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NIT - ISLAMIC INCOME FUND

FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unit holders of NIT - Islamic Income Fund

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NIT - Islamic Income Fund** (the Fund) as at **31 December 2020** and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, and condensed interim cash flow statement and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2020.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

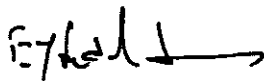
Emphasis of Matter

We draw attention to note 1.7 to the interim financial statements which describes the matter relating to distribution made by the Fund. Our opinion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Karachi

Date: 26 February 2021

NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2020

	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
	Note ----- (Rupees in '000) -----	
ASSETS		
Bank balances	4 241,945	543,211
Investments	5 573,763	443,968
Receivable against redemption of debt securities	-	1,188
Profit receivable	6,159	9,240
Security deposits	100	100
Preliminary expenses and floatation costs	90	192
Total assets	822,057	997,899
LIABILITIES		
Payable to National Investment Trust Limited - Management Company	6 1,886	1,866
Payable to Central Depository Company of Pakistan Limited - Trustee	7 60	70
Payable to Securities and Exchange Commission of Pakistan	84	174
Payable against redemption of units	2,108	-
Accrued expenses and other liabilities	8 4,697	4,759
Dividend payable	936	793
Total liabilities	9,571	7,662
NET ASSETS	812,486	990,237
Unit holders' fund (as per statement attached)	812,486	990,237
Contingencies and commitments	9	
	----- (Number of units) -----	
Number of units in issue	82,685,360	91,629,716
	----- (Rupees) -----	
Net asset value per unit	9.8263	10.8069

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

Managing Director

Director

Director

Chief Financial Officer

NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months period ended		Quarter ended December 31,	
	2020	2019	2020	2019
	(Unaudited)			
	Note ----- (Rupees in '000) -----			
INCOME				
Income from Commercial Paper	1,789	4,543	879	2,728
Income from Ijarah Sukuk	5,968	-	2,897	-
Income from sukuks	11,537	12,140	6,164	6,019
Profit on bank deposits	11,127	35,765	4,883	17,920
Capital gain on sale of investments - net	127	-	127	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5	394	(258)	-
	30,942	52,448	14,492	26,667
EXPENSES				
Remuneration of National Investment Trust Limited - Management Company	6.1	2,225	3,704	1,069
Sindh Sales Tax on remuneration to Management Company	6.2	289	481	139
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	317	294	151
Sindh sales tax on Trustee remuneration	7.2	41	38	19
Annual fee - Securities and Exchange Commission of Pakistan		84	78	40
Allocation of expenses related to registrar services, accounting, operation and valuation services		417	392	201
Amortisation of preliminary expenses and floatation costs		102	103	51
Auditors' remuneration		213	184	126
Legal and professional charges		15	146	15
Settlement and bank charges		218	270	200
Listing fee		30	27	-
Shariah advisory fee		84	37	56
Printing charges		21	25	21
Total expenses		4,056	5,779	2,088
Net income from operating activities		26,886	46,669	12,404
Provision for Sindh Workers' Welfare Fund	8.1	(538)	(934)	(248)
Net income for the period before taxation		26,348	45,735	12,156
Taxation	10	-	-	-
Net income for the period		26,348	45,735	12,156
Allocation of net income for the period after taxation				
Net income for the period		26,348	45,735	12,156
Income already paid on units redeemed		(5,657)	(10,422)	(2,349)
		20,691	35,313	9,807
Accounting income available for distribution:				
- Relating to capital gains		178	-	(349)
- Excluding capital gains		20,513	35,313	10,156
		20,691	35,313	9,807

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

Managing Director

Director

Director

Chief Financial Officer

NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2020

	Note	Six months period ended		Three months period ended	
		2020	2019	2020	2019
(Rupees in '000)					
Net income for the period after taxation		26,348	45,735	12,156	23,232
Other comprehensive income for the period					
Net unrealised (diminution) on re-measurement of investments classified as 'fair value through other comprehensive income' (FVOCI)	5.6	(2,886)	(2,255)	(2,605)	(2,120)
Total comprehensive income for the period		23,462	43,480	9,551	21,112

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)


