

NBP ISLAMIC MAHANA AMDANI FUND



ANNUAL REPORT
JUNE 2019



MISSION STATEMENT

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



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NBP ISLAMIC MAHANA AMDANI FUND

(FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	Member

Trustee

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

Bankers to the Fund

Al Baraka Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Sindh Bank Limited
Summit Bank Limited
United Bank Limited

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



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Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Humayun Bashir
Director



Mr. Nasir Husain
Director



Mr. Ali Saigol
Director



Mr. Shehryar Faruque
Director



Mr. Imran Zaffar
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Muhammad Ali, CFA, FRM
Head Of Fixed Income



Mr. Taha Khan Javed, CFA
Head Of Equity



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



Mr. Salman Ahmed, CFA
Head Of Risk Management



Mr. Zaheer Iqbal, ACA, FPFA
Head Of Operations



Mr. Raheel Rehman, ACA
Head Of Compliance



Mr. Shahbaz Umer
Head Of Human Resource

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the First Annual Report of NBP Islamic Mahana Amdani Fund (NIMAF) (Formerly; NBP Aitemaad Mahana Amdani Fund) (NAMAF) for the period ended June 30, 2019.

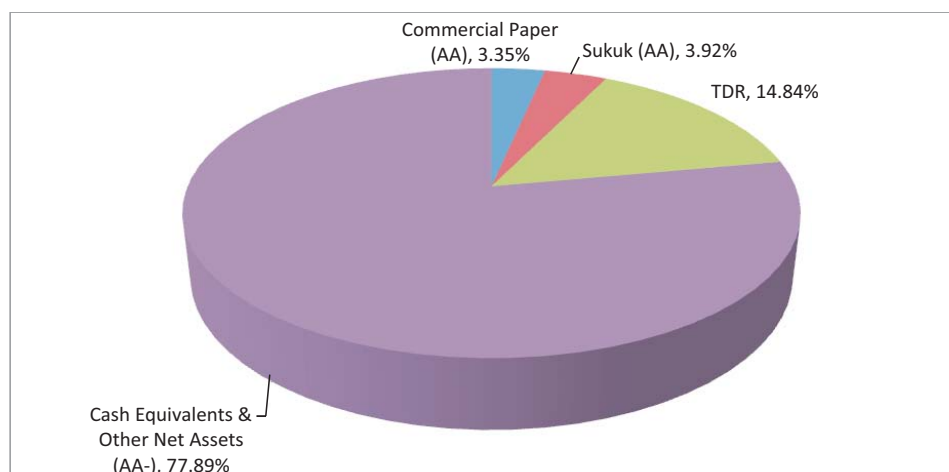
Fund's Performance

The size of NBP Islamic Mahana Amdani Fund is Rs. 8,556 million as at June 30, 2019. The Fund has earned an annualized return of 9.7% since its inception (October 06, 2018) as compared to its Benchmark return of 4.1% for the same period. The performance of the Fund is net of management fee and other expenses.

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

The trading activity in the Corporate Sukuks remained thin with skew towards high quality debt issues with cumulative traded value of around Rs. 12 billion in FY2019 compared to Rs. 10 billion in FY2018. The issuance of government guaranteed energy sector sukuk to the tune of Rs. 200 billion helped the undersupplied market for long-term Shari'ah compliant debt instruments. During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June 2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation.

The Fund has earned a total income of Rs. 199.165 million during the period. After deducting total expenses of Rs. 25.461 million, the net income is Rs. 173.704 million. The asset allocation of NBP Islamic Mahana Amdani Fund as on June 30, 2019 is as follows:



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Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 6.677% of the opening NAV (6.677% of the par value) for the period ended June 30, 2019.

Taxation

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

Auditors

The present auditors, Messrs A.F.Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2020.

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 four meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Nasir Husain 3. Mr. Abdul Hadi Palekar 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

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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: August 30, 2019
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی اسلامک ماہانہ آمدنی فنڈ (NIMAF) (سابقہ: NBP اعتماد ماہانہ آمدنی فنڈ (NAMAF)) کی پہلی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2019 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

