------------	------------	Number of shares	------------	------------	Rupees in '000	------------	%	------------
All shares have a nominal face value of Rs. 10 each except for shares of K-Electric Limited, Thal limited and Agriautos Industries Company Limited. which have a face value of Rs. 5 .									
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	111,280	34,000	-	40,600	104,680	33,605	0.60	0.65	0.13
Pakistan State Oil Company Limited (5.1.1) & (5.1.2)	349,526	337,045	-	101,500	585,071	131,202	2.34	2.56	0.22
Hascol Petroleum Limited	3,424	-	-	-	3,424	31	0.00	0.00	0.00
Sui Northern Gas Pipelines Limited	527,500	273,500	-	178,000	623,000	30,265	0.54	0.59	0.58
Shell Pakistan Limited	-	-	-	-	-	-	-	-	-
					1,316,175	**195,104**	**3.48**	**3.80**	
OIL AND GAS EXPLORATION COMPANIES									
Oil and Gas Development Company Limited	1,720,900	1,551,100	-	125,000	3,147,000	299,059	5.33	5.83	0.07
Pakistan Oilfields Limited (5.1.1)	82,732	83,600	-	-	166,332	65,512	1.17	1.28	0.07
Pakistan Petroleum Limited (5.1.1)	2,015,313	1,310,756	-	219,000	3,107,069	269,787	4.81	5.26	0.16
Mari Petroleum Company Limited	213,065	8,320	-	6,200	215,185	328,026	5.85	6.39	0.20
					6,635,586	**962,384**	**17.15**	**18.75**	
REFINERY									
National Refinery Limited	84,900	-	-	84,900	-	-	-	-	-
CHEMICALS									
Dynea Pakistan Limited	21,500	-	-	19,000	2,500	553	0.01	0.01	0.00
ICI Pakistan Limited	-	46,000	-	-	46,000	39,965	0.71	0.78	0.05
Descon Oxychem Limited	-	260,000	-	-	260,000	6,978	0.12	0.14	0.17
Engro Polymer & Chemicals Limited (5.1.1)	2,706,000	1,112,000	-	621,000	3,197,000	151,026	2.69	2.94	4.15
					3,505,500	**198,522**	**3.54**	**3.87**	
PAPERS AND BOARD									
Cherat Packaging Limited	151,250	-	-	151,250	-	-	-	-	-
Roshan Packages Limited	-	220,000	-	20,500	199,500	6,572	0.12	0.13	0.14
					199,500	**6,572**	**0.12**	**0.13**	
FOOD AND PERSONAL CARE PRODUCTS									
Al Shaheer Corporation Limited	1,566,335	1,354,418	-	2,215,440	705,312	14,057	0.25	0.27	0.50
Unity Foods Limited	-	1,378,074	-	635,000	743,074	33,082	0.59	0.64	0.14
					1,448,386	**47,139**	**0.84**	**0.92**	
ENGINEERING									
International Steels Limited	640,912	170,420	-	649,212	162,120	15,144	0.27	0.30	0.04
International Industries Limited	56,370	99,300	-	56,370	99,300	20,954	0.37	0.41	0.08
Agha Steel Limited	-	2,387,500	-	692,000	1,695,500	57,189	1.02	1.11	0.29
Mughal Iron And Steel Industries Limited	1,273,043	765,566	4,707	593,500	1,449,816	151,361	2.70	2.95	0.58
					3,406,736	**244,648**	**4.36**	**4.77**	
CEMENT									
D.G. Khan Cement Company Limited	414,000	506,500	-	362,114	558,386	65,845	1.17	1.28	0.49
Lucky Cement Limited	532,350	117,000	-	170,745	478,605	413,247	7.36	8.05	0.15
Maple Leaf Cement Factory Limited	-	2,100,500	-	1,085,648	1,014,852	47,678	0.85	0.93	0.19
Attock Cement Pakistan Limited	-	58,500	-	-	58,500	10,519	0.19	0.20	0.43
Kohat Cement Company Limited	367,810	558,100	-	8,500	917,410	189,436	3.38	3.69	4.57
Fauji Cement Company Limited	2,920,000	2,225,000	-	813,500	4,331,500	99,625	1.78	1.94	3.14
Cherat Cement Company Limited	-	239,400	-	112,500	126,900	22,510	0.40	0.44	0.07
FECTO Cement Limited	239,200	-	-	-	239,200	7,941	0.14	0.15	0.48
				-	**7,725,353**	**856,800**	**15.27**	**16.70**	
TRANSPORT									
Pakistan National Shipping Corporation	152,200	-	-	152,200	-	-	-	-	-
Pakistan International Bulk Terminal	-	1,926,000	-	-	1,926,000	21,918	0.39	0.43	1.08
					1,926,000	**21,918**	**0.39**	**0.43**	

Name of the investee company	As at July 01, 2020	Purchased during the period	Bonus / right issue	Sold during the period	As at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
	---------- Number of shares ----------					Rupees in '000	---------- % ----------		
All shares have a nominal face value of Rs. 10 each except for shares of K-Electric Limited, Thal limited and Agriautos Industries Company Limited. which have a face value of Rs. 5 .									
TEXTILE COMPOSITE									
Nishat Mills Limited	1,475,800	412,500	-	418,000	1,470,300	137,179	2.44	2.67	0.42
Kohinoor Textile Mills Limited	826,780	1,202,500	-	444,900	1,584,380	119,145	2.12	2.32	11.88
Interloop Limited	761,377	334,500	-	147,000	948,877	66,450	1.18	1.29	0.11
Synthetic Products Limited	546	-	-	-	546	23	0.00	0.00	0.00
					4,004,103	**322,798**	**5.75**	**6.29**	
FERTILIZER									
Engro Corporation Limited (5.1.1)	1,156,520	406,753	-	377,226	1,186,047	349,421	6.23	6.81	0.23
Engro Fertilizers Limited	1,231,000	95,500	-	1,149,010	177,490	12,472	0.22	0.24	0.01
					1,363,537	**361,894**	**6.45**	**7.05**	
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited (5.1.1)	3,346,955	900,000	-	430,500	3,816,455	304,057	5.42	5.93	0.33
Lalpir Power Limited	407,000	-	-	37,000	370,000	6,608	0.12	0.13	0.10
					4,186,455	**310,665**	**5.54**	**6.05**	
COMMERCIAL BANKS									
Meezan Bank Limited (Refer 5.1.2)	2,495,090	224,000	165,311	1,047,000	1,837,401	212,054	3.78	4.13	0.18
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	47,200	29,930	-	-	77,130	83,270	1.48	1.62	0.17
Honda Atlas Cars (Pakistan) Limited	154,800	21,000	-	113,300	62,500	21,611	0.39	0.42	0.04
					139,630	**104,882**	**1.87**	**2.04**	
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	234,500	-	-	-	234,500	18,523	0.33	0.36	1.76
Thal Limited	1	-	-	-	1	-	-	-	0.00
Panther Tyres Limited	-	473,000	-	-	473,000	32,698	0.58	0.64	0.34
Agriautos Industries Co. Ltd.	1,400	-	-	-	1,400	384	0.01	0.01	0.00
					708,901	**51,606**	**0.92**	**1.01**	
PHARMACEUTICALS									
Ferozsons Laboratories Limited	4,500	-	-	4,500	-	-	-	-	-
Glaxo Smith Kline Consumer Healthcare	-	13,000	-	-	13,000	3,251	0.06	0.06	0.01
IBL HealthCare Limited	-	135,000	-	13,000	122,000	13,558	0.24	0.26	0.23
Abott Laboratries Pakistan Limited	-	24,000	-	-	24,000	19,017	0.34	0.37	0.02
The Searle Company Limited	68,817	275,670	28,450	20,000	352,937	85,630	1.53	1.67	0.25
AGP Limited	109,000	368,500	-	119,600	357,900	41,992	0.75	0.82	1.28
GlaxoSmithKline Pakistan Limited	28400	-	-	28,400	-	-	-	-	-
					869,837	**163,448**	**2.91**	**3.19**	
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	10,850	-	3,472	-	14,322	1,313	0.02	0.03	0.01
Netsol Technologies Limited	676,200	-	-	676,200	-	-	-	-	-
Tpl Trakker Limited	-	1,598,500	-	300,000	1,298,500	22,737	0.41	0.44	0.69
Systems Limited	509,300	38,760	-	121,700	426,360	238,855	4.26	4.65	0.40
					1,739,182	**262,905**	**4.69**	**5.12**	
CABLE AND ELECTRICAL GOODS									
Pak Elektron Limited	-	1,296,000	-	157,000	1,139,000	39,933	0.71	0.78	0.23
LEATHER & TANNERIES									
Service GlobalFootwear Limited	-	262,622	-	-	262,622	15,187	0.27	0.30	0.13
GLASS AND CERAMICS									
Tariq Glass Industries Limited	857,700	166,300	-	364,500	659,500	70,158	1.25	1.37	0.90
Shabbir Tiles and Ceramics Limited	851,000	2,402,500	-	871,000	2,382,500	79,456	1.42	1.55	0.24
Ghani Value Glass Limited	68,100	-	-	7,000	61,100	3,807	0.07	0.07	1.05
					3,103,100	**153,421**	**2.73**	**2.99**	
					45,517,004	**4,531,878**	**80.76**	**88.31**	
Carrying value before mark to market as at June 30, 2021						**3,738,749**			

6.1.1 Investments include shares with market value of Rs. 111.967 million (June 30, 2020: Rs. 107.93 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

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

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

"During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 as a result of which the HCS issued an order dated July 15, 2019 whereby the previous stay has been restored. The matter is still pending adjudication and no provision has been recorded or contingent liability has been disclosed in the financial statements as the management is confident that the case will be decided in favor of the CISs. "

"Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies."

6.2 Government securities - Ijarah sukuks

Description	Period	Number of certificates				Market value as at June 30, 2021	Investment as a percentage of		
		As at July 01 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021		Net assets	Market value of total investments	Issue size
		Number of shares				Rupees in '000	%		
All certificates have a face value of Rs.100,000 each									
Ijarah sukuks- I	April 30, 2020 to April 30, 2025	97,500	353,500	451,000	-	-	-	0.00	0.00
Ijarah sukuks- II	May 29, 2020 to May 29, 2025	100,000	100,000	200,000	-	-	-	0.00	0.00
						-			
Carrying value before mark to market as at June 30, 2021						-			

6.3 Sukuks

Name of the investee company	Number of certificates				Market value as at June 30, 2021	Market value as at June 30, 2020	Investment as a percentage of		
	As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021			Net assets	Market value of total investments	Issue size
					Rupees in '000		---------------------- % ------------------------		
All sukuks have a face value of Rs. 5,000, 100,000 and 1,000,000 each respectively.									
Dubai Islamic Bank Pakistan Limited	129	-	-	129	132,608	132,384	2.36	2.58	0.03
Engro Powergen Thar (Pvt) Limited	60,000	-	40,000	20,000	100,000	300,900	1.78	1.95	6.67
The HUB Power Company Limited	3,000	-	-	3,000	305,984	306,434	5.45	5.96	0.43
Engro Polymer Chemical Limited	86,316	-	250	86,066	61,260	86,316	1.09	1.19	9.84
PakEnegry	20,000	-	20,000	-	-	100,000	-	-	-
Market value as at June 30, 2021					**599,851**				
Carrying value as at June 30, 2021					**600,048**				

6.3.1 Other particulars of sukuks outstanding as at June 30,2021 are as follows

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue Date	Maturity date
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR offer rate + 0.50% Spread	AA-	July 14, 2017	July 14, 2027
Engro Powergen Thar (Pvt) Limited	5,000	3 months KIBOR offer rate + 1.10% Spread	A	August 2, 2019	August 2, 2024
The HUB Power Company Limited	0	3 months KIBOR offer rate + 1.90% Spread	AA+	August 22, 2019	August 22, 2023
Engro Polymer Chemical Limited	100,000	3 months KIBOR offer rate + 0.90% Spread	AA	January 11, 2019	July 11, 2026
PakEnegry	5,000	3 months KIBOR offer rate + 0.90% Spread	AA	May 21, 2020	May 21, 2030

6.4 Non-performing sukuk classified as fair value through profit and loss

Name of the investee company	Note	Number of certificates				Market value as at June 30, 2021	Investment as a percentage of		
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021		Net assets	Market value of total investments	Issue size
						Rupees in '000	---------------------------- % ----------------------------		
All sukuks have a face value of Rs. 5,000 each.									
Eden Housing Limited	6.4.3	**5,000**	-	-	**5,000**	-	-	-	-
Carrying value as at June 30, 2021						**4,922**			
Accumulated impairment						**4,922**			

6.4.1 This represents investment in privately placed sukuks with a term of five years. On May 6, 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.

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

6.4.3 **Other particulars of sukuk outstanding as at June 30, 2021 are as follows:**

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue Date	Maturity date
Eden House Limited	984	6 Month KIBOR plus 2.5%	Not rated	March 31, 2008	March 31, 2013

6.5 Net unrealised gain on re-measurement of investments at fair value through profit or loss

	Note	2021	2020
		-------- Rupees in '000 --------	
Market value of investments	6.1 - 6.3	**5,131,729**	4,586,516
Less: carrying value of investments before mark to market	6.1 - 6.3	**(4,338,797)**	(4,516,467)
		792,932	70,049

7 MARK-UP ACCRUED AND DIVIDEND RECEIVABLE

	2021	2020
	-------- Rupees in '000 --------	
Mark-up accrued on bank balances	**3,995**	6,378
Mark-up accrued on sukuks	**10,264**	28,300
Dividend receivable	**1,948**	-
	16,207	34,678

8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
Security deposits with:		
- National Clearing Company of Pakistan Limited	**2,500**	2,500
- Central Depository Company of Pakistan Limited	**100**	100
Advance tax	**3,686**	3,339
Advance against IPO Subscription	**32,486**	-
Prepayments	**135**	137
	38,907	6,076

9 RECEIVABLE AGAINST TRANSFER OF UNITS

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

10 PAYABLE TO NBP FUND MANAGEMENT - MANAGEMENT COMPANY

	Note	2021	2020
		-------- Rupees in '000 --------	
Remuneration of the Management Company	10.1	**7,169**	6,242
Sindh Sales Tax on remuneration of the Management Company	10.2	**932**	811
Operational expenses	10.3	**2,174**	1,233
Selling and marketing expenses	10.4	**25,363**	17,717
Sales load and other transfer load		**24,296**	1,666
Sindh Sales Tax and Federal Excise Duty on sales load		**23,595**	19,551
		83,529	47,220

10.1 Under the provisions of the NBFC Regulations, the Management Company had charged remuneration at the rate of 2% of the average annual net assets, however, effective from July 12, 2019 the rate has been revised to 1.5% of the average annual net assets of the Fund from that date.

10.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

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

10.4 The SECP through its Circular No. SCD/PRDD/Circular/394/2018 (Circular No. 5 of 2018) dated June 04, 2018 allowed to charge selling and marketing expenses to all categories of mutual funds (except fund of funds and money market funds) subject to the Board approval of and cap of 0.4% per annum of net assets or actual, whichever is lower. In current year, SECP through its Circular No. 11 of 2019 dated July 5, 2019, has now removed the later requirement of capping (except “Fund of Funds”). Further, all the payments are required to be approved by the Trustee.

In pursuance of above circular, the Board has approved the limits to be charged in respect of these expenses. Accordingly effective from July 12, 2019, the Fund had charged 0.4% to 1.35% of daily net asset value of the Fund, thereafter, this has been further revised by the Board from May 11, 2020 to 1.5% of daily net asset value of the Fund.

11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2021	2020
		-------- Rupees in '000 --------	
Remuneration of the Trustee	11.1	**560**	498
Sindh Sales Tax on remuneration of the Trustee	11.2	**73**	65
		633	563

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the trustee monthly in arrears.

The applicability of tariff structure to the Fund is same as upto Rs 1 billion of Net Assets @ 0.20% or 0.7 million per annum (whichever is higher) and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion.

Effective from 1 July, 2019 tariff structure to the Fund is revised as upto Rs 1 billion of Net Assets .@ 0.20% per annum and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion.

11.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2019: 13%) on the remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019, fee has been reduced to 0.02% per annum from 0.075% per annum. The fee is paid annually in arrears.

13 PAYABLE AGAINST REDEMPTION OF UNITS

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

14	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2021	2020
			-------- Rupees in '000 --------	
	Auditors' remuneration		**542**	533
	Provision for Sindh Workers' Welfare Fund	19	**89,944**	67,814
	Federal Excise Duty on remuneration of the Management Company	14.1	**18,406**	18,406
	Brokerage charges		**1,779**	473
	Bank charges		**226**	385
	Settlement charges		**645**	184
	Printing charges		**74**	4
	Charity	14.2	**6,696**	9,811
	Withholding tax		**21,945**	40,667
	Capital gain tax		**2,812**	235
	Others		**1,123**	1,466
			144,192	139,978

14.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

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

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

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 18.406 million as at June 30, 2019. Had the provision not been made, the net asset value per unit as at June 30, 2021 would have been higher by Rs.0.0548 per unit (June 30, 2020: Rs.0.0518 per unit).

14.2 According to the instructions of the shariah advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 6.696 million (June 30, 2020: Rs 9.811 million) is outstanding in this regard after making charity payments of Rs.8.583 million (June 30, 2020: Rs. 3.81 million) to charitable institutions.

15 CONTINGENCIES AND COMMITMENTS

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

16	NUMBER OF UNITS IN ISSUE	Note	2021	2020
			------- Number of units -------	
	Total units in issue at the beginning of the year		**355,582,420**	498,898,266
	Add: units issued during the year	16.1	**264,935,511**	214,446,764
	Less: units redeemed during the year		**(284,880,761)**	(357,762,610)
	Total units in issue at the end of the year		**335,637,170**	355,582,420

16.1 These units includes 151,355 allocated units which are issued subsequently to unitholders

17 NET ASSET VALUE PER UNIT

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

18 AUDITORS' REMUNERATION

	2021	2020
	-------- Rupees in '000 --------	
Annual audit fee	**390**	378
Half yearly review fee	**155**	151
Out of pocket and sales tax expenses	**97**	134
	642	663

19 WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

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

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

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

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

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

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

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

As a result of the above recommendations of the MUFAP, the Fund on January 12, 2017, reversed the provision of WWF amounting to Rs. 15.790 million and started recognising provision for SWWF.

Subsequent to the year ended June 30, 2021, SRB issued a letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF.

As at June 30, 2021, the provision in relation to SWWF amounted to Rs. 89.944 million (June 30, 2020: Rs. 67.814 million). Had the provision been reversed, the Net Asset Value per unit as at June 30, 2021 would have been higher by Rs. 0.2680 (June 30, 2020: Rs. 0.1907) per unit.

20 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute 90% of accounting income other than capital gains whether realised or unrealised to the unit holders. The fund has already distributed 90% of accounting income for the year ended June 30, 2020 to its unit holder. Accordingly, no provision in respect of taxation has been made in the current year.

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

21 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.

22 DETAILS OF NON-COMPLIANT INVESTMENTS

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

"The Securities and Exchange Commission of Pakistan vide its Circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents."

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks (5.5)	4,922	(4,922)	-	-	-

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

23 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset for the year) is 4.11% per annum including 0.61% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

24 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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

It also includes associated companies of management company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

24.2 The transactions with connected persons and related parties are carried out at agreed term.

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

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

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

	2021	2020
	------ Rupees in '000 ------	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	**87,488**	81,218
Sindh Sales Tax on remuneration of the Management Company	**11,373**	10,558
Reimbursement of operational expenses to the Management Company	**7,831**	5,346
Sales load	**56,481**	24,843
Sindh Sales Tax and Federal Excise Duty on sales load	**7,343**	3,230
Selling and marketing expenses	**93,834**	66,697
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	**6,833**	6,346
Sindh Sales Tax on remuneration of the Trustee	**888**	825
CDS charges	**226**	270
Employees of the Management Company		
Units issued / transferred in: 3,742,107 units (2020: 3,643,422 units)	**60,179**	54,414
Units redeemed / transferred out: 4,017,778 units (2020: 3,344,773 units)	**65,125**	49,466
Dividend re-invest: 1,105 units (2020: 13,328 units)	**19**	188

	2021	2020
	------ Rupees in '000 ------	
Taurus Securities Limited		
(Subsidiary of Parent of the Management Company)		
Brokerage charges	**291**	231
National Bank of Pakistan (Parent of the Management Company)		
Mark-up Income	**84**	-
Bank Islami Pakistan Limited		
(Common directorship with the Management Company)		
Mark-up on bank balances	**4,902**	35,006
Purchase of sukuk	**761,756**	287,500
Sale of sukuk	**761,153**	-
International Industries Limited		
(Common directorship with the Management Company)		
Shares purchased: 99,300 shares (2020: Nil)	**21,475**	-
Shares sold: 56,370 shares (2020: Nil)	**7,769**	-
Dividend income	**105**	-
International Steel Limited		
(Common directorship with the Management Company)		
Shares purchased: 170,420 shares (2020: 560,000)	**14,727**	28,297
Shares sold: 649,212 shares (2020: 363,500)	**45,634**	12,594
Dividend income	**-**	446
Cherat Cement Company Limited		
(Common directorship with the Management Company) **		
Shares purchased: 239,400 shares (2020: Nil)	**40,196**	
Shares sold: 112,500 shares (2020: Nil)	**19,256**	-
Dividend income	**177**	-
The Hub power Company Limited		
(Common directorship with the Management Company) *		
Shares purchased: 900,000 shares (2020: Nil)	**74,598**	-
Shares sold: 430,500 shares (2020: 1,695,000)	**34,287**	150,872
Dividend income	**22,725**	-
Purchase of Sukuk	**-**	300,000
Sukuk Income	**27,912**	41,265
NBP Islamic Savings Fund		
(Fund Managed by Management Company)		
Purchase of Sukuk	**-**	88,457
NBP Islamic Mahana Amdani Fund		
(Fund Managed by Management Company)		
Purchase of Sukuk	**-**	193,476
NBP Riba-Free Savings Fund		
(Fund Managed by Management Company)		
Purchase of Sukuk	**297,813**	-
Sale of Sukuk	**100,744**	-

	2021	2020
	------ Rupees in '000 ------	
NBP Islamic Income Fund		
(Fund Managed by Management Company)		
Sale of Sukuk	**302,184**	-
National Clearing Company of Pakistan Limited		
(Common Directorship with the Management Company)		
NCCPL Charges	**486**	775
Pakistan Stock Exchange Limited **		
(Common Directorship with the Management Company)		
Listing fee paid	**25**	25
Portfolio managed by Management Company		
Units redeemed / transferred out 111,712 units (2020: 152,578 units)	**1,865**	2,016