Managing Director


Director


Director


Chief Financial Officer

NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	December 31, 2020				December 31, 2019			
	Capital value	Undistributed income	Cumulative change in 'Fair value through other comprehensive income' (FVOCI)	Total	Capital value	Undistributed income	Cumulative change in 'Fair value through other comprehensive income' (FVOCI)	Total
Rupees in '000								
Net assets at the beginning of the period	942,700	52,977	(5,440)	990,237	621,498	28,569	718	650,785
Issue of 73,803,350 units (2019:74,742,636 units)								
Capital value	705,471	-	-	705,471	731,170	-	-	731,170
Element of income / (loss)	10,779	-	-	10,779	19,039	-	-	19,039
Amount received on issuance of units	716,250	-	-	716,250	750,209	-	-	750,209
Issue of 3,296,207 units in lieu of refund of capital (2019: 1,387,053 units)	31,508	-	-	31,508	13,593	-	-	13,593
Redemption of 91,249,256 units (2019:69,381,611 units)								
Capital value	(872,233)	-	-	(872,233)	(678,726)	-	-	(678,726)
Element of income / (loss)	(6,475)	(5,657)	-	(12,132)	(12,715)	(10,422)	-	(23,137)
Amount paid / payable on redemption of units	(878,708)	(5,657)	-	(884,366)	(691,441)	(10,422)	-	(701,863)
Issue of 5,205,343 units under CIP (2019: 2,779,931 units)	49,757	-	-	49,757	27,243	-	-	27,243
Final distribution for the year ended June 30, 2020: Rs 1.2481 per unit [(Date of Distribution: July 07, 2020)] (2019: 0.9122 per unit [(Date of Distribution: July 05, 2019)])	-	(82,855)	-	(82,855)	-	(41,915)	-	(41,915)
Refund of capital	(31,508)	-	-	(31,508)	(13,593)	-	-	(13,593)
Total comprehensive income / (loss) for the period	-	26,348	(2,886)	23,462	-	45,735	(2,255)	43,480
Net assets at the end of the period	829,999	(9,187)	(8,328)	812,486	707,509	21,967	(1,537)	727,939
Undistributed income brought forward		52,977				28,569		
- Realized income								
- Unrealized income								
		52,977				28,569		
Accounting Income available for distribution								
- Relating to capital gains		178						
- Excluding capital gains		20,513				35,313		
		20,691				35,313		
Final distribution for the year ended June 30, 2020: Rs.1.2481 per unit [(Date of Distribution: July 07, 2020)] (2019: 0.9122 per unit [(Date of Distribution: July 05, 2019)])		(82,855)				(41,915)		
Undistributed Income carried forward		(9,187)				21,967		
Undistributed income carried forward comprising								
- Realized income		(9,581)				21,967		
- Unrealized income		394						
		(9,187)				21,967		
Net assets value per unit at beginning of the period				(Rupees) 10,8069				(Rupees) 10,6947
Net assets value per unit at end of the period				9,8263				10,3431

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)

Managing Director

Director

Director


Chief Financial

NIT - ISLAMIC INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	December 31,	
	2020	2019
	----- (Unaudited) -----	
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	26,348	45,735
(Increase) / decrease in assets		
Investments	(132,681)	(9,298)
Accrued income	3,081	(1,248)
Advances, deposits, prepayments and other receivables	-	366
Amortization of Formation Cost	102	103
Receivable against redemption of debt securities	1,188	-
Receivable against subscription of investment	-	23,188
	(128,310)	13,111
Increase / (decrease) in liabilities		
Payable to National Investment Trust Limited - Management Company	(180)	166
Payable to Central Depository Company of Pakistan Limited - Trustee	(10)	(46)
Payable to Securities and Exchange Commission of Pakistan	(90)	(319)
Payable against redemption of units	2,108	331
Accrued expenses and other liabilities	(62)	1,124
	1,766	1,256
Net cash (used in) from operating activities	(100,196)	60,102
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units-including CIP	766,007	777,452
Payments on redemption of units	(884,365)	(701,863)
Dividend paid	(82,712)	(40,450)
Net cash (used in) / generated from financing activities	(201,070)	35,139
Net increase in cash and cash equivalents during the period	(301,266)	95,241
Cash and cash equivalents at the beginning of the period	543,211	413,317
Cash and cash equivalents at the end of the period	241,945	508,558

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)


Managing Director


Director


Director


Chief Financial Officer

NIT - ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NIT - Islamic Income Fund (the Fund) was established under a Trust Deed executed between National Investment Trust Limited (NITL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/NITL/324/ 2016 dated March 01, 2016 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on March 14, 2016. The Fund is categorized as Shariah Compliant Income Scheme as per criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters.
- 1.2 The Management Company of the Fund has been classified as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building, I. I. Chundrigar Road, Karachi.
- 1.3 The Fund is an open-ended mutual fund listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at initial price of Rs. 10 on July 04, 2016 and received Rs. 159.518 million against initial public offer from various investors including Management Company and accordingly the Fund commenced its business activities on the same date.
- 1.4 The objective of the Fund is to generate a stable shariah compliant income stream, while seeking maximum possible preservation of capital, over the medium to long term period, by investing in a diversified portfolio of Shariah Compliant fixed income and money market instruments. The Management Company has appointed Mufti Zeeshan Abdul Aziz as Shariah Advisor to the Fund to ensure the activities are in compliance with the principles of Shariah.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned "AA-(f)" rating to the Fund. The Management Company has been assigned a quality rating of 'AM1' by VIS dated December 31, 2020 and PACRA has assigned an asset manager rating of 'AM2++' with 'positive outlook' to the Management Company on November 5, 2020.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.7 During the period, the Fund has made a distribution of Rs 82.855 million in respect of the year ended June 30, 2020 based on net income for the year after taxation (without taking into account the income already paid on units redeemed as envisaged in the NBFC Regulations). However, the undistributed income as at the beginning of the current period was Rs 52.977 million. The distribution methodology adopted by the Fund has been made based on the advice of the tax and legal advisers in order to protect the interest of the existing unit holders.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 along with part and the requirements VIIIA of the repealed Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations). 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 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