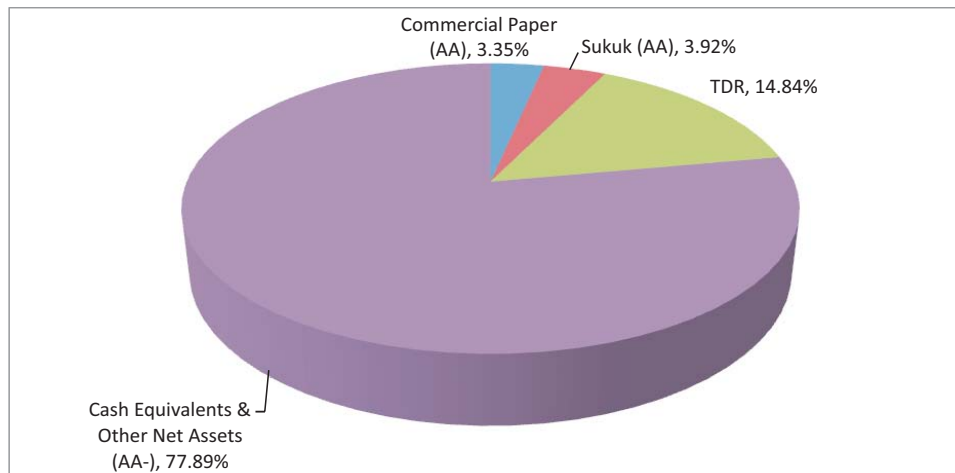
فنڈ کی کارکردگی

30 جون 2019 کو NBP اسلامک ماہانہ آمدنی فنڈ کا سائز 8.556 ملین روپے ہے۔ 06 اکتوبر 2018 کو اپنے قیام کے وقت سے فنڈ نے سالانہ منافع 9.7% دیا۔ جبکہ بیج مارک منافع 4.1% رہا۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIMAF شریعت کے مطابق آکم فنڈ کے طور پر درجہ بندی کیا جاتا ہے۔ فنڈ کا مقصد شریعتی مطابقت پذیر مٹنی مارکیٹ اور قرض کی آمد میں سرمایہ کاری کر کے سرمایہ کاروں کو ماہانہ آمدنی فراہم کرنا ہے۔ کم از کم اہل درجہ بندی-A، جبکہ فنڈ اسلامی بینکوں، اسلامی شاخوں اور ایچ بینکوں کی ونڈ و آسان فراہمی کرنے کے ساتھ سرمایہ کاری کرنے کی اجازت دی جاتی ہے۔ فنڈ شریعت کے مطابق Money Market Instruments اور Debt Securities میں سرمایہ کاری کرنے کی اجازت دیتا ہے جو-A یا اس سے بہتر ہو۔ فنڈ ایکویٹیئر میں سرمایہ کاری کرنے کا اختیار نہیں رکھتا۔ فنڈ کی اوسط پھوٹی گورنمنٹ سیکورٹیز کے علاوہ 4 سال سے زائد نہیں ہو سکتی۔

کارپوریٹ سٹاک میں تجارتی سرگرمی مالی سال 2018 میں 10 ملین روپے کے مقابلے مالی سال 2019 میں تقریباً 12 ملین روپے کے مجموعی تجارتی حجم کے ساتھ اعلیٰ کوالٹی ڈیٹ ایٹوز کے لحاظ سے قدرے کم رہی۔ انرجی سیکٹر کو حکومت کے گارنٹی شدہ 200 ملین پاکستانی روپے کے Sukuks کے اجراء نے طویل مدتی شریعتی کمپلیٹ ڈیٹ انسٹرومنٹس کے لئے undersupplied مارکیٹ کی مدد کی۔ مالی سال 2019 کے دوران، بینک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ مائیکرو پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور درپیش افراط زر کے دباؤ کو دور کرنے کے رجحان SBP نے پالیسی کی شرح 6.50% سے 12.25% تک بڑھادی۔ بجلی اور ایندھن کی قیمتوں میں اضافہ، کرنسی کی قدر کی کمی کے باعث درآمدی افراط زر اور SBP سے بلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پیکش کردہ افراط زر جون 2018 میں 5.2% سے بڑھ کر جون 2019 میں 8.9% ہو گیا۔ حکومت کی طرف سے ضرورت سے زائد قرضہ لینے، اشیائے خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، یوٹی لیبیر کے زخموں میں متوقع اضافی ایڈجسٹمنٹ، ٹیکسوں کا بڑھنا اور کرنسی کی قدر میں کمی کے دوسرے دور چبے اثرات کی وجہ سے افراط زر میں اضافہ متوقع ہے۔

فنڈ نے موجودہ مدت کے دوران 199.165 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 25.461 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 173.704 ملین روپے ہے۔ 30 جون 2019 کو این بی پی اسلامک ماہانہ آمدنی فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والی مدت کے لئے اوپننگ NAV کا 6.677% (بنیادی قدر کا 6.677%) عبوری نقد ڈیویڈنڈ منظور کیا ہے۔

ٹیکسیشن

درج بالا نقد منافع 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% ہے، اس لئے فنڈ پر ایک ٹیکس آرڈیننس 2001 کے سیکشن 110 کی شق 99 کے تحت ٹیکس لاگو نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف ڈی گون ایڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو 30 جون 2020 کو ختم ہونے والے سال میں دوبارہ تقرر کے لئے پیش کیا ہے۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریشن 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 پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شریاتی تحفظ مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاری، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرکنٹرول کا نظام مضبوط اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو چھپی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں کی گئی ہے۔
11. پونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، ای ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
13. مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ مینجمنٹ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹر ایسٹ نہیں رکھتی۔

30 جون 2019 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں:

کیٹگری	نام
غیر جانبدار ڈائریکٹرز	1. جناب کمال عامر چٹائے
	2. جناب شہر یار فاروق
	3. جناب ہمایوں بشیر
ایگزیکٹو ڈائریکٹر	ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)
نان ایگزیکٹو ڈائریکٹرز	1. شیخ محمد عبدالواحد سیٹھی (چیرمین)
	2. جناب ناصر حسین
	3. جناب عبدالہادی پالیکر
	4. جناب علی سیگل
	5. جناب عمران ظفر