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

** Prior period transactions with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

24.6 Details of amounts outstanding as at year end with connected persons are as follows :

	2021	2020
	------ Rupees in '000 ------	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	**7,169**	6,242
Sindh Sales Tax on remuneration of the Management Company	**932**	811
Operational expenses	**2,174**	1,233
Sales load	**24,296**	1,666
Sindh Sales Tax and Federal Excise Duty on sales load	**23,595**	19,551
Selling and marketing expenses	**25,363**	17,717
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	**560**	498
Sindh Sales Tax on remuneration of the Trustee	**73**	65
CDS charges	**257**	184
Security deposit	**100**	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balances	**158,526**	8,107
Mark-up accrued	**8**	-
International Industries Limited		
(Common directorship with the Management Company) *		
Ordinary shares held: 99,300 shares (2020: Nil shares)	**20,954**	**-**
International Steel Limited		
(Common directorship with the Management Company)		
Ordinary shares held: 162,120 shares (2020: 640,912 shares)	**15,144**	33,103
Bank Islami Pakistan Limited		
(Common directorship with the Management Company)		
Bank balances	**23,083**	45,427
Mark-up accrued	**1**	763
Cherat Cement Company Limited		
(Common directorship with the Management Company) *		
Ordinary shares held: 126,900 shares (2020: Nil shares)	**22,510**	**-**

	2021	2020
	------ Rupees in '000 ------	
Askari Bank Limited		
(Common directorship with the Management Company) *		
Bank balance	**11**	-
Mark-up accrued	**4**	-
The Hub power Company Limited		
(Common directorship with the Management Company) *		
Ordinary shares held 3,816,455 shares (2020: 3,347,011 shares)	**304,057**	242,658
Investment in sukuk	**305,984**	306,434
Profit Receivable	**3,077**	3,301
National Clearing Company of Pakistan Limited		
(Common Directorship with the Management Company)		
NCCPL Charges payable	**388**	403
Security Deposit	**2,500**	2,500
Summit Bank Limited		
(Common directorship with the Management Company) *		
Bank balances	**9,733**	-
Employees of the Management Company		
Investment held in the Fund **197,093** units (2020: 493,047 units)	**3,295**	6,994

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

** Prior period transactions with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

25.1 Mr. Asim Wahab Khan is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Balanced Fund
- NBP Financial Sector Fund
- NBP Islamic Energy Fund
- NBP Islamic Regular Income Fund
- NBP Sarmaya Izafa Fund
- NBP Stock Fund
- NBP Islamic Active Allocation Equity Fund

26 TRANSACTIONS WITH BROKERS / DEALERS

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

S.No	Broker name	Percentage (%)
1	Taurus Securities Ltd.	6.32
2	Alfalah Securities (Pvt) Limited	6.27
3	Arif Habib Securities Limited	6.01
4	Efg Hermes Pakistan Ltd	5.79
5	Insight Securities (Pvt.) Limited	4.87
6	Optimus Capital Management Limited	4.82
7	Foundation Securities	4.65
8	Topline Securities Limited	4.62
9	Intermarket Securities	4.38
10	Bma Capital Management Limited	4.34

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

S.No	Broker name	Percentage (%)
1	Khadim Ali Shah Bukhari Securities Private Limited	7.08
2	Taurus Securities Limited	6.71
3	Intermarket Securities	5.16
4	Foundation Securities	5.12
5	Arif Habib Securities Limited	4.95
6	Next Capital Limited	4.81
7	Optimus Capital Management Limited	4.33
8	J.S. Global Capital Limited	4.29
9	Topline Securities Limited	4.17
10	BMA Capital Management Limited	4.09

27 PATTERN OF UNIT HOLDING

	As at June 30, 2021		
Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
		Rupees in '000	
Individuals	7,792	4,006,111	71.39
Insurance companies	3	11,351	0.20
Retirement funds	59	904,570	16.12
Public limited companies	3	325,040	5.79
Others	61	364,344	6.49
	7,918	5,611,416	100

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
	As at June 30, 2020		
		Rupees in '000	
Individuals	7,927	3,533,506	70.05
Insurance companies	4	15,319	0.30
Retirement funds	63	796,356	15.79
Public limited companies	2	277,998	5.51
Others	64	420,791	8.34
	8,060	5,043,970	100

28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
*Mr. Saad ur Rahman Khan	3	2	1	77th Meeting
Syed Hasan Irtiza Kazmi	5	5	-	-
Mr. Ali Saigol	5	5	-	-
Mr. Imran Zaffar	5	5	-	-
Mr. Khalid Mansoor	5	5	-	-
Mr. Humayun Bashir	5	5	-	-
Mr. Saad Amanullah Khan	5	5	-	-
Dr. Amjad Waheed	5	5	-	-
**Ms. Mehnaz Salar	2	2	-	-

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

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

29 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2021		
	At fair value through profit or loss	**At amortised cost**	**Total**
	---------------------Rupees in '000	-------------------------	
Financial assets			
Bank balances	**-**	**673,761**	**673,761**
Investments	**5,131,729**	**-**	**5,131,729**
Mark-up accrued and dividend receivable	**-**	**16,207**	**16,207**
Receivable against transfer of units	**-**	**4,569**	**4,569**
Deposits	**-**	**35,085**	**35,085**
	5,131,729	**729,622**	**5,861,351**

	As at June 30, 2021		
	At fair value through profit or loss	**At amortised cost**	**Total**
	-----------------------Rupees in '000-------------------------		
Financial liabilities			
Payable to the Management Company	**-**	**83,529**	**83,529**
Payable to the Trustee	**-**	**633**	**633**
Accrued expenses and other liabilities	**-**	**4,389**	**4,389**
Net assets attributable to redeemable units	**-**	**5,611,416**	**5,611,416**
	-	**5,699,968**	**5,699,968**

	As at June 30, 2020		
	At fair value through profit or loss	At amortised cost	Total
	-----------------------Rupees in '000-------------------------		
Financial assets			
Bank balances	-	622,432	622,432
Investments	4,586,516	-	4,586,516
Mark-up accrued and dividend receivable		34,678	34,678
Receivable against sale of investments		798	798
Deposits		2,600	2,600
	4,586,516	660,508	5,247,024
Financial liabilities			
Payable to the Management Company	-	47,220	47,220
Payable to the Trustee	-	563	563
Accrued expenses and other liabilities	-	2,911	2,911
Net assets attributable to redeemable units	-	5,043,970	5,043,970
	-	5,094,664	5,094,664

30 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk.

30.1 Market risk

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

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

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

30.1.1 Currency risk

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

30.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

As at June 30, 2021, the Fund holds balance in saving accounts and sukuks which are exposed to interest rate risk. In case of 100 basis points increase / decrease in bank profit rates as on June 30, 2021, the net assets of the Fund would have been higher / lower by approximately Rs. 12,405.598 million. (June 30, 2020: Rs. 15,109.490 million)

b) Sensitivity analysis for fixed rate instruments

The Fund holds Government of Pakistan Ijara Sukuks that do not expose the Fund to fair value interest rate risk as at June 30, 2021. In case of 100 basis points increase in coupon rate on June 30, 2021, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher by Rs. 0 (June 30, 2020: Rs. 10.9975 million) and net income for the year would have been higher by Rs. 0 (June 30, 2020: Rs. 10.9975). In case of 100 basis points decrease in KIBOR , with all other variables held constant, the net assets of the Fund and net income for the year would have been lower by Rs. 0 (June 30, 2020: Rs. 8.2721 million)

	As at June 30, 2021					
			Exposed to yield / interest rate risk			
	Yield / Interest rate	Total	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk
	%	----------------------------------	----------------------------------	Rupees in '000	----------------------------------	----------------------------------
On-balance sheet financial instruments						
Financial assets						
Bank balances	2.40 - 7.50	673,761	33,052	-	-	640,709
Investments	6.63 - 15.50	5,131,729	-	-	599,851	4,531,878
Mark-up accrued and dividend receivable		16,207	-	-	-	16,207
Deposits		2,600	-	-	-	2,600
		5,824,297	33,052	-	599,851	5,191,394
Financial liabilities						
Payable to the Management Company		83,529	-	-	-	83,529
Payable to the Trustee		633	-	-	-	633
Accrued expenses and other liabilities		4,389	-	-	-	4,389
Net assets attributable to redeemable units		5,611,416	-	-	-	5,611,416
		5,699,968	-	-	-	5,699,968
On-balance sheet gap		124,330	33,052	-	599,851	(508,574)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

	Yield / Interest rate	Total	Exposed to yield / interest rate risk: Upto three months	Exposed to yield / interest rate risk: More than three months and up to one year	Exposed to yield / interest rate risk: More than one year	Not exposed to yield / interest rate risk
		As at June 30, 2020				
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Bank balances	10.40 - 14.80	622,432	584,915	-	-	37,517
Investments	6.63 - 15.50	4,586,516	-	-	1,900,259	2,686,257
Mark-up accrued and dividend receivable		34,678	-	-	-	34,678
Deposits		2,600	-	-	-	2,600
		5,246,226	584,915	-	1,900,259	2,761,052
Financial liabilities						
Payable to the Management Company		47,220	-	-	-	47,220
Payable to the Trustee		563	-	-	-	563
Accrued expenses and other liabilities		2,911	-	-	-	2,911
Net assets attributable to redeemable units		5,043,970	-	-	-	5,043,970
		5,094,664	-	-	-	5,094,664
On-balance sheet gap		151,428	584,915	-	1,900,259	(2,333,746)
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

30.1.3 Price risk

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

The Fund is exposed to equity price risk because of the investments held by the Fund and classified in the 'statement of assets and liabilities' as financial asset 'at fair value through profit or loss'. The Fund manages price risk by limiting individual equity securities to not more than ten percent of net assets attributable to holders of the Fund's assets. Moreover, the sector limits have also been restricted to twenty five percent. The equity investments are listed in the Pakistan Stock Exchange Limited. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed on a regular basis by the investment committee as well as the Board of Directors.

In case of 5% increase / decrease in fair value of interest on June 30, 2021, the net income for the year would increase / decrease by Rs. 92.281 million (June 30, 2020: Rs. 134.313 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant.

30.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. Credit risk arises from balances with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued mark-up on bank balances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

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

Bank balances by rating category	**2021**	2020
AAA	**79.84%**	2.72%
AA+	**0.03%**	0.34%
AA	**12.85%**	0.04%
AA-	**1.68%**	0.01%
A+	**3.59%**	7.89%
A	**2.00%**	88.99%
A-	**0.01%**	0.01%
	100%	100%

Sukuks by rating category

Non-performing	**0%**
Performing : AA- to AA+	**100%**

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

	June 30, 2021		June 30, 2020	
	Amount of financial assets	**Maximum Exposure**	Amount of financial assets	Maximum Exposure
Bank balances	**673,761**	**673,761**	-	-
Investments	**4,531,878**	**4,531,878**	-	-
Mark-up accrued and dividend receivable	**16,207**	**16,207**	-	-
Receivable against transfer of units	**4,569**	**4,569**	798	798
Deposits	**2,600**	**2,600**	-	-
	5,229,015	**5,229,015**	798	798

Concentration of credit risk

The Fund mainly deals in equity securities which are primarily subject to price risk. The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

30.3 Liquidity risk

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

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term 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, no borrowing was obtained by the Fund during the current year.

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

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

	As at June 30, 2021			
	Total	**Up to three months**	**Over three months and upto one year**	**Over one year**
	Rupees in '000			
Financial liabilities				
Payable to the Management Company	**83,529**	**83,529**	**-**	**-**
Payable to the Trustee	**633**	**633**	**-**	**-**
Accrued expenses and other liabilities	**4,389**	**4,389**	**-**	**-**
Net assets attributable to redeemable units	**5,611,416**	**5,611,416**	**-**	**-**
	5,699,967	**5,699,967**	**-**	**-**

	As at June 30, 2020			
	Total	Up to three months	Over three months and upto one year	Over one year
	Rupees in '000			
Financial liabilities				
Payable to the Management Company	47,220	47,220	-	-
Payable to the Trustee	563	563	-	-
Accrued expenses and other liabilities	2,911	2,911	-	-
Net assets attributable to redeemable units	5,043,970	5,043,970	-	-
	5,094,664	5,094,664	-	-

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

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

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

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

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

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

	Carrying amount			Fair value		
	Fair value through profit & loss	Amortized cost	Total	Level 1	Level 2	Total
June 30, 2021	---------- Rupees ----------					
Financial assets measured at fair value						
Government securities - Ijarah sukuks	-	-	-	-	-	-
Sukuks	599,851	-	599,851	-	599,851	599,851
Listed equity securities	4,531,878	-	4,531,878	4,531,878	-	4,531,878
	5,131,729	-	5,131,729	4,531,878	599,851	5,131,729
Financial assets not measured at fair value						
Bank balances	-	673,761	673,761	-	-	-
Mark-up accrued and dividend receivable	-	16,207	16,207	-	-	-
Receivable against transfer of units	-	4,569	4,569	-	-	-
Deposits	-	2,600	2,600	-	-	-
	-	697,137	697,137	-	-	-
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Limited - Management Company	-	83,529	83,529	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	633	633	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	1,166	1,166	-	-	-
Accrued expenses and other liabilities	-	4,389	4,389	-	-	-
	-	89,717	89,717	-	-	-

June 30, 2020	Carrying amount: Fair value through profit & loss	Carrying amount: Amortized cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Total
	------ Rupees ------					
Financial assets measured at fair value						
Sukuks	131,413	-	131,413	-	131,413	131,413
Listed equity securities	2,686,257	-	2,686,257	2,686,257	-	2,686,257
	2,817,670	-	2,817,670	2,686,257	131,413	2,817,670
Financial assets not measured at fair value						
Bank balances	-	622,432	622,432	-	-	-
Mark-up accrued and dividend receivable	-	34,678	34,678	-	-	-
Deposits, prepayments and other receivables	-	798	798	-	-	-
	-	657,908	657,908	-	-	-
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Limited - Management Company	-	47,220	47,220	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	563	563	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	1,069	1,069	-	-	-
Accrued expenses and other liabilities	-	-	-	-	-	-
	-	48,852	48,852	-	-	-

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

32 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 28, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

33 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.

34 GENERAL

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

34.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2016
Net assets at the year / period ended (Rs '000)	5,611,416	5,043,970	6,855,373	11,502,349	14,764,233	5,435,118
Net income for the year / period ended (Rs '000)	1,084,365	340,639	(1,096,871)	(1,323,940)	2,345,440	469,447
Net Asset Value per unit at the year / period ended (Rs)	16.7187	14.1851	13.7410	15.5128	17.0820	15.5920
Offer price per unit	17.2855	14.6660	14.2068	16.0387	17.6611	16.2106
Redemption price per unit	16.7187	14.1851	13.7410	15.5128	17.0820	15.5920
Ex - Highest offer price per unit (Rs.)	17.7241	16.6461		17.8306	20.9116	16.3383
Ex - Lowest offer price per unit (Rs.)	14.4431	12.0508		15.2740	16.3405	14.0590
Ex - Highest redemption price per unit (Rs.)	17.1430	16.1003		17.2460	18.3107	15.7148
Ex - Lowest redemption price per unit (Rs.)	13.9695	11.6557		14.7732	14.2000	13.5225
Opening Nav of Fiscal Year	13.7819	13.0657	15.5128	16.9827	14.1982	13.7862
Total return of the fund	21.31%	8.57%		-8.66%	20.31%	13.10%
- capital gowth	18.38%	3.40%		-8.66%	8.78%	2.95%
- income distribution as a % of ex nav	2.93%	5.17%	-	-	11.53%	10.15%
- income distribution as a % of par value	4.97%	7.25%	-	-	16.38%	15.38%
Distribution						
Interim distribution per unit (Rs)	0.4974	0.7252	-	-	1.6376	-
Final distribution per unit (Rs)			-	-	0.0937	1.5380
Distribution Dates						
Interim	23-Jun-21	26-Jun-20		-	21-Jun-17	
Final					15-Sep-17	29-Jun-16
Average annual return of the fund (launch date October 29, 2007)						
(Since inception to June 30, 2021)	12.03%					
(Since inception to June 30, 2020)		11.33%				
(Since inception to June 30, 2019)			11.60%			
(Since inception to June 30, 2018)				14.01%		
(Since inception to June 30, 2017)					16.65%	
(Since inception to June 30, 2016)						16.23%
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
(Since inception to June 30, 2010)						
Portfolio Composition (Please see Fund Manager Report)						

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

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

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

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.
UAN: 021-111-111-632
Toll Free: 0800-20002
Sms: INVEST to 9995
Fax: 021-35825335
Email: info@nbpfunds.com
Website: www.nbpfunds.com
/nbpfunds

NBP FUNDS
Managing Your Savings

Aitemaad اعتماد

NBP ISLAMIC DAILY DIVIDEND FUND

AM1
Rated by PACRA

ANNUAL REPORT
2021

MISSION STATEMENT

To rank in the top quartile

in performance of

NBP FUNDS

relative to the competition,

and to consistently offer

Superior risk-adjusted returns to investors.

Contents

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Askari Bank Limited
Bank Alhabib Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited
Dubai Islamic Bank Limited
Allied Bank Limted
National Bank Of Pakistan
JS Bank Limited
Bank Islami Pakistan Limited
Zarai Taraqiati Bank Limited
Faysal Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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Scheme No. 5, Clifton Karachi.
UAN: 021 (111-111-632),
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7-Noon Avenue, Canal Bank,
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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 Second Annual Report of **NBP Islamic Daily Dividend Fund** (NIDDF) for the year ended June 30, 2021.

Fund's Performance

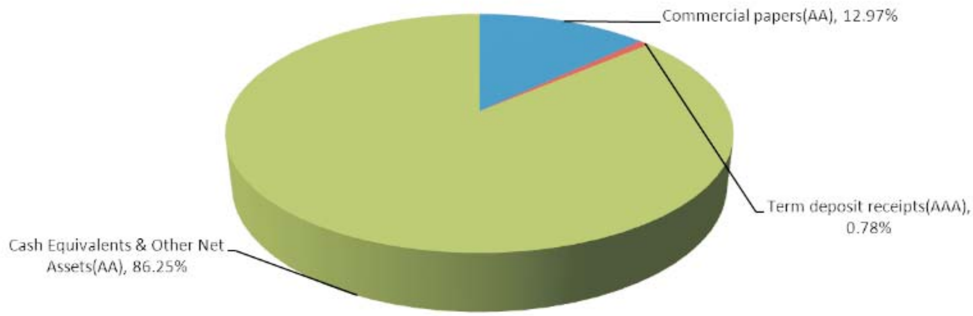
NIDDF is categorized as a Shariah Compliant Money Market Fund. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks / Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

The market witnessed fresh issuance of short-term corporate sukuks and commercial papers mainly belonging to the Power sector to meet the increasing funding requirements. Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country.

The size of NBP Islamic Daily Dividend Fund has increased from Rs. 8,243 million to Rs. 13,292 million during the period, i.e., an increase of 61%. During the said period, the unit price of the Fund has increased from Rs. 9.3849 (Ex-Div) on June 30, 2020 to Rs. 10.0000 on June 30, 2021 thus posting a return of 6.6% as compared to its Benchmark return of 3.4% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 955.10 million during the year. After deducting total expenses of Rs. 85.46 million, the net income is Rs. 869.64 million.

The asset allocation of NBP Islamic Daily Dividend 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 6.60% of the opening ex-NAV (6.60% of the par value) during the year ended June 30, 2021.

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP ISLAMIC DAILY DIVIDEND FUND amounting to Rs. 24.62 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 DAILY DIVIDEND FUND by 0.17% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

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

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

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

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

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

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

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

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

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

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

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

10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 29 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 27 to these financial statements.

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

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

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer **Director**

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

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 جون 2021ء کو ختم ہونے والے سال کے لئے NBP اسلامک ڈیلی ڈیویڈینڈ فنڈ (NIDDF) کی دوسری سالانہ رپورٹ پیش کرتے ہیں۔

فنڈ کی کارکردگی

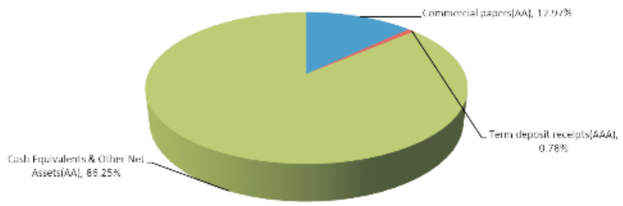
NIDDF کی شریعہ کمپلینٹ منی مارکیٹ فنڈ کے طور پر درجہ بندی کی گئی ہے۔ فنڈ کا مقصد اسلامی بینکوں / کمرشل بینکوں کی اسلامی ونڈوز کی پیش کردہ منافع کی شرحوں کے مقابلے تواتر سے بہتر منافع فراہم کرنا ہے، کم از کم اہل ریٹنگ AA ہے، جب کہ فنڈ چھ ماہ سے زائد میچورٹی کی کسی سیکورٹی میں سرمایہ کاری کی اجازت نہیں دیتا ہے۔ فنڈ کی میچورٹی کی اوسط مدت 90 دنوں سے تجاوز نہیں کر سکتی، لہٰذا اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرتا ہے۔

زیرِ جائزہ مدت کے دوران، مارکیٹ نے بجلی کے شعبہ سے متعلقہ بڑھتی ہوئی فنڈنگ ضروریات کو پورا کرنے کے لئے مختصر مدتی کارپوریٹ سکوک اور کمرشل پیپرز کے نئے اجراء کا مشاہدہ کیا۔ سی پی آئی (CPI) کی پیمائش کردہ افراطِ زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بینچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراطِ زر میں اضافے کے باوجود، اسٹیٹ بینک نے معیشت میں نمایاں سست روی اور معاشی بحالی کو ملک میں بڑھتے ہوئے کورونا وائرس کیسز سے پیدا ہونے والے خطرات کے حوالہ سے مانیٹری پالیسی کے مؤثر موقف کو جاری رکھا۔

موجودہ مدت کے دوران NBP اسلامک ڈیلی ڈیویڈینڈ فنڈ کا سائز 8,243 ملین روپے سے بڑھ کر 13,292 ملین روپے ہوگیا، یعنی 61% کا اضافہ ہوا ہے۔ مذکورہ مدت کے دوران، فنڈ کی یونٹ قیمت 30 جون 2020 کو 9.3849 روپے (Ex-Div) سے بڑھ کر 30 جون 2021 کو 10.0000 روپے ہوگئی لہٰذا گزشتہ اسی مدت کے 3.4% بینچ مارک منفعت کے مقابلے 6.6% منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

سال کے دوران فنڈ کو 955.10 ملین روپے کی مجموعی آمدنی ہوئی۔ 85.46 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 869.64 ملین روپے ہے۔

30 جون 2021 کو NIDDF کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کا 6.60% (بنیادی قدر کا 6.60%) عبوری نقد ڈیویڈینڈ منظور کیا۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

سندھ ورکرز ویلفیئر فنڈ (SWWF)

مورخہ 12 اگست 2021 کو سندھ ریونیو بورڈ کی جانب سے ایک وضاحتی مراسلہ نمبر SRB/TP/70/2013/8772 میوچل فنڈز ایسوسی ایشن آف پاکستان کو بھیجا گیا جسکی رو سے NBP اسلامک ڈیلی ڈیویڈینڈ فنڈ میں ریکارڈ کی گئی 24.62 ملین روپے ورکرز ویلفیئر فنڈ کی پروویژننگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پروویژن کی اس ریورسل کے باعث NBP اسلامک ڈیلی ڈیویڈینڈ فنڈ کی NAV میں 0.17% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جسکا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

آڈیٹرز

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

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

1• مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

2• فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3• مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

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

5• انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6• فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک وشبہات نہیں ہیں۔

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

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

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

10• اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 29 میں ظاہر کی گئی ہے۔

11• یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔

12• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید وفروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔

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

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

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو | **ڈائریکٹر**

تاریخ: 16 ستمبر 2021ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

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

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

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2021

FUND MANAGER REPORT

NBP Islamic Daily Dividend Fund

NBP Islamic Daily Dividend Fund (NIDDF) is an Open-End Shariah Compliant Money Market Fund.