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اظہار شکریہ

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے بینچمنٹ 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 مجلس رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور رٹرنی 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 فنانس مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 30 اگست 2019

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 Mahana Amdani Fund (formerly NBP Aitemaad Mahana Amdani Fund) (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from October 05, 2018 to June 30, 2019 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 26, 2019

FUND MANAGER REPORT

NBP Islamic Mahana Amdani Fund (formerly NBP Aitemaad Mahana Amdani Fund)

NBP Islamic Mahana Amdani Fund (NIMAF) is an Open-End Shari'ah Compliant Income Fund.

Investment Objective of the Fund

To provide monthly income to investors by investing in Shari'ah Compliant money market and debt avenues.

Benchmark

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

Fund Performance Review

This is the First Annual report since the launch of the Fund on October 06, 2018. The size of NBP Islamic Mahana Amdani Fund is Rs. 8,556 million as at June 30, 2019. Since its inception, the Fund has earned an annualized return of 9.7% versus the benchmark return of 4.1%, thus registering an outperformance of 5.6% p.a. This outperformance is net of management fee and other expenses.

NIMAF aims to provide monthly income to investors by investing in Shari'ah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shari'ah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The trading activity in the Corporate Sukuks remained thin with skew towards high quality debt issues with cumulative traded value of around Rs. 12 billion in FY2019 compared to Rs. 10 billion in FY2018. The issuance of government guaranteed energy sector sukuk to the tune of Rs. 200 billion helped the undersupplied market for long-term Shari'ah compliant debt instruments. During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June 2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-19
Commercial Paper	3.35%
Sukuk	3.92%
TDR	14.84%
Cash Equivalents & Other Assets	77.89%
Total	100%

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



Distribution for the Financial Year 2019

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Oct-18	0.464%	10.0464	10.0000
Nov-18	0.627%	10.0627	10.0000
Dec-18	0.727%	10.0727	10.0000
Jan-19	0.789%	10.0789	10.0000
Feb-19	0.756%	10.0756	10.0000
Mar-19	0.792%	10.0792	10.0000
Apr-19	0.822%	10.0822	10.0000
May-19	0.864%	10.0864	10.0000
Jun-19	0.830%	10.0830	10.0000
Jun-19	0.006%	10.0227	10.0221

Unit Holding Pattern of NBP Islamic Mahana Amdani Fund as on June 30, 2019

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	63
1-1000	139
1001-5000	342
5001-10000	433
10001-50000	1,416
50001-100000	855
100001-500000	1,044
500001-1000000	118
1000001-5000000	70
5000001-10000000	4
10000001-100000000	10
Total	4,494

During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Mahana Amdani 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. 3.54 million. If the same were not made the NAV per unit/FY19 return of scheme would be higher by Rs. 0.0042 / 0.04%. For details investors are advised to read note 12.1 of the Financial Statement of the Scheme for the year ended June 30, 2019.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Mahana Amdani Fund (Formerly; NBP Aitemaad Mahana Amdani Fund) (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the period from October 07, 2018 to June 30, 2019. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: August 30, 2019
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

Report of the Shari'ah Supervisory Board

August 26, 2019/ Dhu Al-Hijjah 24, 1440

Alhamdulillah, the period from October 6, 2018 to June 30, 2019 was the First year of the operations of NBP Islamic Mahana Amdani Fund (NIMAF). 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 NIMAF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIMAF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NIMAF for the year ended June 30, 2019 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 Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Mahana Amdani Fund (Formerly: NBP Aitemaad Mahana Amdani Fund) (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds and cash flow statement for the period from October 7, 2018 to June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions for the period from October 7, 2018 to June 30, 2019 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
	<p>Net Asset Value (NAV) (Refer notes 4 and 5 to the financial statements)</p> <p>The bank balances and investments constitute the most significant component of the NAV. The bank balances aggregated to Rs 6,633.350 million and investments of the Fund as at June 30, 2019 amounted to Rs 1,891.327 million.</p> <p>The existence of bank balances and existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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, 2019 and reconciled it 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; 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 27, 2019

NBP ISLAMIC MAHANA AMDANI FUND

(FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2019

	Note	2019 (Rupees in '000)
Assets		
Bank balances	4	6,633,350
Investments	5	1,891,327
Profit receivable	6	62,027
Deposits, prepayments and other receivables	7	2,836
Preliminary expenses and floatation costs	8	857
Total assets		8,590,397
Liabilities		
Payable to NBP Fund Management Limited - the Management Company	9	19,000
Payable to the Central Depository Company of Pakistan Limited - the Trustee	10	608
Payable to the Securities and Exchange Commission of Pakistan	11	1,259
Accrued expenses and other liabilities	12	13,758
Total liabilities		34,625
NET ASSETS		8,555,772
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		8,555,772
CONTINGENCIES AND COMMITMENTS	13	
		Number of units
NUMBER OF UNITS IN ISSUE	14	853,643,044
		Rupees
NET ASSET VALUE PER UNIT		10.0227