Investment Objective of the Fund

To provide competitive return along with daily dividend by investing in Shariah Compliant money market instruments.

Benchmark

Three months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

Fund Performance Review

This is the Second Annual report since the launch of the Fund on November 01, 2019. The size of the NBP Islamic Daily Dividend Fund stands at Rs. 13,292 million with a notable increase of 61% as of June 30, 2021. Since its inception, the Fund has earned an annualized return of 8.5% versus the benchmark return of 4.2%, thus registering an outperformance of 4.3% p.a. This outperformance is net of management fee and other expenses.

NIDDF is an Islamic Money Market Scheme with no direct or indirect exposure to the stock market. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

The market witnessed fresh issuance of short-term corporate sukuks and commercial papers mainly belonging to the Power sector to meet the increasing funding requirements. Inflation as measured by the CPI remained elevated at 8.9% in FY21 mainly due to surge in food prices. During FY21, the State Bank of Pakistan (SBP) held five Monetary Policy Committee (MPC) meetings and maintained the benchmark Policy Rate at 7%. Despite high inflation reading, the SBP continued with the accommodative monetary policy stance, citing significant slack in the economy and mounting risks to the economic recovery emanating from the rising Coronavirus cases in the country.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-21	30-Jun-20
Placements with Banks & DFIs	0.78%	6.46%
Commercial Paper	12.97%	1.98%
TFC/Sukuk	-	29.83%
Cash, Bank Placements & Other Assets	86.25%	61.73%
Total	**100.00%**	**100.00%**

Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
From July 01, 2020 to June 30, 2021	6.349%	10.6349	10

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

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	11
1-1000	26
1001-5000	22
5001-10000	9
10001-50000	47
50001-100000	22
100001-500000	44
500001-1000000	17
1000001-5000000	31
5000001-10000000	7
10000001-100000000	20
100000001-1000000000	4
Total	**260**

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 Daily Dividend Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 22.404 million. If the same were not made the NAV per unit/FY21 return of scheme would be higher by Rs. 0.0169. 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 DAILY DIVIDEND FUND amounting to Rs. 24.62 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 DAILY DIVIDEND FUND by 0.17% 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 Daily Dividend Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2021. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, the period from July 1, 2020 to June 30, 2021 was the Second year of the operations of NBP Islamic Daily Dividend Fund (NIDDF). 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 NIDDF in light of Shari'ah guidelines.

ii. All the provisions of the scheme and investments made on account of NIDDF 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 NIDDF 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 Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Daily Dividend Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 4 and 5 to the annexed financial statements)	
	The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2021 amounted to Rs. 11,427.064 million and Rs. 1,827.925 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, 2020 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	2020
		--------- Rupees in '000 ---------	
ASSETS			
Bank balances	4	11,427,064	5,063,693
Investments	5	1,827,925	3,154,524
Profit receivable	6	77,956	53,477
Prepayments, deposits and other receivables	7	738	826
Preliminary expenses and floatation costs	8	788	1,024
Total assets		13,334,471	8,273,544
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	8,457	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	829	514
Payable to the Securities and Exchange Commission of Pakistan	11	2,749	491
Payable against redemption of units		-	10,164
Accrued expenses and other liabilities	12	30,364	8,101
Total liabilities		42,399	30,397
NET ASSETS		13,292,072	8,243,147
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		13,292,072	8,243,147
CONTINGENCIES AND COMMITMENTS	13		
		-------------Number of units-------------	
NUMBER OF UNITS IN ISSUE	15	1,329,208,831	824,318,625
		------------------Rupees------------------	
NET ASSET VALUE PER UNIT		10.0000	10.0000

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 YEAR ENDED JUNE 30, 2021

	Note	For the year ended June 30, 2021	For the period from November 01, 2019 to June 30, 2020
		--------- Rupees in '000 ---------	
INCOME			
Income on corporate sukuk certificates		54,279	5,205
Income on term deposit receipts		152,658	12,319
Income on Islamic commercial papers		126,714	32,124
Income on letter of placements		41,873	4,266
Profit on bank balances		579,375	195,849
Gain / (loss) on sale of investments - net		203	(241)
Total income		955,102	249,522
EXPENSES			
Remuneration of NBP Fund Management Limited - the Management Company	9.1	13,743	2,679
Sindh sales tax on remuneration of the Management Company	9.2	1,787	348
Allocated expenses	9.3	16,301	2,453
Selling and marketing expenses	9.4	19,563	7,589
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	8,933	1,594
Sindh sales tax on remuneration of the Trustee	10.2	1,161	207
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	2,749	491
Amortisation of preliminary expenses and floatation costs	8	236	162
Auditors' remuneration	16	666	483
Legal and professional charges		218	39
Listing fee		28	28
Shariah advisory fee		1,803	317
Settlement and bank charges		231	195
Printing expenses		122	15
Rating fee		170	99
Total operating expenses		67,711	16,699
Net income from operating activities		887,391	232,823
Provision against Sindh Workers' Welfare Fund	12.1	(17,748)	(4,656)
Net income for the year / period before taxation		869,643	228,167
Taxation	17	-	-
Net income for the year / period after taxation		869,643	228,167
Earnings per unit	18		
Allocation of net income for the year / period			
- Net income for the year / period after taxation		869,643	228,167
- Income already paid on units redeemed		-	-
		869,643	228,167
Accounting income available for distribution:			
- Relating to capital gains		203	-
- Excluding capital gains		869,440	228,167
		869,643	228,167

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 YEAR ENDED JUNE 30, 2021

	For the year ended June 30, 2021	For the period from November 01, 2019 to June 30, 2020
	-------- Rupees in '000 --------	
Net income for the year / period after taxation	869,643	228,167
Other comprehensive income for the year / period	-	-
Total comprehensive income for the year / period	869,643	228,167

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

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

	Note	For the year ended June 30, 2021			For the period from November 01, 2019 to June 30, 2020		
		Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
		(Rupees in '000)					
Net assets at the beginning of the year / period		8,243,147	-	8,243,147	-	-	-
Issuance of 3,369,822,545 units (2020: 1,325,096,635 units)							
- Capital value (at net asset value per unit at the the beginning of the year / commencement of the year)		33,698,225	-	33,698,225	13,250,966	-	13,250,966
- Element of income		-	-	-	-	-	-
Total proceeds on issuance of units		33,698,225	-	33,698,225	13,250,966	-	13,250,966
Redemption of 2,864,932,339 units (2020: 500,078,010 units)							
- Capital value (at net asset value per unit at the beginning of the year / commencement of the year)		(28,649,300)	-	(28,649,300)	(5,007,819)	-	(5,007,819)
- Element of loss		-	-	-	-	-	-
Total payments on redemption of units		(28,649,300)	-	(28,649,300)	(5,007,819)	-	(5,007,819)
Total comprehensive income for the year / period		-	869,643	869,643	-	228,167	-
Total distribution during the year / period	20	-	(869,643)	(869,643)	-	(228,167)	-
Net income for the year / period less distribution		-	-	-	-	-	-
Net assets at the end of the year / period		13,292,072	-	13,292,072	8,243,147	-	8,243,147
Accounting income available for distribution:							
- Relating to capital gains			203			-	
- Excluding capital gains			869,440			228,167	
			869,643			228,167	
Distribution for the year / period			(869,643)			(228,167)	
Undistributed income carried forward			-			-	
Undistributed income carried forward:							
- Realised income			-			-	
- Unrealised income			-			-	
			-			-	
				(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year / commencement of the Fund				10.0000			-
Net asset value per unit at the end of the year / period				10.0000			10.0000

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 YEAR ENDED JUNE 30, 2021

	Note	For the year ended June 30, 2021	For the period from November 01, 2019 to June 30, 2020
		-----------Rupees in '000-----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year / period before taxation		869,643	228,167
Adjustments for:			
Income on corporate sukuk certificates		(54,279)	(5,205)
Income on term deposit receipts		(152,658)	(12,319)
Income on Islamic commercial papers		(126,714)	(32,124)
Income on letter of placements		(41,873)	(4,266)
Profit on bank balances		(579,375)	(195,849)
Provision against Sindh Workers' Welfare Fund	12.1	17,748	4,656
Amortisation of preliminary expenses and floatation costs		236	162
		(936,915)	(244,945)
Decrease / (increase) in assets			
Prepayments, deposits and other receivables		88	(826)
Investments - net		150,599	(1,874,524)
Preliminary expenses and floatation costs		-	(1,186)
		150,687	(1,876,536)
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - the Management company		(2,670)	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee		315	514
Payable to the Securities and Exchange Commission of Pakistan		2,258	491
Accrued expenses and other liabilities		4,515	3,445
		4,418	15,577
Profit received		930,420	196,286
Net cash generated from / (used in) operating activities		1,018,253	(1,681,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		33,698,225	13,250,966
Net payments against redemption of units		(28,659,464)	(4,997,655)
Distributions paid		(869,643)	(228,167)
Net cash flows generated from financing activities		4,169,118	8,025,144
Net increase in cash and cash equivalents		5,187,371	6,343,693
Cash and cash equivalents at the beginning of the year / period		6,343,693	-
Cash and cash equivalents at the end of the year / period	22	11,531,064	6,343,693

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 YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Islamic Daily Dividend Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on September 23, 2019 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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

1.3 The Fund has been categorised as an open ended Shariah compliant money market fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by 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 November 2, 2019 and are transferable and redeemable by surrendering them to the Fund.

1.4 The objective of the Fund is to provide competitive return along with daily dividend by investing in Shariah compliant money market instruments.

1.5 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 (2020: AM1 on June 24, 2020) on June 23, 2021. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of AA(f) to the Fund dated April 16, 2021 (2020: AA(f) dated April 17, 2020).

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

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

2 BASIS OF 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 that are effective in the current year:

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

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

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

2.4 Critical accounting estimates and judgments

The preparation of 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).

2.5 Basis of measurement

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

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in 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 balances with banks in savings and current accounts 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 (FVTPL)

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 FVTPL. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

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 based on the 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. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.2.6 Derecognition

Financial assets are derecognised when the 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 expires).

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net Asset Value per unit

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

3.7 Issue and redemption of units

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 Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year / period also includes portion of income already paid on units redeemed during the year / 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 on 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, term deposit receipts and letters of placement is recognised on an accrual basis.

- Income from investments in sukuks and Islamic commercial papers is recognised on an accrual basis using effective interest rate method.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the Trustee and annual fee of SECP 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 year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash.

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

3.15 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 year / period. The determination of earnings per unit is not practicable as disclosed in note 18.

4 BANK BALANCES

	Note	2021	2020
		-------------Rupees in '000-------------	
Balances with banks in:			
Savings accounts	4.1	11,412,546	5,057,324
Current accounts		14,518	6,369
		11,427,064	5,063,693

4.1 These include balances of Rs 0.133 million (2020: Rs 0.118 million) and Rs. 2.550 million (2020: Nil) maintained with National Bank of Pakistan and BankIslami Pakistan Limited, (related parties), that carry profit at the rates of 4.5% (2020: 4.5%) per annum and 6.25% (2020: Nil) per annum respectively. Other savings accounts carry profit rates ranging from 6.6% to 7.4% (2020: 6.65% to 7.5%) per annum.

5 INVESTMENTS

	Note	2021	2020
		-------------Rupees in '000-------------	
At fair value through profit or loss			
Islamic commercial papers	5.1	1,723,925	532,787
Corporate sukuk certificates	5.2	-	163,000
Term deposit receipts	5.3	104,000	1,280,000
Letters of placement	5.4	-	1,178,737
		1,827,925	3,154,524

5.1 Islamic commercial papers

Name of security	Face value				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
	As at July 1, 2020	Purchased during the year	Matured during the year	As at June 30, 2021					
	----- Rupees in 000 -----							----- % -----	
POWER GENERATION & DISTRIBUTION									
K-Electric Limited ICP 5 (A-1+, VIS)	312,000	-	312,000	-	-	-	-	-	-
K-Electric Limited ICP 6 (A-1+, VIS)	206,000	-	206,000	-	-	-	-	-	-
K-Electric Limited ICP 8 (A-1+, VIS)	25,000	-	25,000	-	-	-	-	-	-
K-Electric Limited ICP 9 (A-1+, VIS)	-	675,000	675,000	-	-	-	-	-	-
K-Electric Limited ICP 10 (A-1+, VIS)	-	640,000	640,000	-	-	-	-	-	-
K-Electric Limited ICP 11 (A-1+, PACRA)	-	480,000	480,000	-	-	-	-	-	-
K-Electric Limited ICP 12 (A-1+, PACRA)	-	245,000	245,000	-	-	-	-	-	-
K-Electric Limited ICP 13 (A-1+, VIS)	-	35,000	35,000	-	-	-	-	-	-
K-Electric Limited ICP 15 (A1+, PACRA)	-	1,350,000	675,000	675,000	665,772	665,772	-	36.42%	5.01%
K-Electric Limited ICP 16 (A1+, PACRA)	-	600,000	-	600,000	589,707	589,707	-	32.26%	4.44%
K-Electric Limited ICP 18 (A-1+, VIS)	-	480,000	-	480,000	468,446	468,446	-	25.63%	3.52%
Total as at June 30, 2021					1,723,925	1,723,925	-	94.31%	12.97%
Total as at June 30, 2020					532,787	532,787			

5.1.1 These carry yield ranging from 8.25% to 8.48% per annum and are due to mature latest by October 19, 2021.

5.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2020	Purchased during the year	Sold / redeemed during the year	As at June 30, 2021	Market value as at June 30, 2021	Unrealised appreciation / (diminution)	Market value as a percentage of	
										total investments	net assets
				----- Number of certificates -----				Rupees in '000		----- % -----	
POWER GENERATION AND DISTRIBUTION											
The Hub Power Company Limited (AA+, PACRA, traded) (Face value of Rs 100,000 per certificate)	Semi-annually	November 19, 2020	6 months KIBOR plus base rate of 1.50%	1,630	-	1,630	-	-	-	-	-
The Hub Power Company Limited (AA+, PACRA, traded) (Face value of Rs 100,000 per certificate)	Semi-annually	May 17, 2021	6 months KIBOR plus base rate of 1.30%	-	4,190	4,190	-	-	-	-	-
Kot Addu Power Company Limited (A-1+, VIS, traded) (Face value of Rs 100,000 per certificate)	Semi-annually	June 08, 2021	3 months KIBOR plus base rate of 0.7%	-	7,500	7,500	-	-	-	-	-
Total as at June 30, 2021								-	-	-	-
Carrying value as at June 30, 2021									-		
Market value as at June 30, 2020									163,000		
Carrying value as at June 30, 2020									163,000		

5.3 Term deposit receipts

Name of investee company	Maturity date	Profit rate	Face value: As at July 1, 2020	Face value: Purchased during the year	Face value: Matured during the year	Face value: As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments	Market value as a percentage of net assets
			(Rupees in '000)						%	
COMMERCIAL BANKS										
United Bank Limited - Islamic Banking	July 5, 2020	7.35%	1,280,000	-	1,280,000	-	-	-	-	-
United Bank Limited - Islamic Banking	August 6, 2020	6.65%	-	1,242,000	1,242,000	-	-	-	-	-
United Bank Limited - Islamic Banking	August 22, 2020	6.65%	-	60,000	60,000	-	-	-	-	-
United Bank Limited - Islamic Banking	August 24, 2020	6.65%	-	43,500	43,500	-	-	-	-	-
United Bank Limited - Islamic Banking	August 29, 2020	6.65%	-	73,000	73,000	-	-	-	-	-
United Bank Limited - Islamic Banking	November 6, 2020	6.65%	-	1,288,000	1,288,000	-	-	-	-	-
United Bank Limited - Islamic Banking	November 19, 2020	6.65%	-	67,500	67,500	-	-	-	-	-
United Bank Limited - Islamic Banking	November 24, 2020	6.65%	-	125,500	125,500	-	-	-	-	-
United Bank Limited - Islamic Banking	November 27, 2020	6.65%	-	22,000	22,000	-	-	-	-	-
United Bank Limited - Islamic Banking	November 30, 2020	6.65%	-	74,000	74,000	-	-	-	-	-
United Bank Limited - Islamic Banking	December 2, 2020	6.65%	-	250,500	250,500	-	-	-	-	-
United Bank Limited - Islamic Banking	December 9, 2020	6.65%	-	46,500	46,500	-	-	-	-	-
United Bank Limited - Islamic Banking	December 23, 2020	6.65%	-	50,500	50,500	-	-	-	-	-
United Bank Limited - Islamic Banking	February 6, 2021	6.65%	-	1,291,000	1,291,000	-	-	-	-	-
United Bank Limited - Islamic Banking	February 17, 2021	6.65%	-	297,000	297,000	-	-	-	-	-
United Bank Limited - Islamic Banking	February 18, 2021	6.65%	-	153,000	153,000	-	-	-	-	-
United Bank Limited - Islamic Banking	February 19, 2021	6.65%	-	139,000	139,000	-	-	-	-	-
United Bank Limited - Islamic Banking	February 24, 2021	6.65%	-	143,000	143,000	-	-	-	-	-
United Bank Limited - Islamic Banking	February 25, 2021	6.65%	-	21,000	21,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 1, 2021	6.65%	-	54,000	54,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 2, 2021	6.65%	-	263,000	263,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 9, 2021	6.65%	-	129,000	129,000	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited	January 30, 2021	7.00%	-	500,000	500,000	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited	March 1, 2021	6.75%	-	500,000	500,000	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited	March 3, 2021	6.75%	-	500,000	500,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 8, 2021	6.85%	-	1,098,000	1,098,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 17, 2021	6.85%	-	254,000	254,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 18, 2021	6.85%	-	145,000	145,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 19, 2021	6.85%	-	185,000	185,000	-	-	-	-	-
United Bank Limited - Islamic Banking	March 24, 2021	6.85%	-	142,000	142,000	-	-	-	-	-
United Bank Limited - Islamic Banking	April 1, 2021	6.85%	-	28,000	28,000	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited	April 1, 2021	7.00%	-	500,000	500,000	-	-	-	-	-
United Bank Limited - Islamic Banking	April 2, 2021	6.85%	-	196,000	196,000	-	-	-	-	-
United Bank Limited - Islamic Banking	April 8, 2021	6.85%	-	1,157,000	1,157,000	-	-	-	-	-
United Bank Limited - Islamic Banking	April 9, 2021	6.85%	-	144,000	144,000	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited	April 26, 2021	7.00%	-	1,445,000	1,445,000	-	-	-	-	-
United Bank Limited - Islamic Banking	April 30, 2021	6.85%	-	250,000	250,000	-	-	-	-	-
United Bank Limited - Islamic Banking	May 3, 2021	6.85%	-	370,000	370,000	-	-	-	-	-
United Bank Limited - Islamic Banking	May 8, 2021	6.85%	-	1,163,000	1,163,000	-	-	-	-	-
United Bank Limited - Islamic Banking	May 10, 2021	6.85%	-	800,000	800,000	-	-	-	-	-
United Bank Limited - Islamic Banking	May 13, 2021	6.85%	-	250,000	250,000	-	-	-	-	-
United Bank Limited - Islamic Banking	June 3, 2021	6.85%	-	344,000	344,000	-	-	-	-	-
United Bank Limited - Islamic Banking	June 17, 2021	6.85%	-	2,150,000	2,150,000	-	-	-	-	-
United Bank Limited - Islamic Banking	July 3, 2021	6.90%	-	104,000	-	104,000	104,000	104,000	5.69%	0.78%
Total as at June 30, 2021							104,000	104,000	5.69%	0.78%
Total as at June 30, 2020							1,280,000	1,280,000		

5.4 Letters of placement

Name of investee company	As at July 1, 2020	Purchased during the year	Matured during the year	As at June 30, 2021	As at June 30, 2021	Market value as a percentage of	
					Market value	total investments	net assets
	Rupees in 000					(%)	
Pak Brunei Investment Company Limited	228,236	-	228,236	-	-	-	-
Pak Brunei Investment Company Limited	103,425	-	103,425	-	-	-	-
Pak Brunei Investment Company Limited	97,570	-	97,570	-	-	-	-
Pak Brunei Investment Company Limited	370,364	-	370,364	-	-	-	-
Pak Brunei Investment Company Limited	275,316	-	275,316	-	-	-	-
Pak Brunei Investment Company Limited	103,826	-	103,826	-	-	-	-
Total as at June 30, 2020					-	-	-
Carrying value as at June 30, 2021					-		
Market value as at June 30, 2020					1,178,737		
Carrying value as at June 30, 2020					1,178,737		

6 PROFIT RECEIVABLE	Note	2021	2020
		Rupees in '000	
Profit receivable on:			
Bank balances		77,406	40,667
Letters of placement		-	4,266
Term deposit receipts		550	6,702
Corporate sukuk certificates		-	1,842
		77,956	53,477

7 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2021	2020
Advance tax	7.1	542	656
Prepaid mutual fund rating fee		96	70
Security deposit with Central Depository Company of Pakistan Limited *		100	100
		738	826

* 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 taxes on profit on bank balances and profit on debt securities to the Fund were deducted by various withholding agents based on the interpretation issued by FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The taxes withheld on profit on bank deposits and profit on debt securities amount to Rs 0.542 million (2020: 0.656 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 Supreme Court 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	2021	2020
		(Rupees in 000)	
At the beginning of the year / period		1,024	-
Preliminary expenses and floatation costs incurred		-	1,186
Less: amortisation during the year / period	8.1	(236)	(162)
At the end of the year / period		788	1,024

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 (a related party). 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	2020
		(Rupees in 000)	
Management fee payable	9.1	1,130	701
Sindh sales tax payable on remuneration of the Management Company	9.2	147	91
Allocated expenses payable	9.3	4,864	1,644
Selling and marketing expenses payable	9.4	-	5,973
Sales load payable		2,039	1,218
Sindh sales tax payable on sales load		265	159
ADC charges payable including Sindh sales tax		12	-
Preliminary expenses and floatation costs borne by the Management Company		-	1,341
		8,457	11,127

9.1 The Management Company has charged its remuneration at the rate of 1% (2020: 1%) on net income, subject to floor and capping of 0.1% and 1% per annum of the average net assets of the Fund during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 1.787 million (2020: Rs. 0.348 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% (2020:13%).

9.3 In accordance with Regulation 60 of the NBFC Regulations, 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 July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to June 30, 2021	Rate applicable from November 1, 2019 to June 30, 2020
0.1% per annum of average annual net assets	0.125% per annum of average annual net assets	0.1% per annum 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 0.2% per annum of the average annual net assets for the period from July 1, 2020 till March 29, 2021 and 0% thereafter (2020: 0.4% of the average annual net assets of the Fund). This has been duly approved by the Board of Directors of the Management Company.

		2021	2020
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	**Note**	**(Rupees in 000)**	
Trustee fee payable	10.1	734	455
Sindh sales tax payable on the trustee fee	10.2	95	59
		829	514

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 0.065% (2020: 0.065%) per annum of net assets.

10.2 During the year, an amount of Rs. 1.161 million (2020: Rs. 0.207 million) was charged on account of sales tax at the rate of 13% (2020:13%) on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

		2021	2020
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	**Note**	**(Rupees in 000)**	
Annual fee payable	11.1	2,749	491

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.

		2021	2020
12 ACCRUED EXPENSES AND OTHER LIABILITIES	**Note**	**(Rupees in 000)**	
Provision for Sindh Workers' Welfare Fund	12.1	22,404	4,656
Auditors' remuneration		445	388
Shariah advisory fee payable		1,762	317
Legal fee payable		144	39
Withholding tax payable		5,415	2,569
Payable against printing charges		112	9
Bank and settlement charges payable		82	123
		30,364	8,101

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 Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

Had the provision for SWWF been reversed in these financial statements for the year ended June 30, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Re. 0.0169 per unit (2020: Re. 0.0056 per unit).

13 CONTINGENCIES AND COMMITMENTS

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

14 NET ASSET VALUE PER UNIT

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

15 NUMBER OF UNITS IN ISSUE

	2021	2020
	---------- (Number of units) ----------	
Total units in issue at the beginning of the year / period	824,318,625	-
Units issued during the year / period	3,369,822,545	1,325,096,635
Less: units redeemed during the year / period	2,864,932,339	500,778,010
Total units in issue at the end of the year / period	1,329,208,831	824,318,625

16 AUDITORS' REMUNERATION

	2021	2020
	----------- (Rupees in 000) -----------	
Annual audit fee	349	294
Half yearly review	95	80
Other certification	100	81
Out of pocket expenses	122	28
	666	483

17 TAXATION

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

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

18 EARNINGS PER UNIT

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

19 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund as at June 30, 2021 is 0.62% (2020: 0.87%) which includes 0.17% (2020: 0.23%) representing government levies, Sindh Worker's Welfare Fund and the SECP fee. The TER excluding government levies is 0.45% (2020: 0.64%) which is within the maximum limit of 2% (2020: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a Shariah compliant money market scheme.

20 TOTAL DISTRIBUTION

The Fund makes distribution on daily basis as per clause 12.1 of the Trust Deed and clause 1.4 of the Offering Document and re-invests the distributed dividend as per clause 1.4 of the Offering Document. During the year ended June 30, 2021, the Management Company on behalf of the Fund, has distributed total profit earned during the period amounting to Rs 869.643 million as dividend after deducting applicable taxes.

Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit
	Rupees		Rupees		Rupees
July 1, 2020	0.0018	July 27, 2020	0.0018	August 22, 2020	0.0017
July 2, 2020	0.0018	July 28, 2020	0.0018	August 23, 2020	0.0018
July 3, 2020	0.0019	July 29, 2020	0.0018	August 24, 2020	0.0017
July 4, 2020	0.0019	July 30, 2020	0.0018	August 25, 2020	0.0017
July 5, 2020	0.0018	July 31, 2020	0.0017	August 26, 2020	0.0017
July 6, 2020	0.0020	August 1, 2020	0.0018	August 27, 2020	0.0018
July 7, 2020	0.0018	August 2, 2020	0.0017	August 28, 2020	0.0017
July 8, 2020	0.0019	August 3, 2020	0.0018	August 29, 2020	0.0018
July 9, 2020	0.0018	August 4, 2020	0.0017	August 30, 2020	0.0017
July 10, 2020	0.0018	August 5, 2020	0.0018	August 31, 2020	0.0017
July 11, 2020	0.0019	August 6, 2020	0.0017	September 1, 2020	0.0017
July 12, 2020	0.0018	August 7, 2020	0.0018	September 2, 2020	0.0017
July 13, 2020	0.0018	August 8, 2020	0.0018	September 3, 2020	0.0017
July 14, 2020	0.0019	August 9, 2020	0.0017	September 4, 2020	0.0017
July 15, 2020	0.0018	August 10, 2020	0.0018	September 5, 2020	0.0017
July 16, 2020	0.0018	August 11, 2020	0.0018	September 6, 2020	0.0017
July 17, 2020	0.0019	August 12, 2020	0.0018	September 7, 2020	0.0018
July 18, 2020	0.0018	August 13, 2020	0.0018	September 8, 2020	0.0017
July 19, 2020	0.0018	August 14, 2020	0.0018	September 9, 2020	0.0017
July 20, 2020	0.0019	August 15, 2020	0.0017	September 10, 2020	0.0017
July 21, 2020	0.0018	August 16, 2020	0.0017	September 11, 2020	0.0017
July 22, 2020	0.0018	August 17, 2020	0.0018	September 12, 2020	0.0017
July 23, 2020	0.0018	August 18, 2020	0.0017	September 13, 2020	0.0017
July 24, 2020	0.0018	August 19, 2020	0.0018	September 14, 2020	0.0018
July 25, 2020	0.0017	August 20, 2020	0.0017	September 15, 2020	0.0017
July 26, 2020	0.0018	August 21, 2020	0.0017	September 16, 2020	0.0017

Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit
	Rupees		Rupees		Rupees
September 17, 2020	0.0017	November 13, 2020	0.0017	January 9, 2021	0.0018
September 18, 2020	0.0017	November 14, 2020	0.0017	January 10, 2021	0.0017
September 19, 2020	0.0018	November 15, 2020	0.0017	January 11, 2021	0.0017
September 20, 2020	0.0017	November 16, 2020	0.0017	January 12, 2021	0.0017
September 21, 2020	0.0017	November 17, 2020	0.0017	January 13, 2021	0.0017
September 22, 2020	0.0017	November 18, 2020	0.0017	January 14, 2021	0.0018
September 23, 2020	0.0017	November 19, 2020	0.0016	January 15, 2021	0.0017
September 24, 2020	0.0017	November 20, 2020	0.0017	January 16, 2021	0.0017
September 25, 2020	0.0017	November 21, 2020	0.0017	January 17, 2021	0.0017
September 26, 2020	0.0018	November 22, 2020	0.0016	January 18, 2021	0.0017
September 27, 2020	0.0017	November 23, 2020	0.0017	January 19, 2021	0.0018
September 28, 2020	0.0017	November 24, 2020	0.0017	January 20, 2021	0.0017
September 29, 2020	0.0017	November 25, 2020	0.0016	January 21, 2021	0.0017
September 30, 2020	0.0017	November 26, 2020	0.0017	January 22, 2021	0.0016
October 1, 2020	0.0017	November 27, 2020	0.0016	January 23, 2021	0.0017
October 2, 2020	0.0017	November 28, 2020	0.0017	January 24, 2021	0.0017
October 3, 2020	0.0018	November 29, 2020	0.0016	January 25, 2021	0.0017
October 4, 2020	0.0017	November 30, 2020	0.0017	January 26, 2021	0.0017
October 5, 2020	0.0017	December 1, 2020	0.0017	January 27, 2021	0.0017
October 6, 2020	0.0017	December 2, 2020	0.0017	January 28, 2021	0.0017
October 7, 2020	0.0017	December 3, 2020	0.0017	January 29, 2021	0.0016
October 8, 2020	0.0017	December 4, 2020	0.0016	January 30, 2021	0.0017
October 9, 2020	0.0017	December 5, 2020	0.0017	January 31, 2021	0.0017
October 10, 2020	0.0017	December 6, 2020	0.0017	February 1, 2021	0.0017
October 11, 2020	0.0017	December 7, 2020	0.0017	February 2, 2021	0.0017
October 12, 2020	0.0018	December 8, 2020	0.0017	February 3, 2021	0.0017
October 13, 2020	0.0017	December 9, 2020	0.0016	February 4, 2021	0.0016
October 14, 2020	0.0017	December 10, 2020	0.0017	February 5, 2021	0.0017
October 15, 2020	0.0017	December 11, 2020	0.0017	February 6, 2021	0.0017
October 16, 2020	0.0017	December 12, 2020	0.0017	February 7, 2021	0.0017
October 17, 2020	0.0017	December 13, 2020	0.0016	February 8, 2021	0.0017
October 18, 2020	0.0017	December 14, 2020	0.0017	February 9, 2021	0.0017
October 19, 2020	0.0018	December 15, 2020	0.0017	February 10, 2021	0.0017
October 20, 2020	0.0017	December 16, 2020	0.0017	February 11, 2021	0.0016
October 21, 2020	0.0017	December 17, 2020	0.0017	February 12, 2021	0.0017
October 22, 2020	0.0017	December 18, 2020	0.0016	February 13, 2021	0.0017
October 23, 2020	0.0018	December 19, 2020	0.0017	February 14, 2021	0.0017
October 24, 2020	0.0017	December 20, 2020	0.0017	February 15, 2021	0.0016
October 25, 2020	0.0018	December 21, 2020	0.0017	February 16, 2021	0.0017
October 26, 2020	0.0017	December 22, 2020	0.0017	February 17, 2021	0.0017
October 27, 2020	0.0017	December 23, 2020	0.0017	February 18, 2021	0.0017
October 28, 2020	0.0017	December 24, 2020	0.0017	February 19, 2021	0.0017
October 29, 2020	0.0017	December 25, 2020	0.0017	February 20, 2021	0.0016
October 30, 2020	0.0016	December 26, 2020	0.0017	February 21, 2021	0.0017
October 31, 2020	0.0017	December 27, 2020	0.0017	February 22, 2021	0.0017
November 1, 2020	0.0017	December 28, 2020	0.0017	February 23, 2021	0.0017
November 2, 2020	0.0017	December 29, 2020	0.0017	February 24, 2021	0.0017
November 3, 2020	0.0017	December 30, 2020	0.0017	February 25, 2021	0.0016
November 4, 2020	0.0017	December 31, 2020	0.0017	February 26, 2021	0.0017
November 5, 2020	0.0017	January 1, 2021	0.0017	February 27, 2021	0.0016
November 6, 2020	0.0017	January 2, 2021	0.0017	February 28, 2021	0.0017
November 7, 2020	0.0016	January 3, 2021	0.0017	March 1, 2021	0.0017
November 8, 2020	0.0017	January 4, 2021	0.0017	March 2, 2021	0.0017
November 9, 2020	0.0017	January 5, 2021	0.0017	March 3, 2021	0.0017
November 10, 2020	0.0017	January 6, 2021	0.0017	March 4, 2021	0.0017
November 11, 2020	0.0017	January 7, 2021	0.0017	March 5, 2021	0.0017
November 12, 2020	0.0017	January 8, 2021	0.0017	March 6, 2021	0.0017

Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit
	Rupees		Rupees		Rupees
March 7, 2021	0.0017	April 15, 2021	0.0018	May 24, 2021	0.0018
March 8, 2021	0.0017	April 16, 2021	0.0018	May 25, 2021	0.0017
March 9, 2021	0.0017	April 17, 2021	0.0018	May 26, 2021	0.0018
March 10, 2021	0.0017	April 18, 2021	0.0018	May 27, 2021	0.0018
March 11, 2021	0.0018	April 19, 2021	0.0018	May 28, 2021	0.0018
March 12, 2021	0.0018	April 20, 2021	0.0018	May 29, 2021	0.0018
March 13, 2021	0.0018	April 21, 2021	0.0018	May 30, 2021	0.0017
March 14, 2021	0.0018	April 22, 2021	0.0018	May 31, 2021	0.0018
March 15, 2021	0.0018	April 23, 2021	0.0018	June 1, 2021	0.0018
March 16, 2021	0.0018	April 24, 2021	0.0018	June 2, 2021	0.0018
March 17, 2021	0.0018	April 25, 2021	0.0018	June 3, 2021	0.0017
March 18, 2021	0.0018	April 26, 2021	0.0018	June 4, 2021	0.0018
March 19, 2021	0.0018	April 27, 2021	0.0018	June 5, 2021	0.0018
March 20, 2021	0.0018	April 28, 2021	0.0017	June 6, 2021	0.0017
March 21, 2021	0.0018	April 29, 2021	0.0018	June 7, 2021	0.0018
March 22, 2021	0.0018	April 30, 2021	0.0019	June 8, 2021	0.0018
March 23, 2021	0.0018	May 1, 2021	0.0018	June 9, 2021	0.0017
March 24, 2021	0.0018	May 2, 2021	0.0018	June 10, 2021	0.0018
March 25, 2021	0.0018	May 3, 2021	0.0018	June 11, 2021	0.0018
March 26, 2021	0.0018	May 4, 2021	0.0017	June 12, 2021	0.0017
March 27, 2021	0.0018	May 5, 2021	0.0018	June 13, 2021	0.0018
March 28, 2021	0.0018	May 6, 2021	0.0018	June 14, 2021	0.0019
March 29, 2021	0.0018	May 7, 2021	0.0018	June 15, 2021	0.0019
March 30, 2021	0.0019	May 8, 2021	0.0017	June 16, 2021	0.0019
March 31, 2021	0.0019	May 9, 2021	0.0018	June 17, 2021	0.0019
April 1, 2021	0.0018	May 10, 2021	0.0018	June 18, 2021	0.0019
April 2, 2021	0.0019	May 11, 2021	0.0018	June 19, 2021	0.0019
April 3, 2021	0.0018	May 12, 2021	0.0017	June 20, 2021	0.0019
April 4, 2021	0.0018	May 13, 2021	0.0018	June 21, 2021	0.0019
April 5, 2021	0.0018	May 14, 2021	0.0018	June 22, 2021	0.0019
April 6, 2021	0.0018	May 15, 2021	0.0018	June 23, 2021	0.0019
April 7, 2021	0.0018	May 16, 2021	0.0017	June 24, 2021	0.0019
April 8, 2021	0.0018	May 17, 2021	0.0018	June 25, 2021	0.0019
April 9, 2021	0.0018	May 18, 2021	0.0018	June 26, 2021	0.0018
April 10, 2021	0.0018	May 19, 2021	0.0019	June 27, 2021	0.0019
April 11, 2021	0.0018	May 20, 2021	0.0018	June 28, 2021	0.0019
April 12, 2021	0.0018	May 21, 2021	0.0017	June 29, 2021	0.0019
April 13, 2021	0.0007	May 22, 2021	0.0018	June 30, 2021	0.0019
April 14, 2021	0.0006	May 23, 2021	0.0018		

21 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

21.1 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.

21.2 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.

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

21.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

21.6 The details of transactions with related parties / connected persons during the year / period are as follows:

	For the year ended June 30, 2021	For the period from November 01, 2019 to June 30, 2020
	Rupees in '000	Rupees in '000
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company	13,743	2,679
Sindh sales tax on remuneration of the Management Company	1,787	348
Allocated expenses	16,301	2,453
Selling and marketing expense	19,563	7,589
Sales and transfer load	821	1,218
Sindh sales tax on sales and transfer load	107	159
ADC charges including Sindh sales tax	20	-
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Trustee	8,933	1,594
Sindh sales tax on remuneration of the Trustee	1,161	207
Key management personnel of the Management Company		
Dividend re-invest units issued - 3,282 units (2020: 4,582 units)	33	46
Units issued - 1,221,942 units (2020: 578,909 units)	12,220	5,789
Units redeemed - 874,034 units (2020: 499,040 units)	8,740	4,990
Yunus Textile Mills Limited - unit holder with more than 10% holding**		
Dividend re-invest units issued - Nil (2020: 1,379,926 units)	-	13,799
Units issued - Nil (2020: 200,000,000 units)	-	2,000,000
Pakistan Defence Officers Housing Authority - unit holder with more than 10% holding		
Dividend re-invest units issued - 15,716,243 units (2020: 1,299,290 units)	157,162	12,993
Units issued - 150,000,000 units (2020: 162,500,000 units)	1,500,000	1,625,000
Units redeemed - 77,000,000 units (2020: Nil)	770,000	-
Feroze1888 Mills Limited - unit holder with more than 10% holding*		
Dividend re-invest units issued - 5,062,254 units (2020: Nil)	50,623	-
Units issued - 180,000,000 units (2020: Nil)	1,800,000	-
Units redeemed - 50,000,000 units (2020: Nil)	500,000	-

	For the year ended June 30, 2021	For the period from November 01, 2019 to June 30, 2020
	Rupees in '000	Rupees in '000
Artistic Milliners Private Limited - unit holder with more than 10% holding**		
Dividend re-invest units issued - Nil (2020: 1,889,520 units)	-	18,895
Units issued - Nil (2020: 125,000,000 units)	-	1,250,000
Units redeemed - Nil (2020: 26,855,437 units)	-	268,554
National Bank of Pakistan - parent company		
Profit on bank balances	2	14
Baltoro Partners (Private) Limited - common directorship		
Dividend re-invest units issued - 4,276 units (2020: 25,856 units)	43	259
Units issued - Nil (2020: 701,000 units)	-	7,010
Units redeemed - Nil (2020: 650,000 units)	-	6,500
Portfolio managed by the Management Company		
Dividend re-invest units issued - 618,973 units (2020: 120,054 units)	6,190	1,201
Units issued - 307,737,178 units (2020: 10,500,000 units)	307,372	105,000
Units redeemed - 26,120,360 units (2020: Nil)	261,204	-
The Hub Power Company Limited - common directorship		
Purchase of sukuk certificates	419,000	208,000
Profit on sukuk certificates	24,210	5,205
NBP Islamic Money Market Fund		
Purchase of commercial papers (K-Electric Limited)	240,174	-
NBP Riba Free Savings Fund		
Purchase of commercial paper (K-Electric Limited)	-	157,638
NBP Active Allocation Riba Free Savings Fund		
Purchase of commercial paper (K-Electric Limited)	-	29,395
NBP Money Market Fund		
Purchase of commercial paper (K-Electric Limited)	-	24,457
NBP Islamic Mahana Amdani Fund		
Sale of commercial paper (K-Electric Limited)	-	99,147
Pakistan Stock Exchange Limited - common directorship		
Listing fee paid	25	25
NAFA Islamic Capital Preservation Plan - IV		
Dividend re-invest units issued - 269,604 units (2020: Nil)	2,696	-
Units issued / transferred in - 13,250,000 units (2020: Nil)	132,500	-
Units redeemed / transferred out - 13,519,604 units (2020: Nil)	135,196	-
NBP Islamic Capital Preservation Plan - V		
Dividend re-invest units issued - 199,495 units (2020: Nil)	1,995	-
Units issued / transferred in - 7,950,000 units (2020: Nil)	79,500	-
Units redeemed / transferred out - 8,149,495 units (2020: Nil)	81,495	-

21.7 Amounts / balances outstanding as at year / period end are as follows	2021	2020
	----------- (Rupees in 000) -----------	
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	1,130	701
Sindh sales tax on remuneration of the Management Company	147	91
Allocated expenses payable	4,864	1,644
Selling and marketing expenses payable	-	5,973
Sales load payable to Management Company	2,039	1,218
Sindh sales tax payable on sales load	265	159
ADC charges payable including Sindh sales tax	12	-
Preliminary expenses and floatation costs borne by the Management Company	-	1,341
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable to the Trustee	734	455
Sindh sales tax payable on Trustee remuneration	95	59
Security deposit with Central Depository Company of Pakistan Limited	100	100
Key management personnel of the Management Company		
Units outstanding - 435,643 units (2020: 84,451 units)	4,356	845
Yunus Textile Mills Limited - unit holders with more than 10% holding**		
Units outstanding - Nil (2020: 201,379,926 units)	-	2,013,799
Pakistan Defence Officers Housing Authority - unit holders with more than 10% holding		
Units outstanding - 252,515,533 units (2020: 163,799,290 units)	2,525,155	1,637,993
Artistic Milliners Private Limited - unit holders with more than 10% holding**		
Units outstanding - Nil (2020: 100,034,083 units)	-	1,000,341
National Bank of Pakistan - parent company		
Bank balance	133	118
BankIslami Pakistan Limited - common directorship		
Bank balance	2,550	-
Baltoro Partners (Private) Limited - common directorship		
Units outstanding - 81,132 units (2020: 76,856 units)	811	769
Feroze1888 Mills Limited - unit holder with more than 10% holding*		
Units outstanding - 185,299,094 units (2020: Nil)	1,852,991	-
Portfolio managed by the Management Company		
Units outstanding - 15,855,845 units (2020: 10,620,052 units)	158,558	106,201
The Hub Power Company Limited - common directorship		
Sukuk certificates	-	163,000
Profit receivable on sukuk certificates	-	1,842

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

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

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

22 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees in 000)	
Bank balances	4	11,427,064	5,063,693
Term deposit receipts	5.3	104,000	1,280,000
		11,531,064	6,343,693

23 FINANCIAL INSTRUMENTS BY CATEGORY

	2021		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial assets			
Bank balances	-	11,427,064	11,427,064
Investments	1,827,925	-	1,827,925
Profit receivable	-	77,956	77,956
Deposits	-	100	100
	1,827,925	11,505,120	13,333,045
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	8,457	8,457
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	829	829
Accrued expenses and other liabilities	-	2,545	2,545
	-	11,831	11,831

	2020		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial assets			
Bank balances	-	5,063,693	5,063,693
Investments	3,154,524	-	3,154,524
Profit receivable	-	53,477	53,477
Deposits	-	100	100
	3,154,524	5,117,270	8,271,794
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	11,127	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	514	514
Payable against redemption of units	-	10,164	10,164
Accrued expenses and other liabilities	-	876	876
	-	22,681	22,681

24 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.

24.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on bank balances, term balances receipts and Islamic commercial papers. 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 and term deposit receipts 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 higher / lower by Rs. 115.165 million (2020: Rs. 65.003 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, the Fund holds fixed rate Islamic commercial papers that may expose the Fund to profit rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan 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. 17.239 million (2020: Rs. 17.115 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan 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 interest rates.