The annexed notes from 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

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



INCOME STATEMENT

FOR THE PERIOD FROM OCTOBER 07, 2018 TO JUNE 30, 2019

	Note	For the period from October 07, 2018 to June 30, 2019 (Rupees in '000)
Income		
Income on sukuk		10,070
Income on commercial papers		11,751
Income on term deposit receipts		11,878
Profit on bank deposits		165,466
Total income		199,165
Expenses		
Remuneration of NBP Fund Management Limited - the Management Company	9.1	13,473
Sindh sales tax on remuneration of the Management Company	9.2	1,752
Allocated expenses	9.3	1,679
Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	10.1	1,819
Sindh sales tax on remuneration of the Trustee	10.2	236
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	1,259
Amortisation of preliminary expenses and floatation costs	8	147
Settlement and bank charges		527
Auditors' remuneration	15	496
Annual rating fee		100
Shariah advisory fee		307
Listing fee		20
Printing charges		31
Legal and professional charges		70
Total operating expenses		21,916
Net income from operating activities		177,249
Provision against Sindh Workers' Welfare Fund	12.1	(3,545)
Net profit for the period before taxation		173,704
Taxation	17	-
Net profit for the period after taxation		173,704
Earnings per unit	18	
Allocation of net income for the period		
Net income for the period after taxation		173,704
Income already paid on units redeemed		(23,116)
		150,588
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		150,588
		150,588

The annexed notes from 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

NBP ISLAMIC MAHANA AMDANI FUND
(FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



NBP FUNDS
Managing Your Savings

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM OCTOBER 07, 2018 TO JUNE 30, 2019

For the period
from October
07, 2018 to
June 30, 2019
(Rupees in '000)

Net profit for the period after taxation	173,704
Other comprehensive income for the period	-
Total comprehensive income for the period	173,704

The annexed notes from 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

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE PERIOD FROM OCTOBER 07, 2018 TO JUNE 30, 2019

For the period from October 07, 2018 to June 30, 2019		
Capital value	Undistributed profit	Total
(Rupees in '000)		
Issuance of 1,319,194,788 units		
- Capital value		
- Element of income		
Total proceeds on issuance of units		
Redemption of 465,551,744 units		
- Capital value		
- Element of loss		
Total payments on redemption of units		
Total comprehensive income for the period		
Distribution during the period		
Cash distribution for the period from October 07, 2018 to June 30, 2019		
- @ Re. 0.0464 per unit (date of declaration: October 29, 2018)		
- @ Re. 0.0627 per unit (date of declaration: on November 28, 2018)		
- @ Re. 0.0727 per unit (date of declaration: on December 28, 2018)		
- @ Re. 0.0789 per unit (date of declaration: on January 28, 2019)		
- @ Re. 0.0756 per unit (date of declaration: on February 26, 2019)		
- @ Re. 0.0792 per unit (date of declaration: on March 28, 2019)		
- @ Re. 0.0822 per unit (date of declaration: on April 27, 2019)		
- @ Re. 0.0864 per unit (date of declaration: on May 28, 2019)		
- @ Re. 0.0830 per unit (date of declaration: on June 24, 2019)		
Net assets at the end of the period		
Accounting income available for distribution:		
- Relating to capital gains		
- Excluding capital gains		
Cash distribution for the period from October 07, 2018 to June 30, 2019		
Undistributed income carried forward		
Undistributed income carried forward		
- Realised income		
- Unrealised income		
(Rupees)		
Net assets value per unit at the beginning of the period		
Net assets value per unit at the end of the period		

The annexed notes from 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

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



NBP FUNDS
Managing Your Savings

CASH FLOW STATEMENT

FOR THE PERIOD FROM OCTOBER 07, 2018 TO JUNE 30, 2019

	Note	For the period from October 07, 2018 to June 30, 2019 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		173,704
Adjustments for:		
Income on sukuk		(10,070)
Profit on bank deposits		(165,466)
Income on term deposit receipts		(11,878)
Provision against Sindh Workers' Welfare Fund	12.1	3,545
Amortisation of preliminary expenses and floatation costs	8	147
		(183,722)
Increase in assets		
Investments		621,327
Preliminary and floatation costs		1,004
Deposits, prepayments and other receivables		2,836
		(625,167)
Increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company		19,000
Payable to the Central Depository Company of Pakistan Limited - the Trustee		608
Payable to the Securities and Exchange Commission of Pakistan		1,259
Accrued expenses and other liabilities		10,213
		31,080
		(604,105)
Income received on sukuk		9,686
Income received on term deposit receipts		9,589
Profit received		106,112
Net cash used in operating activities		(478,718)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units		13,199,581
Net payments against redemption of units		(4,684,629)
Distribution paid		(132,884)
Net cash generated from financing activities		8,382,068
Cash and cash equivalents at the end of the period	20	<u><u>7,903,350</u></u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 07, 2018 TO JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Mahana Amdani Fund (Formerly: NBP Aitemaad Mahana Amdani Fund) (the Fund) is an open end mutual fund constituted under a trust deed entered into on October 09, 2018 between NBP Fund Management Limited as the Management Company and the 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 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Shari'ah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre-IPO at a par value of Rs.10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from October 07, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shari'ah compliant money market and debt securities.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 to the Management Company as at June 27, 2019. The Fund has been rated A(f) with stable outlook as at April 18, 2019.

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

These are the first audited financial statements of the Fund for the period from October 07, 2018 to June 30, 2019 therefore, comparative figures have not been included into these financial statements.

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, 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 period

The Fund has adopted IFRS 9: 'Financial Instruments' which has replaced IAS 39: 'Financial Instruments: Recognition and Measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities as disclosed in note 3.3.

2.2.1 There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

2.3.1 The following amendments to the published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Standard, amendments and interpretations	Effective date (accounting periods beginning on or after)
-IFRS 9 - 'Financial instruments' (amendments)	January 01, 2019
-IAS 1 - 'Presentation of financial statements' (amendments)	January 01, 2020
-IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 01, 2020

The management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

2.3.2 There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5) and provision for taxation (notes 3.13 and 17).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Cash and cash equivalents

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

3.3 Financial assets

3.3.1 Classification and subsequent measurement

3.3.1.1 Debt instruments

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

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

based on the business model of the entity.

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

3.3.2 Impairment

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

3.3.3 Impairment loss on debt securities

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

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, in accordance with the provisioning policy duly approved by the Board of Directors.

3.3.4 Regular way contracts

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

3.3.5 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.

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

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

3.9 Distributions to unit holders

Distributions to the unit holders are 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 period.

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

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- "Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise."
- Profit on bank balances is recognised on an accrual basis.

3.12 Expenses

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

3.13 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 period, as reduced by capital gains, whether realised or unrealised, is distributed as cash dividend to the unit holders.

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

3.14 Earnings / (loss) per unit

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

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.

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4	BANK BALANCES	Note	June 30, 2019 Rupees in '000
	Balances with banks in:		
	Savings accounts	4.1	6,616,900
	Current accounts	4.2	16,450
			<u>6,633,350</u>

4.1 These include a balance of Rs 831 million maintained with BankIslami Pakistan Limited (a related party) and balance of Rs 1.063 million with National Bank of Pakistan Limited that carry profit at the rate of 8% per annum and 13.5% per annum respectively. Other profit and loss savings accounts of the Fund carry profit rates ranging from 13% to 13.85% per annum.

4.2 These include a balance of Rs 3.096 million maintained with Summit Bank Limited (a related party).

5	INVESTMENTS	Note	June 30, 2019 Rupees in '000
	Financial assets at fair value through profit or loss		
	Sukuk certificates - listed	5.1	335,000
	Commercial paper	5.2	286,327
	Term deposit receipts	5.3	1,270,000
			<u>1,891,327</u>

5.1 Sukuk certificates - listed

Name of the security	Issue date	Profit rate (%) / Tenor	Purchased during the period	Matured during the period	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size
----- Rupees in '000 -----						----- Percentage -----				
Hub Power Company Limited	April 02, 2019	13.96 6 months	335,000	-	335,000	335,000	335,000	17.71	3.92	7.44
Total as at June 30, 2019						<u>335,000</u>	<u>335,000</u>			

5.2 Commercial paper

Name of the security	Issue date	Profit rate (%) / Tenor	Purchased during the period	Matured during the period	As at June 30, 2019	Carrying Value as at June 30, 2019	Market Value as at June 30, 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size
----- Rupees in '000 -----						----- Percentage -----				
Hascol Petroleum Limited	January 15, 2019	12.26 6 months	57,504	-	57,504	60,730	60,730	3.21	0.71	1.52
K-Electric Limited	March 01, 2019	11.75 6 months	217,072	-	217,072	225,597	225,597	11.93	2.64	2.26
Total as at June 30, 2019						<u>286,327</u>	<u>286,327</u>			

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



5.3 Term deposit receipts

Name of the security	Issue date	Profit rate (%) / Tenor	Purchased during the period	Matured during the period	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Investment as a percentage of total issue size
			Rupees in '000				Percentage			
BankIslami Pakistan Limited - a related party	28-May-19	13.00% 1 month	685,000	685,000	-	-	-	-	-	1.26
BankIslami Pakistan Limited - a related party	29-May-19	13.00% 1 month	210,000	210,000	-	-	-	-	-	0.39
BankIslami Pakistan Limited - a related party	3-Jun-19	13.00% 1 month	100,000	-	100,000	100,000	100,000	5.29	1.17	0.18
BankIslami Pakistan Limited - a related party	28-Jun-19	13.60% 1 month	1,170,000	-	1,170,000	1,170,000	1,170,000	61.86	13.67	2.16
Total as at June 30, 2019						1,270,000	1,270,000			

6	PROFIT RECEIVABLE	Note	June 30, 2019 Rupees in '000
	Profit accrued on:		
	Bank balances		59,354
	Debt securities - Sukuk certificates		384
	Term deposit receipts		2,289
			<u>62,027</u>

7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	7.1	2,664
Prepaid mutual fund rating fee		69
Security deposit with the Central Depository Company of Pakistan Limited		103
		<u>2,836</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withhold on profit on bank deposit amounts to Rs. 2.664 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HSC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax

Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as other receivables as at June 30, 2019, as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2019 Rupees in '000
8 PRELIMINARY EXPENSES AND FLOATATION COSTS		
At the beginning of the period		1,004
Less: amortisation during the period	8.1	(147)
At the end of the period		<u>857</u>

- 8.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from October 07, 2018 as per the requirements set out in the Trust Deed of the Fund.