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

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

	2021					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Bank balances	4.50%-7.40%	11,412,546	-	-	14,518	11,427,064
Investments	6.9%-8.48%	1,359,479	468,446	-	-	1,827,925
Profit receivable		-	-	-	77,956	77,956
Deposits		-	-	-	100	100
		12,772,025	468,446	-	92,574	13,333,045
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	8,457	8,457
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	829	829
Accrued expenses and other liabilities		-	-	-	2,545	2,545
		-	-	-	11,831	11,831
On-balance sheet gap		12,772,025	468,446	-	80,743	
Total profit rate sensitivity gap		12,772,025	468,446	-		
Cumulative profit rate sensitivity gap		12,772,025	13,240,471	13,240,471		

	2020					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		Rupees in '000				
Financial assets						
Bank balances	4.50%-7.50%	5,057,324	-	-	6,369	5,063,693
Investments	7.35%-14.64%	1,788,550	1,365,974	-	-	3,154,524
Profit receivable		-	-	-	53,477	53,477
Deposits		-	-	-	100	100
		6,845,874	1,365,974	-	59,946	8,271,794
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	11,127	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	514	514
Payable against redemption of units		-	-	-	10,164	10,164
Accrued expenses and other liabilities		-	-	-	876	876
		-	-	-	22,681	22,681
On-balance sheet gap		6,845,874	1,365,974	-	37,265	
Total profit rate sensitivity gap		6,845,874	1,365,974	-		
Cumulative profit rate sensitivity gap		6,845,874	8,211,848	8,211,848		

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

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

24.2 Liquidity risk

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

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

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

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

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

	---------- 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	8,457	-	-	-	-	-	8,457
Payable to Central Depository Company of Pakistan Limited - the Trustee	829	-	-	-	-	-	829
Accrued expenses and other liabilities	2,100	445	-	-	-	-	2,545
	11,386	445	-	-	-	-	11,831

	2020						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	Rupees in '000						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	11,127	-	-	-	-	-	11,127
Payable to Central Depository Company of Pakistan Limited - the Trustee	514	-	-	-	-	-	514
Payable against redemption of units	10,164	-	-	-	-	-	10,164
Accrued expenses and other liabilities	488	388	-	-	-	-	876
	22,293	388	-	-	-	-	22,681

24.3 Credit risk

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

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000		Rupees in '000	
Bank balances	11,427,064	11,427,064	5,063,693	5,063,693
Investments	1,827,925	1,827,925	3,154,524	3,154,524
Profit receivable	77,956	77,956	53,477	53,477
Deposits	100	100	100	100
	13,333,045	13,333,045	8,271,794	8,271,794

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

24.3.2 Credit quality of financial assets

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

Rating	2021 % of financial assets exposed to credit risk	2020 % of financial assets exposed to credit risk
Bank balances		
AAA	86.10%	8.20%
AA	0.06%	53.42%
AA-	0.11%	0.08%
A+	0.02%	-
Islamic commercial papers		
A-1+	12.93%	6.44%
Corporate sukuk certificates		
AA+	-	1.99%
Term deposit receipts		
AAA	0.78%	15.56%
Letters of placement		
AA+	-	14.31%
	100.00%	100.00%

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

25.1 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 30 June 2021 and June 30, 2020, the Fund held the following financial instruments measured at fair values:

	2021			
	Level 1	Level 2	Level 3	Total
ASSETS	Rupees in '000			
Financial assets 'at fair value through profit or loss'				
Investment in:				
Term deposit receipts*	-	104,000	-	104,000
Islamic commercial papers**	-	1,723,925	-	1,723,925
	-	1,827,925	-	1,827,925

	2020			
	Level 1	Level 2	Level 3	Total
ASSETS	------------------------- Rupees in '000 -------------------------			
Financial assets 'at fair value through profit or loss'				
Investment in:				
Term deposit receipts*	-	1,280,000	-	1,280,000
Letters of placement*	-	1,178,737	-	1,178,737
Islamic commercial papers**	-	532,787	-	532,787
Corporate sukuk certificates*	-	163,000	-	163,000
	-	3,154,524	-	3,154,524

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

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

26 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They 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 restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 24, 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.

27 UNIT HOLDING PATTERN OF THE FUND

	June 30, 2021			June 30, 2020		
Category	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	174	756,175	5.69%	119	233,315	2.83%
Insurance companies	5	20,724	0.16%	-	-	-
Banks and DFIs	-	-	-	1	515,174	6.25%
Retirement funds	16	352,132	2.65%	11	204,653	2.48%
Public limited companies	10	3,880,206	29.19%	2	1,163,739	14.12%
Others	55	8,282,835	62.31%	37	6,126,266	74.32%
	260	13,292,072	100%	170	8,243,147	100%

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 Income 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	-	-
Dr. Amjad Waheed	5	5	-	-
Mehnaz Salar [note 29.2]	2	2	-	-

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

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

30 GENERAL

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

31 DATE OF AUTHORISATION FOR ISSUE

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

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 Period ended June 30, 2020
Net assets (Rs. '000')	13,292,072	8,243,147
Net Income / (loss) (Rs. '000')	869,643	228,167
Net Asset Value per units (Rs.)	10.0000	10.0000
Offer price per unit	10.1130	10.0565
Redemption price per unit	10.0000	
Ex - Highest offer price per unit (Rs.)	10.1111	10.0565
Ex - Lowest offer price per unit (Rs.)	9.4377	9.3548
Ex - Highest redemption price per unit (Rs.)	9.9981	10.0000
Ex - Lowest redemption price per unit (Rs.)	9.3847	9.3023
Opening Nav of Fiscal Year	9.3828	9.3023
Total return of the fund	6.55%	7.50%
Capital growth	0.20%	0.27%
Income distribution as a % of e x nav	6.35%	7.23%
Income distribution as a % of par value	6.35%	7.23%
Interim distribution per unit	0.6351	0.7234
Final distribution per unit		-
Distribution dates		
Interim	Daily	Daily
Final		
Average annual return (launch date 01-11-19)		
(Since inception to June 30, 2020)	8.51%	11.31%
Portfolio Composition (Please see Fund Manager Report)		
Weighted average portfolio duration	11 Days	31 Days

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

Head Office

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

NBP FUNDS
Managing Your Savings

Aitemaad اعتماد

NAFA ISLAMIC ACTIVE ALLOCATION FUND – III

ANNUAL REPORT
2021

AM1
Rated by PACRA

MISSION STATEMENT

To rank in the top quartile

in performance of

NBP FUNDS

relative to the competition,

and to consistently offer

Superior risk-adjusted returns to investors.

Contents

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Al Habib Limited
Dubai Islami Bank Limited
Habib Bank Limited
JS Bank Limited
Meezan Bank Limited
Soneri Bank Limited
United Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive Officer

Shaikh Muhammad Abdul Wahid Sethi
Chairman

Mr. Khalid Mansoor
Director

Mr. Humayun Bashir
Director

Mr. Tauqeer Mazhar
Director

Mr. Ali Saigol
Director

Mr. Saad Amanullah Khan
Director

Ms. Mehnaz Salar
Director

Mr. Imran Zaffar
Director

Senior Management

Dr. Amjad Waheed, CFA
Chief Executive Officer

Mr. Sajjad Anwar, CFA
Chief Investment Officer

Mr. Samiuddin Ahmed
Country Head Corporate Marketing

Mr. Ozair Khan
Chief Technology Officer

Mr. Salim S Mehdi
Chief Innovation & Strategy Officer

Mr. Muhammad Murtaza Ali
Chief Operating Officer & Company Secretary

Mr. Khalid Mehmood
Chief Financial Officer

Mr. Asim Wahab Khan, CFA
Deputy Chief Investment Officer

Syed Sharoz Mazhar, CFA
Head of Business & Sales Strategy

Mr. Salman Ahmed, CFA
Head of Fixed Income

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

Mr. Hassan Raza, CFA
Head of Research

Mr. Waheed Abidi
Head of Internal Audit

Mr. Zaheer Iqbal, ACA FPFA
Head of Operations

Muhammad Imran, CFA, ACCA
Head of Portfolio Management

Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

This is the Fourth Annual Report for the period ended June 30, 2021, since launch of **NAFA Islamic Active Allocation Fund-III** (NIAAF-III) on June 22, 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/Money Market Funds.

NAFA Islamic Active Allocation Fund-III has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through three (3) Allocation Plans including NAFA Islamic Capital Preservation Plan-III (NICPP-III), NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) & NBP Islamic Capital Preservation Plan-V (NICPP-V).

Islamic Money Market Fund:	NBP Islamic Money Market Fund
Islamic Income Fund:	NBP Islamic Daily Dividend Fund
Islamic Equity 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 decisive policy response by the monetary and fiscal authorities. The rally at the local bourse picked up steam in 1HFY21 as valuable money entered the stock market. Robust economic recovery and strong earnings growth further lifted market sentiment. It merits mention that the stock market performance during FY21 was driven by the corporate earnings growth as the market still trades at an attractive Price-to-Earnings (P/E) multiple of 6.5x.

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

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

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 Capital Preservation Plan-III (NICPP-III)

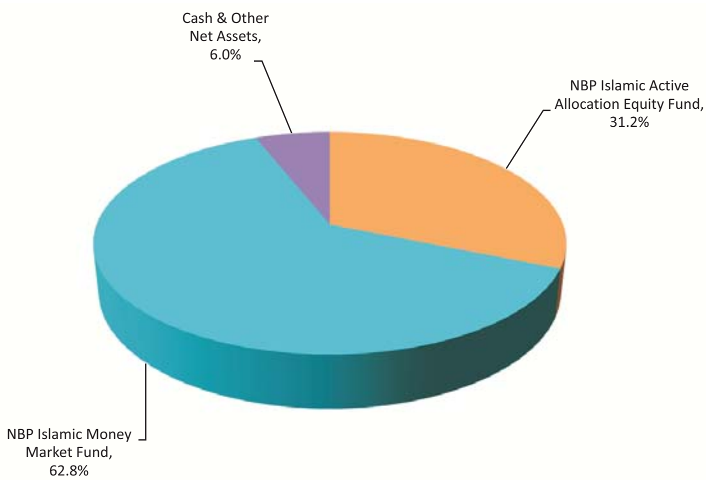
This is the fourth annual report for the period ended June 30, 2021, since launch NAFA Islamic Capital Preservation Plan-III (NICPP-III) on June 22, 2018. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-III (NICPP III) increased by 7.5% as against the benchmark which increased by 7.8%, thus, the Fund underperformed the benchmark by 0.3% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-III (NICPP-III) has increased from Rs. 89.9085 (Ex-Div) on June 22, 2018 to Rs. 101.0840 on June 30, 2021, thus showing an increase of 12.4%. The Benchmark return during the same period was increased by 8.0%. Thus, the Fund has outperformed its Benchmark by 4.4% since its inception on June 22, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 79 million.

The Plan has earned a total income of Rs. 9.88 million during the year. After deducting total expenses of Rs. 1.77 million, the net income is Rs. 8.11 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 5.42% of the opening ex-NAV (5.37% of the par value) in NAFA Islamic Capital Preservation Plan - III (NICPP III) 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-IV (NICPP-IV)

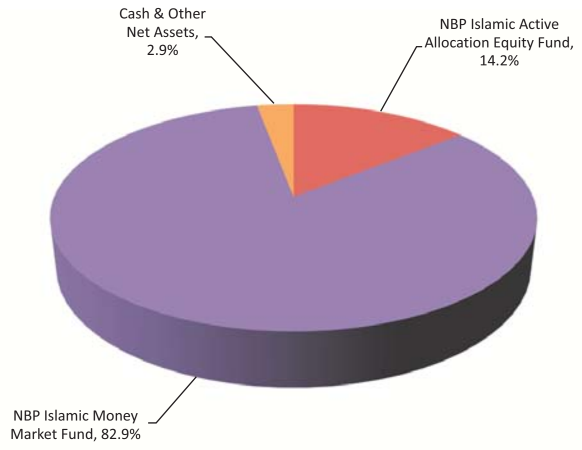
This is the third annual report for the period ended June 30, 2021, since launch NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) on September 14, 2018. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-IV (NICPP IV) increased by 4.8% as against the benchmark which increased by 3.8%, thus, the Fund outperformed the benchmark by 1.0% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) has increased from Rs. 92.3601 (Ex-Div) on September 14, 2018 to Rs. 99.1553 on June 30, 2021, thus showing a increase of 7.4%. The Benchmark during the same period was increased by 3.5%. Thus, the Fund has outperformed its Benchmark by 3.9% since its inception on September 14, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 47 million.

The Plan has earned a total income of Rs. 4.98 million during the year. After deducting total expenses of Rs. 1.19 million, the net income is Rs. 3.79 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 (4.53% of the par value) in NAFA Islamic Capital Preservation Plan - IV (NICPP IV) 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.

NBP Islamic Capital Preservation Plan-V (NICPP-V)

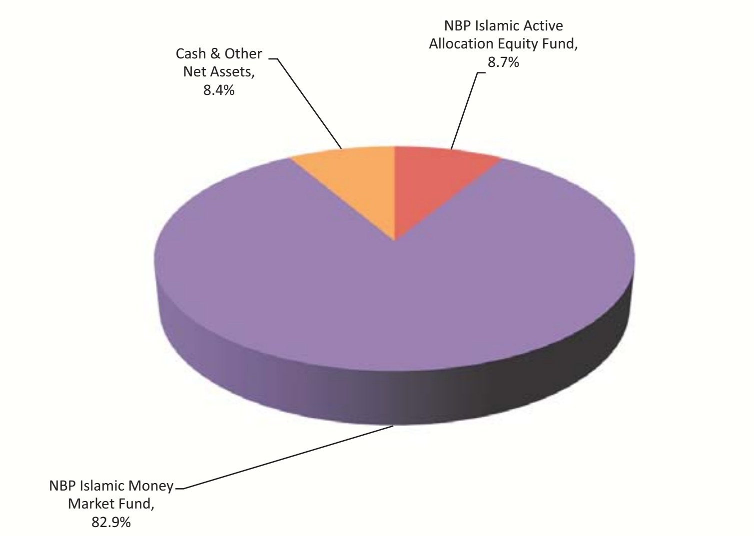
This is the third annual report for the period ended June 30, 2021, since launch NBP Islamic Capital Preservation Plan-V (NICPP-V) on December 17, 2018. The objective of the Fund is to provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Equity Fund and Income Fund.

Plan's Performance

During the fiscal year, NBP Islamic Capital Preservation Plan-V (NICPP V) increased by 4.6% as against the benchmark which increased by 3.6%, thus, the Fund outperformed the benchmark by 1.0% during the year. Since launch of the plan, the unit price of NBP Islamic Capital Preservation Plan-V (NICPP-V) has increased from Rs. 93.0875 (Ex-Div) on December 17, 2018 to Rs. 98.5671 on June 30, 2021, thus showing an increase of 5.9%. The Benchmark during the same period was increased by 3.3%. Thus, the Fund has outperformed its Benchmark by 2.6% since its inception on December 17, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 54 million.

The Plan has earned a total income of Rs. 4.22 million during the year. After deducting total expenses of Rs. 1.67 million, the net income is Rs. 3.05 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 4.29% of the opening ex-NAV (4.22% of the par value) in NBP Islamic Capital Preservation Plan -V (NICPP V) 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-III 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 sub-plans as detailed below. This is one-off event and is not likely to be repeated in the future.

Plans	SWWF Reversed (Rs million)	Increase in NAV (%)
NICPP-III	0.62	0.78%
NICPP-IV	0.21	0.45%
NICPP-V	0.16	0.31%

Auditors

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

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

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

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

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

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

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

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

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

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

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

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

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

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.

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

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive **Director**

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

ڈائریکٹرز رپورٹ

22جون 2018 کو قائم ہونے والے NAFA اسلامک ایکٹو ایلوکیشن فنڈ-III (NIAAF-III) کی 30جون 2021 مختتمہ سال کے لئے یہ چوتھی سالانہ رپورٹ ہے۔

فنڈ کا مقصد شریعہ کمپلیئنٹ ایکوئٹی فنڈ اور انکم / منی مارکیٹ فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

NAFA اسلامک ایکٹو ایلوکیشن فنڈ-III (NIAAF-III) ایک ٹرسٹ اسکیم کی شکل میں تیار کیا گیا ہے جو کہ تین (3) ایلوکیشن پلانز کے ذریعے درج ذیل مجموعی سرمایہ کاری اسکیموں میں سرمایہ کاری کریں گے، یہ پلانز NAFA اسلامک کیپٹل پریزرویشن پلان -III (NICCP-III)، NAFA اسلامک کیپٹل پریزرویشن پلان -IV (NICCP-IV) اور NBP اسلامک کیپٹل پریزرویشن پلان -V (NICCP-V) ہیں۔

اسلامک منی مارکیٹ فنڈ: NBP اسلامک منی مارکیٹ فنڈ

اسلامک انکم فنڈ: NBP اسلامک ڈیلی ڈیویڈینڈ فنڈ

اسلامک ایکویٹی فنڈ: NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ

مالی سال 20 میں ناقص کارکردگی کے بعد (KMI-30 انڈیکس) نے اسٹاک مارکیٹ کی پُرکشش قیمتوں، توقع سے قبل کاروباری پابندیوں کے خاتمے اور تیز ترین معاشی بحالی، ڈویلپمنٹ اور مؤثر ویکسین کی تیاری اور تعیناتی اور مانیٹری اور فسکل حکام کی طرف سے مربوط کن فیصلہ سازی کے باعث مالی سال 2021 کے دوران 39.3% کا مستحکم منافع دیا ہے۔ مقامی اسٹاک مارکیٹ میں ریلی 1HFY21 میں بھرپور بڑھ گئی کیونکہ قابل قدر رقم اسٹاک مارکیٹ میں داخل ہوئی۔ مضبوط معاشی بحالی اور مضبوط آمدنی میں اضافے نے مارکیٹ کے جذبات کو مزید فروغ دیا۔ یہ بات قابل ذکر ہے کہ مالی سال 21 کے دوران اسٹاک مارکیٹ کی کارکردگی کارپوریٹ آمدنی میں اضافے سے کارفرماتھی کیونکہ مارکیٹ اب بھی 6.5x گنا کی پرکشش Price-to-Earning (P/E) پر تجارت کرتی ہے۔

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

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

سی پی آئی (CPI) کی پیمائش کردہ افراطِ زر بنیادی طور پر خوراک کی قیمتوں میں اضافہ کی وجہ سے مالی سال 21 میں 8.9 فیصد تک بلند رہا۔ مالی سال 21 کے دوران اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مانیٹری پالیسی کمیٹی (ایم پی سی) کے پانچ اجلاس منعقد کیے اور بینچ مارک پالیسی کی شرح کو 7 فیصد پر برقرار رکھا۔ افراطِ زر میں اضافے کے باوجود، اسٹیٹ بینک نے معیشت میں نمایاں سست روی اور معاشی بحالی کو ملک میں بڑھتے ہوئے کورونا وائرس کیسز سے پیدا ہونے والے خطرات کے حوالہ سے مانیٹری پالیسی کے مؤثر موقف کو جاری رکھا۔ SBP نے چھبیس (26) ٹی بل نیلامیاں منعقد کیں، جس سے کل 15.2 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۔

NAFA اسلامک کیپٹل پریزرویشن پلان-III(NICCP-III)

22 جون 2018 کو قائم ہونے والے NAFA اسلامک کیپٹل پریزرویشن پلان-III(NICCP-III) کی 30 جون 2021 مختتمہ سال کے لئے یہ چوتھی سالانہ رپورٹ ہے۔

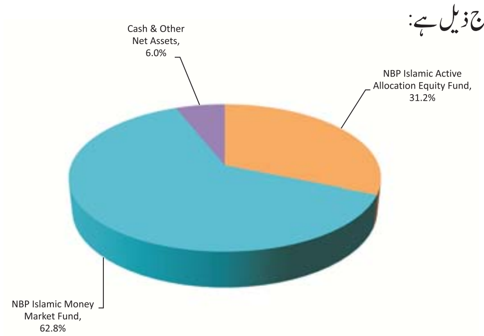
فنڈ کا مقصد شریعہ کمپلینٹ ایکوئٹی فنڈ اور انکم فنڈز کی فعال طور منظّم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان-III(NICCP-III) کے بینچ مارک جو 7.8% زیادہ ہوا کے مقابلے 7.5% زیادہ ہوا، لہٰذا، پلان نے سال کے دوران 0.3% بینچ مارک کی ابتر کارکردگی دکھائی۔ 22 جون 2018 کو اپنے قیام سے NAFA اسلامک کیپٹل پریزرویشن پلان-III(NICCP-III) کے یونٹ کی قیمت 89.9085 روپے(Ex-Div) سے بڑھ کر 30 جون 2021 کو 101.0840 روپے ہوگئی، لہٰذا 12.4% کا اضافہ ظاہر کیا۔ گزشتہ اسی مدت کے دوران بینچ مارک منفعت میں 8.0% کا اضافہ ہوا تھا۔ لہٰذا پلان کی کارکردگی اپنے بینچ مارک سے 4.4% بہتر رہی۔ پلان کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 79 ملین روپے ہے۔

اسلامک کیپٹل پریزرویشن پلان-III(NICCP-III) کو اس مدت کے دوران 9.88 ملین روپے کی آمدنی ہوئی۔ 1.77 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 8.11 ملین روپے ہے۔

30 جون 2021 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان-III(NICCP-III) میں اوپننگ ex-NAV کا 5.42% (بنیادی قدر کا 5.37%) نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NAFA اسلامک کیپٹل پریزرویشن پلان-IV(NICCP-IV)

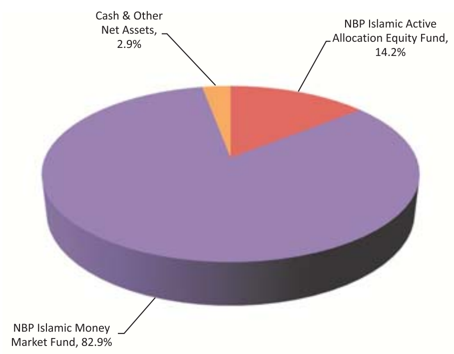
14 ستمبر 2018 کو قائم ہونے والے NAFA اسلامک کیپٹل پریزرویشن پلان-IV(NICCP-IV) کی 30 جون 2021 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ فنڈ کا مقصد شریعہ کمپلینٹ ایکوئٹی فنڈ اور انکم / منی مارکیٹ فنڈز کی فعال طور منظّم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان-IV(NICCP-IV) کی بینچ مارک منفعت جو 3.8% زیادہ ہوئی کے مقابلے میں 4.8% زیادہ ہوئی۔ لہٰذا فنڈ نے سال کے دوران اپنے بینچ مارک سے 1.0% کی بہتر کارکردگی ظاہر کی۔ 14 ستمبر 2018 کو اپنے قیام سے NAFA اسلامک کیپٹل پریزرویشن پلان-IV(NICCP-IV) کے یونٹ کی قیمت 92.3601 روپے سے بڑھ کر 30 جون 2021 کو 99.1553 روپے ہوگئی، لہٰذا 7.4% کا اضافہ ظاہر کیا۔ گزشتہ اسی مدت کے دوران بینچ مارک 3.5% زیادہ ہوا۔ لہٰذا، پلان نے 14 ستمبر 2018 کو اپنے قیام سے اپنے بینچ مارک میں 3.9% کی بہتر کارکردگی دکھائی۔ پلان کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 47 ملین روپے ہے۔

NAFA اسلامک کیپٹل پریزرویشن پلان -IV(NICCP-IV) کو اس مدت کے دوران 4.98 ملین روپے کی آمدنی ہوئی۔ 1.19 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 3.79 ملین روپے ہے۔

30 جون 2021 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران NAFA اسلامک کیپٹل پریزرویشن پلان -IV(NICCP-IV) میں اوپننگ ex-NAV کا 4.58% (بنیادی قدر کا 4.53%) نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

NBP اسلامک کیپٹل پریزرویشن پلان -V(NICCP-V)

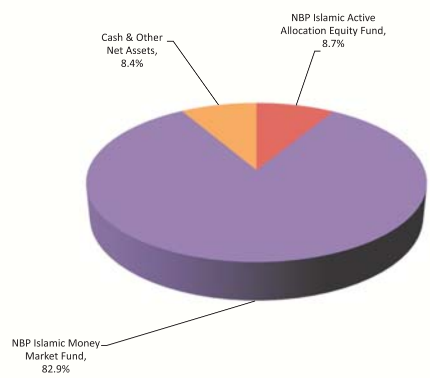
17 دسمبر 2018 کو قائم ہونے والے این بی پی اسلامک کیپٹل پریزرویشن پلان -V(NICCP-V) کی 30 جون 2021 مختتمہ سال کے لئے یہ تیسری سالانہ رپورٹ ہے۔ فنڈ کا مقصد شریعہ کمپلینٹ ایکوئٹی فنڈ اور انکم فنڈز کی فعال طور منظم پورٹ فولیو سے انویسٹرز کو متاثر کن منافع کمانے کا موقع فراہم کرنا ہے۔

پلان کی کارکردگی

مالی سال کے دوران NBP اسلامک کیپٹل پریزرویشن پلان -V(NICCP-V) کی بنچ مارک منفعت جو 3.6% زیادہ ہوئی کے مقابلے میں 4.6% زیادہ ہوئی۔ لہٰذا فنڈ نے سال کے دوران اپنے بنچ مارک سے 1.0% کی بہتر کارکردگی ظاہر کی۔ 17 دسمبر 2018 کو اپنے قیام سے NBP اسلامک کیپٹل پریزرویشن پلان -V(NICCP-V) کے یونٹ کی قیمت 93.0875 روپے سے بڑھ کر 30 جون 2021 کو 98.5671 روپے ہو چکی ہے اور اس طرح 5.9% کا اضافہ ہوا ہے۔ اسی مدت کے دوران بنچ مارک 3.3% زیادہ ہوا۔ لہٰذا پلان نے اپنے آغاز (17 دسمبر 2018) سے اپنے بنچ مارک کی 2.6% بہتر کارکردگی کا مظاہرہ کیا ہے۔ پلان کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ پلان کا سائز 54 ملین روپے ہے۔

NBP اسلامک کیپٹل پریزرویشن پلان -V(NICCP-V) کو اس مدت کے دوران 4.22 ملین روپے کی آمدنی ہوئی۔ 1.67 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 3.05 ملین روپے ہے۔

30 جون 2021 کو پلان کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے دوران NBP اسلامک کیپٹل پریزرویشن پلان -V(NICCP-V) میں اوپننگ ex-NAV کا 4.29% (بنیادی قدر کا 4.22%) نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

سندھ ورکرز ویلفیئر فنڈ (SWWF)

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

Plans	SWWF Reversed (Rs million)	Increase in NAV (%)
NICPP-III	0.62	0.78%
NICPP-IV	0.21	0.45%
NICPP-V	0.16	0.31%

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوگئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2022 کو ختم ہونے والے سال میں دوبارہ تقرر کے لئے پیش کیا ہے۔

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

1• مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

2• فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3• مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

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

5• انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

6• فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک وشبہات نہیں ہیں۔

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

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

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

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

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

•12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید وفروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔

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

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

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز
NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو **ڈائریکٹر**

تاریخ: 16 ستمبر 2021ء
مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Active Allocation Fund-III (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 Asset Allocation Fund -III (NIAAF-III) 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 Money Market Funds.

NAFA Islamic Active Allocation Fund-III has been constituted in the form of a Trust Scheme that shall invest in following Collective Investment Schemes through three (3) Allocation Plans including NAFA Islamic Capital Preservation Plan-III (NICPP-III), NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) & NBP Islamic Capital Preservation Plan-V (NICPP-V).

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Islamic Money Market Fund:	NBP Islamic Money Market Fund
Islamic Equity Fund:	NBP Islamic Active Allocation Equity Fund
Islamic Money Market Fund:	NBP Islamic Daily Dividend Fund

Fund performance review

Plans	Launch Date	Fund Size (Million)	Cumulative Performance Since Inception	
			Plans Return	Benchmark* Return
NICPP-III	22-06-2018	79	12.4%	8.0%
NICPP-IV	14-09-2018	47	7.4%	3.5%
NICPP-V	17-12-2018	54	5.9%	3.3%

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

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

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

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 the Fund (% of NAV)

Plans	Asset Allocation of Plans		
	NBP Islamic Active Allocation Equity Funds	NBP Islamic Money Market Fund	Cash & Other Net Assets/Liabilities
NICPP-III	31.2%	62.8%	6.0%
NICPP-IV	14.2%	82.9%	2.9%
NICPP-V	8.7%	82.9%	8.4%

During the period under question:

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

Sindh Workers' Welfare Fund (SWWF)

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

Plans	SWWF Reversed (Rs million)	Increase in NAV (%)
NICPP-III	0.62	0.78%
NICPP-IV	0.21	0.45%
NICPP-V	0.16	0.31%

NAFA Islamic Capital Preservation Plan-III (NICPP III)

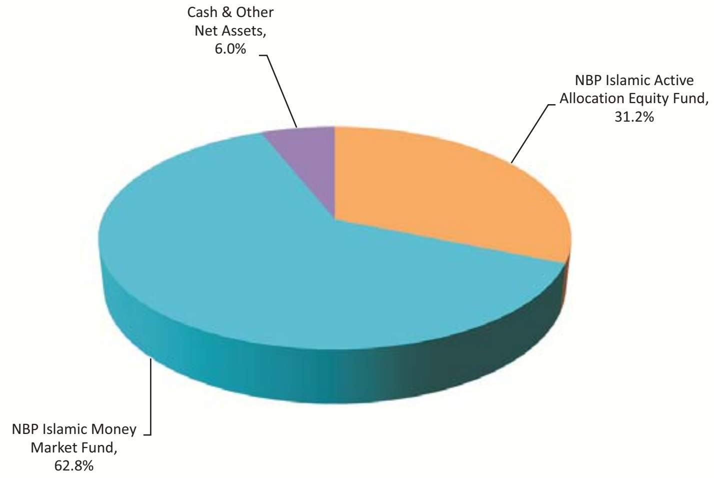
NBP Funds launched its NAFA Islamic Capital Preservation Plan-III (NICPP III) in June 2018 which is the 11th plan under NAFA Islamic Active Allocation Fund-III. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-III 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.

Fund's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-III (NICPP III) increased by 7.5% as against the benchmark which increased by 7.8%, thus, the Fund underperformed the benchmark by 0.3% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-III (NICPP-III) has increased from Rs. 89.9085 (Ex-Div) on June 22, 2018 to Rs. 101.0840 on June 30, 2021, thus showing an increase of 12.4%. The Benchmark return during the same period was increased by 8.0%. Thus, the Fund has outperformed its Benchmark by 4.4% since its inception on June 22, 2018. This performance is net of management fee and all other expenses. The size of the Fund is Rs. 79 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	5.37%	106.2727	100.9046

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan III as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	02
1-1000	57
1001-5000	45
5001-10000	21
10001-50000	14
50001-100000	2
100001-500000	1
Total	**169**

Sindh Workers' Welfare Funds (SWWF)

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs.607,447/-If the same were not made the NAV per unit/ since inception return of scheme would be higher by Rs.0.7780/.83%.- For details investors are advised to read the Note 5 of the latest Financial Statements.

NAFA Islamic Capital Preservation Plan-IV (NICPP IV)

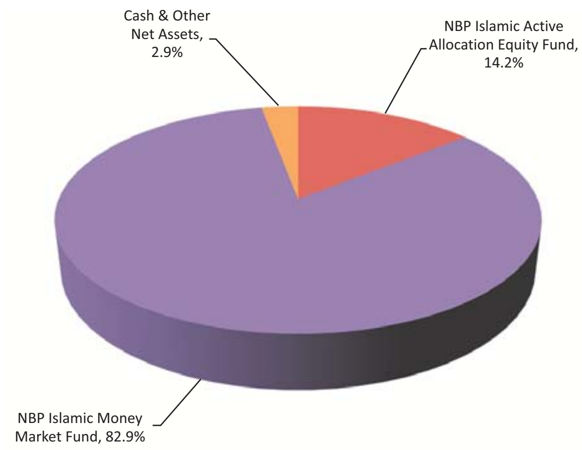
NBP Funds launched its NAFA Islamic Capital Preservation Plan-IV (NICPP IV) in September 2018 which is the 12th plan under NAFA Islamic Active Allocation Fund-III. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-IV 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.

Fund's Performance

During the fiscal year, NAFA Islamic Capital Preservation Plan-IV (NICPP IV) increased by 4.8% as against the benchmark which increased by 3.8%, thus, the Fund outperformed the benchmark by 1.0% during the year. Since launch of the plan, the unit price of NAFA Islamic Capital Preservation Plan-IV (NICPP-IV) has increased from Rs. 92.3601 (Ex-Div) on September 14, 2018 to Rs. 99.1553 on June 30, 2021, thus showing a increase of 7.4%. The Benchmark during the same period was increased by 3.5%. Thus, the Fund has outperformed its Benchmark by 3.9% since its inception on September 14, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 47 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	4.53%	103.6031	99.0747

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan III as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	01
1-1000	27
1001-5000	28
5001-10000	4
10001-50000	11
50001-100000	2
Total	**73**

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 205,708/-If the same were not made the NAV per unit/ since inception return of scheme would be higher by Rs 0.4294/.45%.- For details investors are advised to read the Note 5 of the latest Financial Statements.

NBP Islamic Capital Preservation Plan-V (NICPP V)

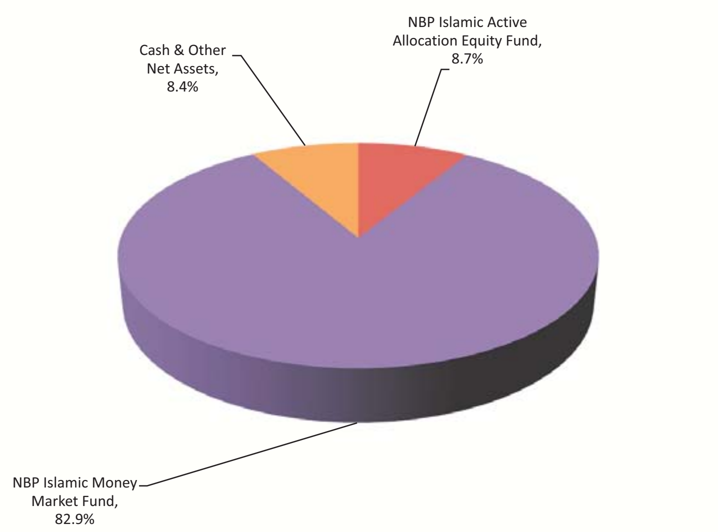
NBP Funds launched its NBP Islamic Capital Preservation Plan-V (NICPP V) in December 2018 which is the 13th plan under NAFA Islamic Active Allocation Fund-III. The Active Allocation Plan will be dynamically managed between dedicated equity & Money Market schemes managed by NBP Funds based on the Fund Manager's outlook of the authorized asset-classes. The Plan is presently closed for new subscription. NICPP-V 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.

Fund's Performance

During the fiscal year, NBP Islamic Capital Preservation Plan-V (NICPP V) increased by 4.6% as against the benchmark which increased by 3.6%, thus, the Fund outperformed the benchmark by 1.0% during the year. Since launch of the plan, the unit price of NBP Islamic Capital Preservation Plan-V (NICPP-V) has increased from Rs. 93.0875 (Ex-Div) on December 17, 2018 to Rs. 98.5671 on June 30, 2021, thus showing an increase of 5.9%. The Benchmark during the same period was increased by 3.3%. Thus, the Fund has outperformed its Benchmark by 2.6% since its inception on December 17, 2018. This performance is net of management fee and all other expenses. The size of the Plan is Rs. 54 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	4.22%	102.6897	98.4708

Unit Holding Pattern of NAFA Islamic Capital Preservation Plan III as on June 30, 2021

Size of Unit Holding (Units)	# of Unit Holders
1-1000	11
1001-5000	16
5001-10000	16
10001-50000	11
100001-500000	02
Total	**56**

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs.157,466/-If the same were not made the NAV per unit/ since inception return of scheme would be higher by Rs 0.2877/.31%.- For details investors are advised to read the Note 5 of the latest Financial Statements.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

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

For and behalf of the board

Date: **September 16, 2021**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 13, 2021/Safar 05, 1443

Alhamdulillah, it is the Fourth year of the operations of NAFA Islamic Active Allocation Fund-III (NIAAF-III). Under this fund, NBP Funds launched its NAFA Islamic Capital Preservation Plan-III (NICPP-III) on June 22, 2018, NAFA Islamic Capital Preservation Plan-IV on September 14, 2018 and NBP Islamic Capital Preservation Plan-V on December 17, 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 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 NIAAF-III in light of Shari'ah guidelines.

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

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

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of NAFA Islamic Active Allocation Fund - III

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
Net Asset Value (Refer note 5 to the annexed financial statements)	
Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2021 amounted to Rs. 169.699 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: • tested the design and operating effectiveness of the key controls for valuation of investments; • obtained independent confirmation for verifying the existence of the investment portfolio as at June 30, 2021 and traced balances in this confirmation with the books and records of the Fund. Where such confirmation was not available, alternate audit procedures were performed; and • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	2021 NICPP-III	2021 NICPP-IV	2021 NICPP-V	2021 Total	2020 NICPP-III	2020 NICPP-IV	2020 NICPP-V	2020 Total
		(Rupees in 000)							
ASSETS									
Balances with banks	4	6,359	1,728	5,141	13,228	148,544	145,505	88,582	382,631
Investments	5	74,199	46,100	49,400	169,699	8,100	798	1,648	10,546
Profit receivable		47	29	19	95	1,024	956	576	2,556
Receivable against sale of investments		-	920	-	920	-	-	-	-
Other receivables	6	220	-	450	670	220	-	450	670
Preliminary expenses and floatation costs	7	-	-	-	-	-	114	121	235
Total assets		80,825	48,777	55,010	184,612	157,888	147,373	91,377	396,638
LIABILITIES									
Payable to NBP Fund Management Limited - the Management Company	8	54	40	46	140	238	199	133	570
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	6	3	3	12	12	10	6	28
Payable to the Securities and Exchange Commission of Pakistan	10	21	16	13	50	54	36	22	112
Payable against redemption of units		-	-	-	-	4,211	-	-	4,211
Dividend payable		189	158	35	382	-	-	-	-
Accrued expenses and other liabilities	11	1,633	1,061	961	3,655	1,991	1,181	982	4,154
Total liabilities		1,903	1,278	1,058	4,239	6,506	1,426	1,143	9,075
NET ASSETS		78,922	47,499	53,952	180,373	151,382	145,947	90,234	387,563
UNIT HOLDERS' FUND (as per statement attached)		78,922	47,499	53,952	180,373	151,382	145,947	90,234	387,563
CONTINGENCIES AND COMMITMENTS	12								
		No. of units				No. of units			
NUMBER OF UNITS IN ISSUE	13	780,759	479,034	547,361		1,528,180	1,475,548	918,073	
		Rupees				Rupees			
NET ASSET VALUE PER UNIT	15	101.0840	99.1553	98.5671		99.0600	98.9102	98.2859	

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

For NBP Fund Management Limited
(Management Company)

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

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021				2020			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
		(Rupees in 000)							
INCOME									
Gain / (loss) on sale of investments - net		1,646	123	121	1,890	(4,036)	(6,270)	(2,462)	(12,768)
Dividend income		1,653	3,757	3,156	8,566	394	24	58	476
Profit on balances with banks		3,907	917	825	5,649	24,442	15,559	9,093	49,094
		7,206	4,797	4,102	16,105	20,800	9,313	6,689	36,802
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2	2,675	181	114	2,970	(39)	10	-	(29)
Total income		9,881	4,978	4,216	19,075	20,761	9,323	6,689	36,773
EXPENSES									
Remuneration of NBP Fund Management Limited - the Management Company	8.1	600	139	128	867	2,085	1,356	796	4,237
Sindh sales tax on remuneration of the Management Company	8.2	78	18	17	113	271	176	103	550
Allocated expenses	8.3	106	79	67	252	272	179	109	560
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	9.1	74	56	47	177	190	125	76	391
Sindh sales tax on remuneration of the Trustee	9.2	10	7	6	23	25	16	10	51
Annual fee of the Securities and Exchange Commission of Pakistan	10	21	16	13	50	54	36	22	112
Settlement and bank charges		35	14	10	59	75	18	50	143
Annual listing fee		9	9	9	27	9	9	9	27
Auditors' remuneration	14	370	367	391	1,128	344	360	390	1,094
Legal and professional charges		251	249	252	752	63	16	35	114
Shariah advisory fee		14	10	9	33	37	26	15	78
Amortisation of preliminary expenses and floatation costs	7	-	114	121	235	967	555	266	1,788
Printing charges		35	35	33	103	34	31	49	114
Total expenses		1,603	1,113	1,103	3,819	4,426	2,903	1,930	9,259
Net income from operating activities		8,278	3,865	3,113	15,256	16,335	6,420	4,759	27,514
Provision for Sindh Workers' Welfare Fund	11.1	(166)	(77)	(62)	(305)	(327)	(128)	(95)	(550)
Net income for the year before taxation		8,112	3,788	3,051	14,951	16,008	6,292	4,664	26,964
Taxation	16	-	-	-	-	-	-	-	-
Net income for the year after taxation		8,112	3,788	3,051	14,951	16,008	6,292	4,664	26,964
Earnings / (loss) per unit	17								
Allocation of net income for the year									
Net income for the after taxation		8,112	3,788	3,051		16,008	6,292	4,664	
Income already paid on units redeemed		(2,603)	(1,575)	(703)		(9,533)	(1,273)	(2,010)	
		5,509	2,213	2,348		6,475	5,019	2,654	
Accounting income available for distribution									
- Relating to capital gains		2,619	200	175		-	-	-	
- Excluding capital gains		2,890	2,013	2,173		6,475	5,019	2,654	
		5,509	2,213	2,348		6,475	5,019	2,654	

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

For NBP Fund Management Limited
(Management Company)

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

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

	2021				2020			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	(Rupees in 000)							
Net income for the year after taxation	8,112	3,788	3,051	14,951	16,008	6,292	4,664	26,964
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	8,112	3,788	3,051	14,951	16,008	6,292	4,664	26,964

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

For NBP Fund Management Limited
(Management Company)

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

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

	2021									Total		
	NICPP-III			NICPP-IV			NICPP-V					
	Capital value	Undistri-buted income	Total	Capital value	Accumu-lated losses	Total	Capital value	Accumu-lated losses	Total	Capital value	Accumu-lated losses	Total
	---------- (Rupees in 000) ----------			---------- (Rupees in 000) ----------			---------- (Rupees in 000) ----------			---------- (Rupees in 000) ----------		
Net assets at the beginning of the ye	151,051	331	151,382	149,402	(3,455)	145,947	93,046	(2,812)	90,234	393,499	(5,936)	387,563
Issuance of units NICPP-III: 37,144 units / NICPP-IV: 15,294 units / NICPP-V 25,878 units												
- Capital value (at ex net asset value per ur	3,679	-	3,679	1,513	-	1,513	2,543	-	2,543	7,735	-	7,735
- Element of los	90	-	90	4	-	4	37	-	37	131	-	131
Total proceeds on issuance of un	3,769	-	3,769	1,517	-	1,517	2,580	-	2,580	7,866	-	7,866
Redemption of units NICPP-III: 784,565 units / NICPP-IV: 1,011,808 units / NICPP-V: 396,590 units												
- Capital value (at ex net asset value per ur	(77,719)	-	(77,719)	(100,078)	-	(100,078)	(38,979)	-	(38,979)	(216,776)	-	(216,776)
- Element of los	-	(2,603)	(2,603)	-	(1,575)	(1,575)	(1)	(703)	(704)	(1)	(4,881)	(4,882)
Total payments on redemption of un	(77,719)	(2,603)	(80,322)	(100,078)	(1,575)	(101,653)	(38,980)	(703)	(39,683)	(216,777)	(4,881)	(221,658)
Total comprehensive income for the ye	-	8,112	8,112	-	3,788	3,788	-	3,051	3,051	-	14,951	14,951
Distribution for the year ended June 30, 2021: NICPP-III Rs 5.3681 per unit / NICPP-IV @ Rs 4.5284 per unit / NICPP-V @ Rs 4.2189 per unit (date of declaration: June 30, 202	(19)	(4,000)	(4,019)	-	(2,100)	(2,100)	(30)	(2,200)	(2,230)	(49)	(8,300)	(8,349)
Net assets at the end of the year	77,082	1,840	78,922	50,841	(3,342)	47,499	56,616	(2,664)	53,952	184,539	(4,166)	180,373
Undistributed income / (loss) brought forw												
- Realised income / (loss)		370			(3,465)			(2,812)				
- Unrealised (loss) / income		(39)			10			-				
		331			(3,455)			(2,812)				
Accounting income available for distribu												
- Relating to capital gair		2,619			200			175				
- Excluding capital gair		2,890			2,013			2,173				
		5,509			2,213			2,348				
Distribution for the year ended June 30, 2021: NICPP-III Rs 5.3681 per unit / NICPP-IV @ Rs 4.5284 per unit / NICPP-V @ Rs 4.2189 per unit (date of declaration: June 30, 202		(4,000)			(2,100)			(2,200)				
Undistributed income / (accumulated losses) carried forward		1,840			(3,342)			(2,664)				
Undistributed income / (accumulated losses) carried for												
- Realised income / (losses		(835)			(3,523)			(2,778)				
- Unrealised incom		2,675			181			114				
		1,840			(3,342)			(2,664)				
			Rupees			Rupees			Rupees			
Net asset value per unit at the beginning of the year			99.0600			98.9102			98.2859			
Net asset value per unit at the end of the year			101.0840			99.1553			98.5671			