	Note	June 30, 2019 Rupees in '000
9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Payable against formation cost		1,004
Remuneration payable to the Management Company	9.1	5,069
Sales load payable to management company		8,438
Transfer load payable		891
Other payable to the Management Company		80
Sindh sales tax payable on remuneration of the Management Company	9.2	659
Sindh sales tax payable on sales load		1,220
Allocated expense payable	9.3	<u>1,639</u>
		<u>19,000</u>

- 9.1** The Management Company has charged remuneration at the rate of 7% on net income subject to floor and capping of 0.5% and 1.5% per annum based on the average daily net assets for the period. The fee is payable to the Management Company monthly in arrears.

- 9.2** During the period, an amount of Rs. 1.752 million was charged on account of Sindh sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

- 9.3** Uptil June 19, 2019 and in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the period, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e. from October 07, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

	Note	June 30, 2019 Rupees in '000
10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE		
Trustee fee payable	10.1	538
Sindh sales tax payable on trustee fee	10.2	<u>70</u>
		<u>608</u>

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

On net assets:

- upto Rs 1,000 million	0.17% per annum of net assets
- on an amount from Rs 1,000 million to Rs 5,000 million	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1,000 million
- on an amount from Rs 1,000 million to Rs 5,000 million	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5,000 million

- 10.2** During the period, an amount of Rs 0.236 million was charged on account of Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	June 30, 2019 Rupees in '000
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Annual fee payable	11.1	<u>1,259</u>
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- 11.1** In accordance with NBFC Regulations, 2008, a collective investment scheme classified as a 'Shari'ah compliant income scheme' is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	June 30, 2019 Rupees in '000
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Auditors' remuneration		366
Legal fee		70
Settlement and bank charges		20
Printing charges		20
Provision for Sindh Workers' Welfare Fund	12.1	3,545
Shari'ah advisor fee		307
Withholding tax payable		7,874
Payable against redemption of units		<u>1,556</u>
		<u>13,758</u>

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from October 07, 2018 to June 30, 2019, the net asset value of the Fund as at June 30, 2019, would have been higher by Re. 0.0042 per unit.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019.

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14	NUMBER OF UNITS IN ISSUE	June 30, 2019 Number of units
	Total units in issue at the beginning of the period	-
	Units issued during the period	1,319,194,788
	Less: units redeemed during the period	(465,551,744)
	Total units in issue at the end of the period	<u>853,643,044</u>
		For the period from October 07, 2018 to June 30, 2019 Rupees in '000
15	AUDITORS' REMUNERATION	
	Annual audit fee	270
	Half yearly review	131
	Other certification	84
	Out of pocket expense	11
		<u>496</u>
16	TOTAL EXPENSE RATIO	
	The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 1.49% which includes 0.39% representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Shari'ah compliant income scheme'.	
17	TAXATION	
	The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the period ended June 30, 2019 to the unit holders in cash during the period and subsequent to the period ended June 30, 2019, no provision for taxation has been made in these financial statements during the period.	
	The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. 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.	
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	TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS	
19.1	Connected persons include NBP Fund Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons, 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.	

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



- 19.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 19.4** Remuneration to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 19.5** Details of the transactions with related parties / connected persons during the period are as follows:

**For the period
from October
07, 2018 to
June 30, 2019
Rupees in '000**

NBP Fund Management Limited - the Management Company

Remuneration of NBP Fund Management Limited - the Management Company	13,473
Sindh sales tax on remuneration of the Management Company	1,752
Allocated expenses	1,679
Amortisation of preliminary expenses and floatation costs	147
15,326,819 units issued / transferred in	153,268
15,326,819 units redeemed / transferred out	153,831

Employees of the Management Company

10,930,659 units issued / transferred in	109,435
8,785,496 units redeemed / transferred out	88,212

Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary

423,330 units issued / transferred in	4,236
420,173 units redeemed / transferred out	4,220

Imran Zaffar - Director

2,066,964 units issued / transferred in	20,669
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Portfolio managed by the Management Company

2,512,826 units issued / transferred in	25,189
1,507,087 units redeemed / transferred out	15,187

Khalid Mehmood - Chief Financial Officer

281,720 units issued / transferred in	2,817
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Central Depository Company of Pakistan Limited - the Trustee

Remuneration of the Trustee	1,819
Sindh sales tax on remuneration of the Trustee	236