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

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

	2020									Total		
	NICPP-III			NICPP-IV			NICPP-V					
	Capital value	Undistri-buted income	Total	Capital value	Accumu-lated losses	Total	Capital value	Accumu-lated losses	Total	Capital value	Accumu-lated losses	Total
	(Rupees in 000)			(Rupees in 000)			(Rupees in 000)			(Rupees in 000)		
Net assets at the beginning of the year	387,783	4,412	392,195	285,475	(3,455)	282,020	156,104	(2,812)	153,292	829,362	(1,855)	827,507
Issuance of units: NICPP-III: 83,625 units / NICPP-IV: 41,148 units / NICPP-V: 21,455 units												
- Capital value (at ex net asset value per unit)	8,364	-	8,364	4,062	-	4,062	2,107	-	2,107	14,533	-	14,533
- Element of (loss) / income	(108)	-	(108)	7	-	7	3	-	3	(98)	-	(98)
Total proceeds on issuance of units	8,256	-	8,256	4,069	-	4,069	2,110	-	2,110	14,435	-	14,435
Redemption of units: NICPP-III: 2,476,638 units / NICPP-IV: 1,422,190 units / NICPP-V: 664,451 units												
- Capital value (at ex net asset value per unit)	(247,712)	-	(247,712)	(140,407)	-	(140,407)	(65,247)	-	(65,247)	(453,366)	-	(453,366)
- Element of income / (loss)	2,724	(9,533)	(6,809)	265	(1,273)	(1,008)	79	(2,010)	(1,931)	3,068	(12,816)	(9,748)
Total payments on redemption of units	(244,988)	(9,533)	(254,521)	(140,142)	(1,273)	(141,415)	(65,168)	(2,010)	(67,178)	(450,298)	(12,816)	(463,114)
Total comprehensive income for the year	-	16,008	16,008	-	6,292	6,292	-	4,664	4,664	-	26,964	26,964
Interim distribution for the year ended June 30, 2020: NICPP-III @ Re 0.095 per unit / NICPP-IV @ Rs 3.4990 per unit / NICPP-V @ Rs 2.9603 (date of declaration: June 29, 2020)	-	(6,556)	(6,556)	-	(5,019)	(5,019)	-	(2,654)	(2,654)	-	(14,229)	(14,229)
Final distribution for the year ended June 30, 2019 @ Rs 1.0847 per unit (date of declaration: July 18, 2019)	-	(4,000)	(4,000)	-	-	-	-	-	-	-	(4,000)	(4,000)
Net assets at the end of the year	**151,051**	**331**	**151,382**	**149,402**	**(3,455)**	**145,947**	**93,046**	**(2,812)**	**90,234**	**393,499**	**(5,936)**	**387,563**
Undistributed income / (loss) brought forward												
- Realised income		22,560			9,343			4,369				
- Unrealised loss		(18,148)			(12,798)			(7,181)				
		4,412			(3,455)			(2,812)				
Accounting income available for distribution												
- Relating to capital gains		-			-			-				
- Excluding capital gains		6,475			5,019			2,654				
		6,475			5,019			2,654				
Interim distribution for the year ended June 30, 2020: NICPP-III @ Re 0.095 per unit / NICPP-IV @ Rs 3.4990 per unit / NICPP-V @ Rs 2.9603 per unit (date of declaration: June 29, 2020)		(6,556)			(5,019)			(2,654)				
Final distribution for the year / period ended June 30, 2019 @ Rs 1.0847 per unit (date of declaration: July 18, 2019)		(4,000)			-			-				
Undistributed income / (accumulated losses) carried forward		331			(3,455)			(2,812)				
Undistributed income / (accumulated losses) carried forward												
- Realised income / (loss)		370			(3,465)			(2,812)				
- Unrealised (loss) / income		(39)			10			-				
		331			(3,455)			(2,812)				
			Rupees			Rupees			Rupees			
Net asset value per unit at the beginning of the year			100.0193			98.7262			98.1965			
Net asset value per unit at the end of the year			99.0600			98.9102			98.2859			

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

For NBP Fund Management Limited
(Management Company)

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 NICPP-III	2021 NICPP-IV	2021 NICPP-V	2021 Total	2020 NICPP-III	2020 NICPP-IV	2020 NICPP-V	2020 Total
		(Rupees in 000)							
CASH FLOWS FROM OPERATING ACTIVITIES									
Net income for the year before taxation		**8,112**	**3,788**	**3,051**	**14,951**	16,008	6,292	4,664	26,964
Adjustments									
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.2	**(2,675)**	**(181)**	**(114)**	**(2,970)**	39	(10)	-	29
Profit on balances with banks		**(3,907)**	**(917)**	**(825)**	**(5,649)**	(24,442)	(15,559)	(9,093)	(49,094)
Provision for Sindh Workers' Welfare Fund		**166**	**77**	**62**	**305**	327	128	95	550
Amortisation of preliminary expenses and floatation costs		**-**	**114**	**121**	**235**	967	555	266	1,788
		(6,416)	**(907)**	**(756)**	**(8,079)**	(23,109)	(14,886)	(8,732)	(46,727)
(Increase) / decrease in assets									
Investments		**(63,424)**	**(46,041)**	**(47,638)**	**(157,103)**	77,160	64,500	44,824	186,484
(Decrease) / increase in liabilities									
Payable to NBP Fund Management Limited - the Management Company		**(184)**	**(159)**	**(87)**	**(430)**	(2,611)	(1,355)	(639)	(4,605)
Payable to Central Depository Company of Pakistan Limited - the Trustee		**(6)**	**(7)**	**(3)**	**(16)**	(26)	(17)	(9)	(52)
Payable to the Securities and Exchange Commission of Pakistan		**(33)**	**(20)**	**(9)**	**(62)**	(593)	(293)	(92)	(978)
Dividend payable		**189**	**158**	**35**	**382**	-	-	-	-
Accrued expenses and other liabilities		**(524)**	**(197)**	**(83)**	**(804)**	1,142	669	651	2,462
		(558)	**(225)**	**(147)**	**(930)**	(2,088)	(996)	(89)	(3,173)
Profit received on balances with banks		**4,884**	**1,844**	**1,382**	**8,110**	26,784	16,966	9,713	53,463
Net cash (used in) / generated from operating activities		**(57,402)**	**(41,541)**	**(44,108)**	**(143,051)**	94,755	71,876	50,380	217,011
CASH FLOWS FROM FINANCING ACTIVITIES									
Net receipts from issuance of units		**3,750**	**1,517**	**2,550**	**7,817**	8,256	4,069	2,110	14,435
Net payments against redemption of units		**(84,533)**	**(101,653)**	**(39,683)**	**(225,869)**	(250,310)	(141,415)	(67,178)	(458,903)
Distributions paid		**(4,000)**	**(2,100)**	**(2,200)**	**(8,300)**	(10,556)	(5,019)	(2,654)	(18,229)
Net cash used in financing activities		**(84,783)**	**(102,236)**	**(39,333)**	**(226,352)**	(252,610)	(142,365)	(67,722)	(462,697)
Net decrease in cash and cash equivalents during the year		**(142,185)**	**(143,777)**	**(83,441)**	**(369,403)**	(157,855)	(70,489)	(17,342)	(245,686)
Cash and cash equivalents at the beginning of the year		**148,544**	**145,505**	**88,582**	**382,631**	306,399	215,994	105,924	628,317
Cash and cash equivalents at the end of the year	4	**6,359**	**1,728**	**5,141**	**13,228**	148,544	145,505	88,582	382,631

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Active Allocation Fund-III (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 30, 2018 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 (the SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The objective of NAFA Islamic Capital Preservation Plan III (NICPP III), NAFA Islamic Capital Preservation Plan IV (NICPP IV) and NBP Islamic Capital Preservation Plan V (NICPP V) is to earn a potentially high return through dynamic asset allocation between the Shariah compliant dedicated equity and money market based collective investment schemes, while providing capital preservation of the initial investment value including sales load at completion of twenty four months and beyond. The investment objectives and policies are explained in the Fund's offering document.

The Fund has been categorised as an open ended Shariah compliant fund of funds by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from June 22, 2018 (NICPP - III), September 15, 2018 (NICPP - IV) and December 18, 2018 (NICPP - V) and are transferable and redeemable by surrendering them to the Fund.

The Pakistan Credit Rating Agency (PACRA) has reaffirmed an Asset Manager Rating of AM1 as at June 23, 2021 (June 24, 2020: AM1) to the Management Company. The Fund has not yet been rated.

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

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

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

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

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

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

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

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

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

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

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

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for taxation (notes 3.13 and 16) and provision for Sindh Workers' Welfare Fund (note 11.1).

2.5 Basis of measurement

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Cash and cash equivalents

These comprise balances with banks in profit and loss sharing and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.3 Financial assets

3.3.1 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.

3.3.2 Classification and subsequent measurement

3.3.2.1 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.

The investments of the Fund includes investments in units of mutual funds which are categorised as puttable instruments and are mandatorily required to be classified as financial assets 'at fair value through profit or loss'.

3.3.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets 'at fair value through profit or loss'

Basis of valuation in the collective investment schemes

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.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the income statement.

3.3.4 Impairment

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

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

- the time value of money; and

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

3.3.5 Regular way contracts

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

3.3.6 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.

3.3.7 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.

3.4 Financial liabilities

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

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

3.5 Offsetting of financial assets and financial liabilities

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

3.6 Provisions

Provisions are 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.

3.7 Net asset value per unit

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

3.8 Issue and redemption of units

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

3.9 Distributions to unit holders

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

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

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

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

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded 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 recorded in the year in which these arise.

- Profit on balances with banks is recognised on an accrual basis.

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

3.12 Expenses

All expenses including remuneration of the Management Company and the Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

3.13 Taxation

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

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

3.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 17.

3.15 Foreign currency translation

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

		2021				2020			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
4 BALANCES WITH BANKS	Note	(Rupees in 000)							
Profit and loss sharing accounts	4.1	**6,280**	**1,461**	**4,570**	**12,311**	148,140	145,249	88,326	381,715
Current accounts		**79**	**267**	**571**	**917**	404	256	256	916
		6,359	**1,728**	**5,141**	**13,228**	148,544	145,505	88,582	382,631

4.1 These carry profits at rates ranging from 3.75% to 7.4% per annum (2020: 5% to 7.5% per annum) for NICPP - III, 3.75% to 7.4% per annum (2020: 5% to 7.5% per annum) for NICPP - IV and 3.75% to 7.4% per annum (June 30, 2020: 5% to 7.5% per annum) for NICPP - V.

5 INVESTMENTS	Note	2021 NICPP-III	2021 NICPP-IV	2021 NICPP-V	2021 Total	2020 NICPP-III	2020 NICPP-IV	2020 NICPP-V	2020 Total
		(Rupees in 000)							
Financial assets 'at fair value through profit or loss'									
- Units of open ended mutual funds	5.1	**74,199**	**46,100**	**49,400**	**169,699**	8,100	798	1,648	10,546

5.1 Investment in units of open ended mutual funds - related parties

5.1.1 NAFA Islamic Capital Preservation Plan - III

Name of the investee funds	Number of units: As at July 1, 2020	Purchased during the year	Redeemed during the year	As at June 30, 2021	Carrying value	Market value	Market value as a percentage of net assets	total investments
					----- (Rupees in 000) -----		-------------- % --------------	
NBP Islamic Active Allocation Equity Fund	930,431	2,437,512	1,220,011	2,147,932	22,128	24,662	31.25%	33.24%
NBP Islamic Money Market Fund	-	6,685,644	1,756,800	4,928,844	49,396	49,537	62.77%	66.76%
As at June 30, 2021				7,076,776	71,524	74,199	94.02%	100%
As at June 30, 2020				930,431	8,139	8,100		

5.1.2 NAFA Islamic Capital Preservation Plan - IV

Name of the investee funds	Number of units: As at July 1, 2020	Purchased during the year	Redeemed during the year	As at June 30, 2021	Carrying value	Market value	Market value as a percentage of net assets	total investments
					----- (Rupees in 000) -----		-------------- % --------------	
NBP Islamic Active Allocation Equity Fund	91,674	711,424	215,816	587,282	6,655	6,744	14.20%	14.63%
NBP Islamic Money Market Fund	-	5,212,472	1,296,567	3,915,905	39,264	39,356	82.86%	85.37%
NBP Islamic Daily Dividend Fund	-	13,519,604	13,519,604	-	-	-	-	-
As at June 30, 2021				4,503,187	45,919	46,100	97.06%	100%
As at June 30, 2020				91,674	788	798		

5.1.3 NBP Islamic Capital Preservation Plan - V

Name of the investee funds	Number of units				Carrying value	Market value	Market value as a percentage of	
	As at July 1, 2020	Purchased during the year	Redeemed during the year	As at June 30, 2021			net assets	total investments
					----- (Rupees in 000) -----		-------------- % --------------	
NBP Islamic Active Allocation Equity Fund	189,245	451,209	233,032	407,422	4,655	4,678	8.67%	9.47%
NBP Islamic Money Market Fund	-	5,916,145	1,466,359	4,449,786	44,631	44,722	82.89%	90.53%
NBP Islamic Daily Dividend Fund	-	8,149,495	8,149,495	-	-	-	-	-
As at June 30, 2021				4,857,208	49,2860	49,40	91.56%	100%
As at June 30, 2020				189,245	1,648	1,648		

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

		2021				2020			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	Note	----------	----------	----------	(Rupees in 000)	----------	----------	----------	----------
Market value of investments	5.1	**74,199**	**46,100**	**49,400**	**169,699**	8,100	798	1,648	10,546
Less: carrying value of investments	5.1	**(71,524)**	**(45,919)**	**(49,286)**	**(166,729)**	(8,139)	(788)	(1,648)	(10,575)
		2,675	**181**	**114**	**2,970**	(39)	10	-	(29)

6 OTHER RECEIVABLES

	Note								
Advance tax	6.1	**220**	**-**	**450**	**670**	220	-	450	670

6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding taxes under sections 151 and 150. However, withholding taxes on profit on balances with banks to the Fund were deducted by various withholding agents based on the interpretation issued by FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The taxes withheld on profit on balances with banks and dividend income amount to Rs 0.220 million (2020: Rs 0.220 million) in NICPP III, Nil (2020: Nil) in NICPP IV and Rs 0.450 million (2020: Rs 0.450 million) in NICPP V.

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 Supreme Court 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 balances with banks have been shown as other receivables as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will likely be refunded.

7 PRELIMINARY EXPENSES AND FLOATATION COSTS

	2021				2020			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	(Rupees in 000)							
At the beginning of the year	**-**	**114**	**121**	**235**	967	669	387	2,023
Less: amortisation during the year	**-**	**(114)**	**(121)**	**(235)**	(967)	(555)	(266)	(1,788)
At the end of the year	**-**	**-**	**-**	**-**	-	114	121	235

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

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

		2021				2020			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	Note	(Rupees in 000)							
Remuneration payable to the Management Company	8.1	**4**	**3**	**3**	**10**	142	122	73	337
Sindh sales tax payable on remuneration of the Management Company	8.2	**1**	**-***	**-***	**1**	18	16	9	43
Allocated expenses	8.3	**21**	**13**	**14**	**48**	50	37	22	109
Other payables		**28**	**24**	**29**	**81**	28	24	29	81
		54	**40**	**46**	**140**	238	199	133	570

* Nil due to rounding off

8.1 The Management Company has charged its remuneration at the rate of 1% per annum of the average net assets after deducting market value of investments in collective investment schemes (2020: 1% per annum of the average net assets after deducting market value of investments in collective investment schemes) during the year ended June 30, 2021. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs 0.078 million (2020: Rs 0.271 million) NICPP-III, Rs 0.018 million (2020: Rs 0.176 million) NICPP-IV and Rs 0.017 million (2020: Rs 0.103 million) NICPP-V, was charged on account of sales tax at the rate of 13% (2020: 13%) on management fee levied through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with Regulation 60 of the NBFC Regulations, 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 currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses during the year.

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

		2021				2020			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	Note	(Rupees in 000)							
Trustee fee payable	9.1	**5**	**3**	**3**	**11**	11	9	5	25
Sindh sales tax on trustee fee*	9.2	**1**	**-***	**-***	**1**	1	1	1	3
		6	**3**	**3**	**12**	12	10	6	28

*Nil due to rounding off

9.1 The Trustee is entitled to monthly remuneration of 0.07% (2020: 0.07%) per anum of average net assets for services rendered to the Fund under the provisions of the Trust Deed.

9.2 During the year, an amount of Rs 0.010 million (2020: Rs 0.025 million) NICPP-III, Rs 0.007 million (2020: Rs 0.016 million) NICPP-IV and Rs 0.006 million (2020: Rs 0.010 million) NICPP-V, was charged on account of sales tax at the rate of 13% (2020: 13%) on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

		2021				2020			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	Note	(Rupees in 000)							
Annual fee payable	10.1	**21**	**16**	**13**	**50**	54	36	22	112

10.1 In accordance with SRO No. 685(I)/2019 dated June 28, 2019 issued by the SECP, the Fund has charged the SECP fee at the rate of 0.02% (2020: 0.02%) of the average annual net assets of the Fund.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

		2021				2020			
		NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	Note	(Rupees in 000)							
Auditors' remuneration payable		**280**	**269**	**283**	**832**	260	252	251	763
Printing charges payable		**27**	**25**	**28**	**80**	20	18	22	60
Legal and professional charges payable		**84**	**81**	**82**	**247**	52	50	50	152
Withholding tax payable		**616**	**433**	**343**	**1,392**	1,129	686	513	2,328
Provision for Sindh Workers' Welfare Fund	11.1	**608**	**205**	**157**	**970**	442	128	95	665
Shariah advisor fee payable		**15**	**11**	**11**	**37**	41	26	17	84
Bank charges payable		**3**	**37**	**57**	**97**	47	21	34	102
		1,633	**1,061**	**961**	**3,655**	1,991	1,181	982	4,154

11.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh 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 Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from commencement of the plan to June 30, 2021, the net assets value would have been higher by Re 0.779 per unit (2020: Re 0.289 per unit) for NICPP III, Re 0.428 per unit (2020: Re 0.087 per unit) for NICPP IV and Re 0.287 per unit (2020: Re 0.103 per unit) for NICPP V.

12 CONTINGENCIES AND COMMITMENTS

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

13 NUMBER OF UNITS IN ISSUE

	2021			2020		
	NICPP-III	NICPP-IV	NICPP-V	NICPP-III	NICPP-IV	NICPP-V
	Number of units					
Total units in issue at the beginning of the year	1,528,180	1,475,548	918,073	3,921,193	2,856,590	1,561,069
Units issued during the year	37,144	15,294	25,878	83,625	41,148	21,455
Less: units redeemed during the year	784,565	1,011,808	396,590	2,476,638	1,422,190	664,451
Total units in issue at the end of the year	780,759	479,034	547,361	1,528,180	1,475,548	918,073

14 AUDITORS' REMUNERATION

	2021				2020			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	(Rupees in 000)							
Annual audit fee	191	191	191	573	191	191	191	573
Half yearly review	76	76	76	228	76	76	76	228
Other certification	40	40	40	120	40	40	40	120
Out of pocket expenses and sales tax	63	60	84	207	37	53	83	173
	370	367	391	1,128	344	360	390	1,094

15 NET ASSET VALUE PER UNIT

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

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 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management has distributed the required minimum percentage of income earned by NICPP - III, NICPP - IV and NICPP - V for the year ended June 30, 2021 to the unit holders in cash during the year, no provision for taxation has been made in these financial statements for NICPP - III, NICPP - IV and NICPP - V.

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

17 EARNINGS / (LOSS) PER UNIT

Earnings / (loss) 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.

18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 1.67% (2020: 1.75%) - NICPP - III, 1.50% (2020: 1.70%) - NICPP - IV and 1.73% (2020 : 1.87%) - NICPP - V which includes 0.26% (2020: 0.25%) - NICPP - III, 0.15% (2020: 0.20%) - NICPP - IV and 0.15% (2020: 0.21%) - NICPP - V representing government levies on the Fund such as sales taxes, annual fee to the SECP, provision for SWWF etc. The TER excluding government levies is 1.40% (2020: 1.50%) - NICPP III, 1.35% (2020: 1.50%) - NICPP IV and 1.58% (2020: 1.66%) - NICPP V which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a 'Fund of Funds' scheme.