Bulk Management Pakistan Private Limited - unit holder with more than 10% holding

89,415,527 units issued	894,701
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BankIslami Pakistan Limited - common directorship

Profit income	50,951
Income from term deposit receipts	11,878

National Bank of Pakistan Limited - parent company

Profit income	10
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NBP ISLAMIC MAHANA AMDANI FUND

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19.6 Amounts / balances outstanding as at period end:	June 30, 2019 Rupees in '000
NBP Fund Management Limited - the Management Company	
Payable against formation cost	1,004
Remuneration payable to the Management Company	5,069
Sales load payable to management company	8,438
Transfer load payable	891
Other payable to the Management Company	80
Sindh sales tax payable on remuneration of the Management Company	659
Sindh sales tax payable on sales load	1,220
Allocated expense payable	1,639
Employees of the Management Company	
2,145,163 units issued	21,500
Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary	
3,157 units issued	32
Imran Zaffar - Director	
2,066,964 units issued	20,717
Portfolio managed by the Management Company	
1,005,739 units issued	10,080
Khalid Mehmood - Chief Financial Officer	
281,720 units issued	2,824
Bulk Management Pakistan Private Limited - unit holder with more than 10% holding	
89,415,527 units issued	896,185
Central Depository Company of Pakistan Limited - the Trustee	
Remuneration payable	538
Sindh sales tax on remuneration of the Trustee	70
Security deposit	103
BankIslami Pakistan Limited - common directorship	
Balance with bank including TDR	2,100,857
Profit receivable	17,199
Summit Bank Limited - common directorship	
Balance with bank	3,096
National Bank of Pakistan Limited - parent company	
Balance with bank	1,063
Profit receivable	8
19.7 Other balances due to / from related parties / connected persons are included in the respective notes to these financial statements.	

NBP ISLAMIC MAHANA AMDANI FUND

(FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



	Note	June 30, 2019 Rupees in '000
20 CASH AND CASH EQUIVALENTS		
Cash and bank balances	4	6,633,350
Term deposit receipt	5	1,270,000
		<u>7,903,350</u>

21 FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		

Financial assets

Bank balances	-	6,633,350	6,633,350
Investments	1,891,327	-	1,891,327
Profit receivable	-	62,027	62,027
Deposits and other receivables	-	103	103
	<u>1,891,327</u>	<u>6,695,480</u>	<u>8,586,807</u>

June 30, 2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	19,000	19,000
Payable to the Central Depository Company of Pakistan Limited - the Trustee	-	608	608
Accrued expenses and other liabilities	-	2,339	2,339
	<u>-</u>	<u>21,947</u>	<u>21,947</u>

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

22.1 Market risk

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

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

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

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market profit rates. As of June 30, 2019, the Fund is exposed to such risk on

its balances held with banks, investment in sukuk certificates and 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 variable profit based Sukuk certificate and profit on bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the period and net assets of the Fund would have been higher / lower by Rs. 6.58 million.

(b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund hold fixed profit rate term deposit receipts and commercial papers that may expose the Fund to fair value profit rate risk. However, the same is insignificant due to the short term nature of the term deposit receipts so invested.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

June 30, 2019						
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	13% - 13.85%	6,616,900	-	-	16,450	6,633,350
Investments	11.75%-13.96%	1,556,327	335,000	-	-	1,891,327
Profit receivable		-	-	-	62,027	62,027
Deposits and other receivables		-	-	-	103	103
		8,173,227	335,000	-	78,580	8,586,807
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	19,000	19,000
Payable to the Central Depository Company of Pakistan Limited - the Trustee		-	-	-		608
Accrued expenses and other liabilities		-	-	-	2,339	2,339
		-	-	-	21,947	21,947
On-balance sheet gap		8,173,227	335,000	-	56,633	8,564,860
Total profit rate sensitivity gap		8,173,227	335,000	-		
Cumulative profit rate sensitivity gap		8,173,227	8,508,227	8,508,227		

(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.

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(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.

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, 2019.

22.2 Liquidity risk

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

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

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

June 30, 2019						
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 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial assets

Bank balances	6,633,350	-	-	-	-	6,633,350
Investments	1,330,730	225,597	335,000	-	-	1,891,327
Profit receivable	62,027	-	-	-	-	62,027
Deposits and other receivables	103	-	-	-	-	103
	8,026,210	225,597	335,000	-	-	8,586,807

Financial liabilities

Payable to NBP Fund Management Limited the Management Company	19,000	-	-	-	-	19,000
Payable to the Central Depository Company of Pakistan Limited - the Trustee	608	-	-	-	-	608
Accrued expenses and other liabilities	2,339	-	-	-	-	2,339
	21,947	-	-	-	-	21,947

Net financial assets

	8,004,263	225,597	335,000	-	-	8,564,860
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22.3 Credit risk

22.3.1 There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

22.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk 2019
AAA	20.81
AA+*	-
AA-	14.82
A+	9.85
A-	52.20
A*	-
	<u>97.68</u>