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

19.6 Details of the transactions with related parties / connected persons are as follows:

	2021				2020			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	---------- (Rupees in 000) ----------							
NBP Fund Management Limited - the Management Company								
Remuneration of the Management Company	**600**	**139**	**128**	**867**	2,085	1,356	796	4,237
Sindh sales tax on remuneration of the Management Company	**78**	**18**	**17**	**113**	271	176	103	550
Allocated expenses	**106**	**79**	**67**	**252**	272	179	109	560
Central Depository Company of Pakistan Limited - the Trustee								
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	**74**	**56**	**47**	**177**	190	125	76	391
Sindh sales tax on remuneration of the Trustee	**10**	**7**	**6**	**23**	25	16	10	51
PITC Employees Trust (Pension) Fund - unit holder with more than 10% holding**								
Units issued: Nil (2020: 15,816 units) (NICPP - IV)	**-**	**-**	**-**	**-**	-	1,564	-	1,564
Mid City International - unit holder with more than 10% holding**								
Dividend re-invested - Nil (2020: 2,568) units (NICPP V)	**-**	**-**	**-**	**-**	-	-	252	252
Station Head Quarter Rawalpindi - unit holder with more than 10% holding								
Dividend re-invested : - 7,620 (2020: Nil) units (NICPP - III)* - 4,280 (2020: 2,923) units (NICPP V)	**770**	**-**	**422**	**1,192**	-	-	287	287
IM Sciences Trust - unit holder with more than 10% holding								
Dividend re-invested - 3,640 (2020: 2,497) units (NICPP V)	**-**	**-**	**359**	**359**	-	-	245	245
Pakistan Stock Exchange Limited - common directorship								
Listing fee	**9**	**9**	**9**	**27**	9	9	9	27
Welfare Fund Account 25 Signal Battalion - unit holder with more than 10% holding*								
Dividend re-invested - 2,848 (2020: Nil) units (NICPP IV)	**-**	**282**	**-**	**282**	-	-	-	-
Amir Shah Durrani - unit holder with more than 10% holding*								
Dividend re-invested - 1,932 (2020: Nil) units (NICPP IV)	**-**	**192**	**-**	**192**	-	-	-	-
Tanveer Ahmad - unit holder with more than 10% holding*								
Distribution paid	**-**	**220**	**-**	**220**	-	-	-	-

	2021				2020			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	(Rupees in 000)							
Investment in NBP Islamic Active Allocation Equity Fund								
Dividend income	**424**	**46**	**23**	**493**	-	-	-	-
Units purchased: - 2,437,512 (2020: 9,493,480) units (NICPP - III), - 711,424 (2020: 3,259,784) units (NICPP - IV) and - 451,209 (2020: 3,195,179) units (NICPP - V)	**26,128**	**8,070**	**4,383**	**38,581**	89,613	32,950	31,207	153,770
Units sold: - 1,220,011 (2020: 17,954,907) units (NICPP - III), - 215,816 (2020: 10,356,631) units (NICPP - IV) and - 233,032 (2020: 8,122,764) units (NICPP - V)	**13,541**	**2,238**	**1,688**	**17,467**	162,694	91,174	73,559	327,427
Investment in NBP Islamic Money Market Fund								
Dividend income	**1,229**	**1,015**	**1,138**	**3,382**	-	-	-	-
Units purchased: - 6,685,644 (2020: Nil) units (NICPP - III), - 5,212,472 (2020: Nil) units (NICPP - IV) and - 5,916,145 (2020: Nil) units (NICPP - V)	**67,629**	**52,711**	**58,495**	**1,645,194**	-	-	-	-
Units sold: - 1,756,800 (2020: Nil) units (NICPP - III), - 1,296,567 (2020: Nil) units (NICPP - IV) and - 1,466,359 (2020: Nil) units (NICPP - V)	**18,437**	**13,545**	**15,283**	**47,265**	-	-	-	-
Investment in NBP Islamic Daily Dividend Fund								
Dividend income	**-**	**2,696**	**1,995**	**4,691**	-	-	-	-
Units purchased: - 13,519,604 (2020: Nil) units (NICPP - IV) and - 8,149,495 (2020: Nil) units (NICPP - V)	**-**	**135,196**	**81,495**	**216,691**	-	-	-	-
Units sold: - 13,519,604 (2020: Nil) units (NICPP - IV) and - 8,149,495 (2020: Nil) units (NICPP - V)	**-**	**135,196**	**81,495**	**216,691**	-	-	-	-
Amounts outstanding as at year end								
NBP Fund Management Limited - the Management Company								
Remuneration payable to the Management Company	**4**	**3**	**3**	**10**	142	122	73	337
Sindh sales tax payable on remuneration	**1**	**-*****	**-*****	**1**	18	16	9	43
Other payables	**28**	**24**	**29**	**81**	28	24	29	81
Allocated expenses payable	**21**	**13**	**14**	**48**	50	37	22	109
Central Depository Company of Pakistan Limited - the Trustee								
Remuneration payable	**5**	**3**	**3**	**11**	11	9	5	25
Sindh sales tax payable on remuneration of the Trustee***	**1**	**-*****	**-*****	**1**	1	1	1	3
PITC Employees Trust (Pension) Fund - unit holder with more than 10% holding**								
Units held: Nil (2020: 462,830) units (NICPP - IV)	**-**	**-**	**-**	**-**	-	45,779	-	45,779
Mid City International - unit holder with more than 10% holding**								
Units held: Nil (2020: 102,883) units (NICPP - V)	**-**	**-**	**-**	**-**	-	-	10,112	10,112

	2021				2020			
	NICPP-III	NICPP-IV	NICPP-V	Total	NICPP-III	NICPP-IV	NICPP-V	Total
	(Rupees in 000)							
Station Head Quarter Rawalpindi - unit holder with more than 10% holding								
Units held: - 151,100 (2020: Nil) units (NICPP - III)* - 104,286 (2020: 100,037) units (NICPP - V)	**15,274**	**-**	**10,279**	**25,553**	-	-	9,832	9,832
IM Sciences Trust - unit holder with more than 10% holding								
Units held: 103,646 (2020: 100,006) units (NICPP - V)	**-**	**-**	**10,219**	**10,219**	-	-	9,829	9,829
Welfare Fund Account 25 Signal Battalion - unit holder with more than 10% holding*								
Units held: 65,198 (2020: Nil) units (NICPP IV)	**-**	**6,465**	**-**	**6,465**	-	-	-	-
Tanveer Ahmad - unit holder with more than 10% holding*								
Units held: 48,478 (2020: Nil) units (NICPP IV)	**-**	**4,807**	**-**	**4,807**	-	-	-	-
Amir Shah Durrani - unit holder with more than 10% holding*								
Units held: 51,689 (2020: Nil) units (NICPP IV)	**-**	**5,125**	**-**	**5,125**	-	-	-	-
NBP Islamic Active Allocation Equity Fund								
Investment in: - 2,147,932 (2020: 930,431) units (NICPP - III), - 587,282 (2020: 91,674) units (NICPP - IV) and - 407,422(2020: 189,245) units (NICPP - V)	**24,662**	**6,744**	**4,678**	**36,084**	8,100	798	1,648	10,546
NBP Islamic Money Market Fund								
Investment in: - 4,928,844 (2020: Nil) units (NICPP - III), - 3,915,905 (2020: Nil) units (NICPP - IV) and - 4,449,786 (2020: Nil) units (NICPP - V)	**49,537**	**39,356**	**44,722**	**133,615**	-	-	-	-

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

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

*** Nil due to rounding off

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2021			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)	----------------		---------------- (Rupees in 000)	----------------	
20.1 NAFA Islamic Capital Preservation Plan - III						
Financial assets						
Balances with banks	**6,359**	**-**	**6,359**	148,544	-	148,544
Investments	**-**	**74,199**	**74,199**	-	8,100	8,100
Profit receivable	**47**	**-**	**47**	1,024	-	1,024
	6,406	**74,199**	**80,605**	149,568	8,100	157,668
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	**54**	**-**	**54**	238	-	238
Payable to Central Depository Company of Pakistan Limited - the Trustee	**6**	**-**	**6**	12	-	12
Payable against redemption of units	**-**	**-**	**-**	4,211	-	4,211
Dividend payable	**189**	**-**	**189**	-	-	-
Accrued expenses and other liabilities	**409**	**-**	**409**	420	-	420
	658	**-**	**658**	4,881	-	4,881
20.2 NAFA Islamic Capital Preservation Plan - IV						
Financial assets						
Balances with banks	**1,728**	**-**	**1,728**	145,505	-	145,505
Investments	**-**	**46,100**	**46,100**	-	798	798
Profit receivable	**29**	**-**	**29**	956	-	956
Receivable against sale of investments	**920**	**-**	**920**	-	-	-
	2,677	**46,100**	**48,777**	146,461	798	147,259
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	**40**	**-**	**40**	199	-	199
Payable to Central Depository Company of Pakistan Limited - the Trustee	**3**	**-**	**3**	10	-	10
Dividend payable	**158**	**-**	**158**	-	-	-
Accrued expenses and other liabilities	**423**	**-**	**423**	367	-	367
	624	**-**	**624**	576	-	576
20.3 NBP Islamic Capital Preservation Plan - V						
Financial assets						
Balances with banks	**5,141**	**-**	**5,141**	88,582	-	88,582
Investments	**-**	**49,400**	**49,400**	-	1,648	1,648
Profit receivable	**19**	**-**	**19**	576	-	576
	5,160	**49,400**	**54,560**	89,158	1,648	90,806

	2021			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) ----------------			---------------- (Rupees in 000) ----------------		
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	**46**	**-**	**46**	133	-	133
Payable to Central Depository Company of Pakistan Limited - the Trustee	**3**	**-**	**3**	6	-	6
Dividend payable	**35**	**-**	**35**	-	-	-
Accrued expenses and other liabilities	**461**	**-**	**461**	374	-	374
	545	**-**	**545**	513	-	513

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

21.1 Market risk

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

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

Market risk comprises of three types of risks: yield / 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 with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds 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 profit for the year and net assets of the Fund would have been higher / lower by for NICPP - III: Rs 0.063 million (2020: Rs 1.485 million), NICPP - IV: Rs 0.015 million (2020: Rs 1.452 million) and NICPP - V: Rs 0.046 million (2020: Rs 0.830 million).

b) Sensitivity analysis for fixed rate instruments

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

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

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

NAFA Islamic Capital Preservation Plan - III

	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						
Balances with banks	3.75% - 7.4%	6,280	-	-	79	6,359
Investments		-	-	-	74,199	74,199
Profit receivable		-	-	-	47	47
		6,280	-	-	74,325	80,605
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	54	54
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	6	6
Dividend payable		-	-	-	189	189
Accrued expenses and other liabilities		-	-	-	409	409
		-	-	-	658	658
On-balance sheet gap		6,280	-	-	73,667	
Total profit rate sensitivity gap		6,280	-	-		
Cumulative profit rate sensitivity gap		6,280	6,280	6,280		

	2020					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		(Rupees in 000)				
Financial assets						
Balances with banks	5% - 7.5%	148,140	-	-	404	148,544
Investments		-	-	-	8,100	8,100
Profit receivable		-	-	-	1,024	1,024
		148,140	-	-	9,528	157,668
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	238	238
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	12	12
Payable against redemption of units		-	-	-	4,211	4,211
Accrued expenses and other liabilities		-	-	-	420	420
		-	-	-	4,881	4,881
On-balance sheet gap		148,140	-	-	4,647	
Total profit rate sensitivity gap		148,140	-	-		
Cumulative profit rate sensitivity gap		148,140	148,140	148,140		

NAFA Islamic Capital Preservation Plan - IV

	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						
Balances with banks	3.75% - 7.4%	1,461	-	-	267	1,728
Investments		-	-	-	46,100	46,100
Profit receivable		-	-	-	29	29
Receivable against sale of investments		-	-	-	920	920
		1,461	-	-	47,316	48,777
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	40	40
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	3	3
Dividend payable		-	-	-	158	158
Accrued expenses and other liabilities		-	-	-	423	423
		-	-	-	624	624
On-balance sheet gap		1,461	-	-	46,692	
Total profit rate sensitivity gap		1,461	-	-		
Cumulative profit rate sensitivity gap		1,461	1,461	1,461		

	2020					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		(Rupees in 000)				
Financial assets						
Balances with banks	5% - 7.5%	145,249	-	-	256	145,505
Investments		-	-	-	798	798
Profit receivable		-	-	-	956	956
		145,249	-	-	2,010	147,259
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	199	199
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	10	10
Accrued expenses and other liabilities		-	-	-	367	367
		-	-	-	576	576
On-balance sheet gap		145,249	-	-	1,434	
Total profit rate sensitivity gap		145,249	-	-		
Cumulative profit rate sensitivity gap		145,249	145,249	145,249		

NBP Islamic Capital Preservation Plan - V

	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						
Balances with banks	3.75% - 7.4%	4,570	-	-	571	5,141
Investments		-	-	-	49,400	49,400
Profit receivable		-	-	-	19	19
		4,570	-	-	49,990	54,560
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	46	46
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	3	3
Dividend payable		-	-	-	35	35
Accrued expenses and other liabilities		-	-	-	461	461
		-	-	-	545	545
On-balance sheet gap		4,570	-	-	49,445	
Total profit rate sensitivity gap		4,570	-	-		
Cumulative profit rate sensitivity gap		4,570	4,570	4,570		

	2020					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
		(Rupees in 000)				
Financial assets						
Balances with banks	5% - 7.5%	88,326	-	-	256	88,582
Investments		-	-	-	1,648	1,648
Profit receivable		-	-	-	576	576
		88,326	-	-	2,480	90,806
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	133	133
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	6	6
Accrued expenses and other liabilities		-	-	-	374	374
		-	-	-	513	513
On-balance sheet gap		88,326	-	-	1,967	
Total profit rate sensitivity gap		88,326	-	-		
Cumulative profit rate sensitivity gap		88,326	88,326	88,326		

(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.

Presently, the 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 funds, the net income of the NICPP - III, NICPP - IV and NICPP - V for the year would increase / decrease by Rs 3.710 million (2020: Rs 0.405 million), Rs 2.305 million (2020: Rs 0.040 million) and Rs 2.470 million (2020: Rs 0.082 million) respectively.

21.2 Liquidity risk

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

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

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

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

The table below summaries the maturity profile of the Fund's financial 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:

NAFA Islamic Capital Preservation Plan - III

	2021						
	Within one 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 five years	Financial instruments with no fixed maturity	Total
	(Rupees in 000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	54	-	-	-	-	-	54
Payable to Central Depository Company of Pakistan Limited - the Trustee	6	-	-	-	-	-	6
Dividend payable	189	-	-	-	-	-	189
Accrued expenses and other liabilities	129	280	-	-	-	-	409
	378	280	-	-	-	-	658

	2020						
	Within one 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 five years	Financial instruments with no fixed maturity	Total
	(Rupees in 000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	238	-	-	-	-	-	238
Payable to Central Depository Company of Pakistan Limited - the Trustee	12	-	-	-	-	-	12
Payable against redemption of units	4,211	-	-	-	-	-	4,211
Accrued expenses and other liabilities	160	260	-	-	-	-	420
	4,621	260	-	-	-	-	4,881

NAFA Islamic Capital Preservation Plan - IV

	2021						
	Within one 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 five years	Financial instruments with no fixed maturity	Total
	(Rupees in 000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	40	-	-	-	-	-	40
Payable to Central Depository Company of Pakistan Limited - the Trustee	3	-	-	-	-	-	3
Dividend payable	158	-	-	-	-	-	158
Accrued expenses and other liabilities	154	269	-	-	-	-	423
	355	269	-	-	-	-	624

	2020						
	Within one 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 five years	Financial instruments with no fixed maturity	Total
	(Rupees in 000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	199	-	-	-	-	-	199
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	-	-	-	-	-	10
Accrued expenses and other liabilities	115	252	-	-	-	-	367
	576	-	-	-	-	-	576

NAFA Islamic Capital Preservation Plan - V

	2021						
	Within one 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 five years	Financial instruments with no fixed maturity	Total
	(Rupees in 000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	**46**	**-**	**-**	**-**	**-**	**-**	**46**
Payable to Central Depository Company of Pakistan Limited - the Trustee	**3**	**-**	**-**	**-**	**-**	**-**	**3**
Dividend payable	**35**	**-**	**-**	**-**	**-**	**-**	**35**
Accrued expenses and other liabilities	**178**	**283**	**-**	**-**	**-**	**-**	**461**
	262	**283**	**-**	**-**	**-**	**-**	**545**

	2020						
	Within one 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 five years	Financial instruments with no fixed maturity	Total
	(Rupees in 000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	133	-	-	-	-	-	133
Payable to Central Depository Company of Pakistan Limited - the Trustee	6	-	-	-	-	-	6
Accrued expenses and other liabilities	123	251	-	-	-	-	374
	513	-	-	-	-	-	513

21.3 Credit risk

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

	2021		2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	(Rupees in 000)		(Rupees in 000)	
NAFA Islamic Capital Preservation Plan - III				
Balances with banks	**6,359**	**6,359**	148,544	148,544
Investments	**74,199**	**74,199**	8,100	-
Profit receivable	**47**	**47**	1,024	1,024
	80,605	**80,605**	157,668	149,568
NAFA Islamic Capital Preservation Plan - IV				
Balances with banks	**1,728**	**1,728**	145,505	145,505
Investments	**46,100**	**46,100**	798	-
Profit receivable	**29**	**29**	956	956
Receivable against sale of investments	**920**	**920**	-	-
	48,777	**48,777**	147,259	146,461
NBP Islamic Capital Preservation Plan - V				
Balances with banks	**5,141**	**5,141**	88,582	88,582
Investments	**49,400**	**49,400**	1,648	-
Profit receivable	**19**	**19**	576	576
	54,560	**54,560**	90,806	89,158

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

21.3.2 Credit quality of financial assets

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

	2021			2020		
	% of financial assets exposed to credit risk			% of financial assets exposed to credit risk		
Rating	**NICPP-III**	**NICPP-IV**	**NICPP-V**	**NICPP-III**	**NICPP-IV**	**NICPP-V**
Banks						
AAA	6.02%	1.00%	3.43%	96.92%	98.45%	96.79%
AA+	0.01%	0.03%	0.23%	-	-	0.01%
AA	1.76%	1.96%	4.67%	2.12%	0.18%	0.45%
AA-	0.10%	0.55%	1.10%	0.27%	0.18%	0.31%
	7.89%	3.54%	9.42%	94.21%	98.81%	97.56%

22 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

22.1 NAFA Islamic Capital Preservation Plan-III

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Rupees in 000)				(Rupees in 000)			
ASSETS								
Investments - financial assets 'at fair value through profit or loss'								
- Mutual fund units	-	74,199	-	74,199	-	8,100	-	8,100

22.2 NAFA Islamic Capital Preservation Plan-IV

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Rupees in 000)				(Rupees in 000)			
ASSETS								
Investments - financial assets 'at fair value through profit or loss'								
- Mutual fund units	-	46,100	-	46,100	-	798	-	798

22.3 NBP Islamic Capital Preservation Plan-V

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Rupees in 000)				(Rupees in 000)			
ASSETS								
Investments - financial assets 'at fair value through profit or loss'								
- Mutual fund units	-	49,400	-	49,400	-	1,648	-	1,648

23 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

24 UNIT HOLDING PATTERN OF THE FUND

	2021			2020		
Category	Number of unit holders	Investment amount (Rupees in 000)	Percentage of total	Number of unit holders	Investment amount (Rupees in 000)	Percentage of total
NAFA Islamic Capital Preservation Plan - III						
Individuals	**138**	**50,262**	**63.69%**	268	124,659	82.35%
Others	**4**	**28,660**	**36.31%**	4	26,723	17.65%
	142	**78,922**	**100.00%**	272	151,382	100.00%
NAFA Islamic Capital Preservation Plan - IV						
Individuals	**70**	**37,838**	**79.66%**	141	90,912	62.29%
Retirement funds	**1**	**3,139**	**6.61%**	2	48,813	33.45%
Others	**2**	**6,522**	**13.73%**	2	6,222	4.26%
	73	**47,499**	**100.00%**	145	145,947	100.00%
NBP Islamic Capital Preservation Plan - V						
Individuals	**54**	**33,453**	**62.01%**	96	59,681	66.14%
Retirement funds	**-**	**-**	**-**	1	780	0.86%
Others	**2**	**20,499**	**37.99%**	3	29,773	33.00%
	56	**53,952**	**100.00%**	100	90,234	100.00%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualifications	Experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	33
Sajjad Anwar (note 25.1)	Chief Investment Officer	CFA / MBA	21
Muhammad Ali Bhabha	Head of Fixed Income	CFA / MBA / FRM / MS	26
Asim Wahab Khan	Deputy Chief Investment Officer	CFA	15
Hassan Raza	Head of Research	ACCA / BSC / CFA	10

25.1 The name of the Fund Manager is Sajjad Anwar. Other funds being managed by the Fund Manager are as follows:

- NBP Islamic Stock Fund
- NAFA Islamic Pension Fund
- NAFA Islamic Active Allocation Plan-I
- NAFA Islamic Active Allocation Plan-II
- NAFA Islamic Active Allocation Plan-IV
- NAFA Islamic Active Allocation Plan-VII
- NAFA Islamic Active Allocation Plan-VIII
- NAFA Islamic Capital Preservation Plan-I
- NAFA Islamic Capital Preservation Plan-II

26 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 26.1]	3	2	1	77th Meeting
Syed Hasan Irtiza Kazmi	5	5	-	-
Ali Saigol	5	5	-	-
Imran Zaffar	5	5	-	-
Khalid Mansoor	5	5	-	-
Humayun Bashir	5	5	-	-
Saad Amanullah Khan	5	5	-	-
Dr. Amjad Waheed	5	5	-	-
Mehnaz Salar [note 26.2]	2	2	-	-

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

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

27 CORRESPONDING FIGURES

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

28 DATE OF AUTHORISATION FOR ISSUE

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

29 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

	NICPP III	NICPP IV	NICPP V	NICPP III	NICPP IV	NICPP V	NICPP III	NICPP IV	NICPP V	NICPP-III
Particulars	For the Period Ended June 30, 2021	For the Period Ended June 30, 2021	For the Period Ended June 30, 2021	For the Period Ended June 30, 2020	For the Period Ended June 30, 2020	For the Period Ended June 30, 2020	For the Period Ended June 30, 2019	For the period from September 14, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	For the period from June 22, 2018 to June 30, 2018
Net assets at the year / period ended (Rs '000)	78,922	47,499	53,952	151,382	145,947	90,234	392,195	282,020	153,292	954,610
Net income/(loss) for the year / period ended (Rs '000)	8,112	3,788	3,051	16,008	6,292	4,664	4,853	(3,455)	(2,812)	792
Net Asset Value per unit at the year / period ended (Rs)	101.0840	99.1553	98.5671	99.0600	98.9102	98.2859	100.0193	98.7262	98.1965	100.0962
Offer Price per unit	N/A	N/A	N/A	N/A	N/A	N/A	99.9963	98.7056	98.1608	100.0962
Redemption Price per unit	101.0840	99.1553	98.5671	99.0600	98.9102	98.2859	100.0193	98.7262	98.1965	100.0962
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	103.4895
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	103.4162
Ex - Highest redemption price per unit (Rs.)	101.9886	99.4553	98.6248	107.7645	108.4764	109.7592	102.1492	102.4752	103.2478	100.0962
Ex - Lowest redemption price per unit (Rs.)	94.1901	94.6093	94.2969	93.3896	92.6020	92.5477	97.6754	97.6165	97.2199	100.0253
Opening Nav of Fiscal Year/Since inception NAV	94.0562	94.5869	94.2479	94.8005	95.3514	95.3250	98.9065	100.0000	100.0000	100.0000
Total return of the fund	7.47%	3.79%	3.62%	4.49%	3.73%	3.11%	0.02%	-1.27%	-1.80%	0.10%
Capital gowth	2.15%	-0.78%	-0.67%	0.14%	0.19%	0.09%	-1.09%	-1.27%	-1.80%	0.00%
Income distribution as a % of ex nav	5.32%	4.57%	4.28%	4.35%	3.54%	3.01%	1.11%	0.00%	0.00%	0.10%
Income distribution as a % of par value	5.37%	4.53%	4.22%	4.31%	3.50%	2.96%	1.08%	0.00%	0.00%	0.10%
Distribution										
Interim distribution per unit	5.3681	4.5284	4.2189	4.3056	3.4990	2.9603				-
Final distribution per unit							1.0847	-	-	0.0950
Distrubution Dates										
Interim	30-Jun-21	30-Jun-21	30-Jun-21	29-Jun-20	29-Jun-20	29-Jun-20				
Final							19-Jul-19			4-Jul-18
Average annual return of the fund (launch date January 09, 2015)										
(Since inception to June 30, 2021)	3.95%	2.57%	2.28%							
(Since inception to June 30, 2020)				2.25%	1.34%	0.81%				
(Since inception to June 30, 2019)							0.113%	-1.274%	-1.80%	
(Since inception to June 30, 2018)										0.10%
(Since inception to June 30, 2017)										
(Since inception to June 30, 2016)										
(Since inception to June 30, 2015)										
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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