* Nil due to rounding off difference

23 FAIR VALUE MEASUREMENT

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

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

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	June 30, 2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
Sukuk certificates - listed	335,000	-	-
Commercial paper*	-	286,327	-
Term deposit receipts**	-	1,270,000	-
	<u>335,000</u>	<u>1,556,327</u>	<u>-</u>

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

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

24 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

25 UNIT HOLDING PATTERN OF THE FUND

----- June 30, 2019 -----			
Category	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Associated companies and directors	1	20,717	0.24
Individuals	4,446	6,402,475	74.83
Insurance companies	-	-	0.00
NBFCs	1	15,264	0.18
Public Limited companies	2	72,972	0.85
Retirement funds	9	80,998	0.95
Others	35	1,963,346	22.95
	4,494	8,555,772	100

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	31
Sajjad Anwar	Chief Investment Officer	CFA / MBA	19
Muhammad Ali Bhaba	Head of Fixed Income	CFA / MBA / FRM / MS	24
Hassan Raza	Head of Research	ACCA / BSC / CFA	8
Taha Khan Javed	Fund Manager	MBA / CFA	13

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Muhammad Ali Bhabha	Fund Manager	CFA, FRM, MBA & MS (CS)	NMAF, NBP-SF, NBP-ISF, NRFSF, NIOF, NFSIF, NGSLF, NMMF, NIMMF, NGSSF, NGSF-I, NAARFSF

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 68th, 69th, 70th and 71st Board meetings were held on September 05, 2018, October 30, 2018, February 25, 2019 and April 26, 2019, 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	
Mudassir Husain Khan [note 28.1]	2	1	1	69th
Tariq Jamali [note 28.2]	2	-	2	68th and 69th
Abdul Hadi Palekar	4	3	1	70th
Foo Chiah Chiung (Kelvin Foo) [note 28.3]	2	1	1	69th
Kamal Amir Chinoy	4	3	1	70th
Shehryar Faruque	4	3	1	68th
Hamayun Bashir	4	4	-	-
Wajahat Rasul Khan [note 28.4]	2	2	-	-
Amjad Waheed	4	4	-	-
Shaikh Muhammad Abdul Wahid Sethi [note 28.5]	2	2	-	-
Nasir Husain [note 28.5]	2	2	-	-
Ali Saigol [note 28.5]	2	2	-	-
Imran Zaffar [note 28.5]	2	2	-	-

28.1 Mr. Mudassir Husain Khan resigned from the Board with effect from October 12, 2018

28.2 Mr. Tariq Jamali resigned from the Board with effect from October 12, 2018

28.3 Mr. Foo Chiah Chiung (Dr. Kelvin Foo) resigned from the Board with effect from October 08, 2018

28.4 Mr. Wajahat Rasul Khan resigned from the Board with effect from October 08, 2018

28.5 Mr. Shaikh Muhammad Abdul Wahid Sethi, Mr. Nasir Husain, Mr. Ali Saigol and Mr. Imran Zaffar were appointed as directors on Board with effect from December 17, 2018

29 EVENT AFTER REPORTING PERIOD

Subsequent to the period end, the Management Company of the Fund has declared dividend of Re 0.0006 per unit on the face value of Rs 10 each (i.e. 0.006%) amounting to Rs 0.519 million. The financial statements of the Fund for the period ended June 30, 2019 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2020.

NBP ISLAMIC MAHANA AMDANI FUND (FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



NBP FUNDS
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30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 30, 2019.

31 GENERAL

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

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

Chief Financial Officer

Chief Executive Officer

Director

NBP ISLAMIC MAHANA AMDANI FUND

(FORMERLY ; NBP AITEMAAD MAHANA AMDANI FUND)



NBP FUNDS
Managing Your Savings

Performance Table

Particulars	For the period from October 07, 2018 to June 30, 2019
	(Rs. In '000')
Net assets at the year / period ended (Rs. '000')	8,555,772
Net Income at the year / period ended (Rs. '000')	173,704
Net Asset Value per unit at the year / period ended (Rs.)	10.0227
Offer price per unit	10.1359
Redemption price per unit	10.0227
Ex - Highest offer price per unit (Rs.)	10.1359
Ex - Lowest offer price per unit (Rs.)	9.3570
Ex - Highest redemption price per unit (Rs.)	10.0227
Ex - Lowest redemption price per unit (Rs.)	9.3570
Since Inception Nav (October 06, 2018)	10.0000
Total return of the fund	7.11%
Capital growth	0.44%
Income distribution as a % of ex nav	6.67%
Income distribution as a % of par value	6.67%
Distribution	
Interim distribution per unit	0.6671
Final distribution per unit	
Distribution dates	
Interim	
Interim	29-Oct-18
Interim	28-Nov-18
Interim	28-Dec-18
Interim	28-Jan-19
Interim	26-Feb-19
Interim	28-Mar-19
Interim	27-Apr-19
Interim	28-May-19
Interim	24-Jun-19
Interim	19-Jul-19
Average annual return of the Fund (launch date October 06' 2018)	
(Since inception to June 30, 2019)	9.73%
Weighted average portfolio duration	3 Days

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

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