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- 2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2020.
- 2.1.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2)(f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).
- 2.1.4 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for the quarter ended December 31, 2020 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.
- 2.1.5 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees which is the functional and presentation currency of the Fund.

2.3 Basis of measurement

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

- 3.1 The accounting policies adopted and the methods of computation of the of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

- 3.2 The preparation of the condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements of the Fund as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2020.

3.3 New / Revised Standards, Interpretations and Amendments adopted by the Fund.

The Fund has adopted the following standards and amendment to IFRSs which became effective for the current period:

Amendments to IFRS 3: Definition of a Business

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Amendments to IAS 1 and IAS 8 Definition of Material

Conceptual Framework for Financial Reporting issued on March 29, 2018

Amendments to IFRS 16 Covid-19 Related Rent Concessions

The adoption of the above amendments to accounting standards and interpretations did not have any effect on these condensed interim financial statements.

- 3.4 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2020.

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		December 31, 2020 (Un audited)	June 30, 2020 (Audited)
	Note	(Rupees in '000)	
4. BANK BALANCES			
In saving accounts	4.1	241,945	543,211
These accounts carry return at rates ranging from 5.00% to 6.25% per annum (June 30, 2020: 6.50% to 13.00% per annum).			
5. INVESTMENTS			
Fair value through other comprehensive income	Note	----(Rupees in '000)----	
Debt securities:			
- Sukuk - listed	5.1.1	160,611	167,725
- Sukuk - unlisted	5.1.2	37,632	37,065
- Privately placed short term Sukuk - unlisted	5.1.3	25,562	30,643
- Commercial Paper	5.1.4	-	29,085
- Government securities	5.1.5	177,064	179,450
		400,869	443,968
Fair value through Profit or Loss			
Debt securities:			
- Sukuk - listed	5.2.1	25,973	-
- Sukuk - unlisted	5.2.2	41,835	-
- Commercial Paper	5.2.3	59,000	-
	5.2.4	46,086	-
		172,894	-
		573,763	443,968

5.1 Investment in Fair Value through Comprehensive Income

5.1.1 Sukuks-listed

Name of the investee company	Number of certificates				Balance as at December 31, 2020		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 01, 2020	Purchased during the period	Sales / matured during the period	As at 31 December 2020	Carrying value	Market value		
					(Rupees in '000)		----- (%)-----	
Dawood Hercules Corporation Limited	250	-	-	250	14,874	15,164	1.87	2.64
Dawood Hercules Corporation Limited	400	-	-	400	27,997	28,346	3.49	4.94
Fatima Fertilizer Company Limited	1,717	-	-	1,717	1,717	1,729	0.21	0.30
Masood Textile Mills Limited	15	-	-	15	15,000	14,772	1.82	2.57
Pakistan Energy Sukuk II	20,000	-	-	20,000	100,000	100,600	12.38	17.53
Total as at December 31, 2020 (Un-audited)	22,382	-	-	22,382	159,588	160,611	19.77	27.98
Total as at June 30, 2020 (Audited)	2,367	20,015	-	22,382	166,890	167,725	16.93	37.77

5.1.2 Sukuks-unlisted

Dubai Islamic Bank Limited	25	-	-	25	25,321	25,699	3.16	4.48
Ghani Gases Limited	285	-	-	285	14,286	11,933	1.47	2.08
Total as at December 31, 2020 (Un-audited)	310	-	-	310	39,607	37,632	4.63	6.56
Total as at June 30, 2020 (Audited)	310	-	-	310	38,433	37,065	3.74	8.35

5.1.3 Privately Placed Short term Sukuk-unlisted

Hub Power Company Limited	300	-	50	250	25,000	25,562	3.15	4.46
Total as at December 31, 2020 (Un-audited)	300	-	50	250	25,000	25,562	3.15	4.46
Total as at June 30, 2020 (Audited)	10,000	300	10,000	300	30,000	30,643	3.09	6.90

5.1.4 Commercial Paper

K-Electric Limited	30,000	-	30,000	-	-	-	-	-
Total as at December 31, 2020 (Un-audited)	30,000	-	30,000	-	-	-	-	-
Total as at June 30, 2020 (Audited)	50	105,000	75,050	30,000	29,085	29,085	2.94	6.55

5.1.5 Investment in Government Securities - Ijarah Sukuks

Ijarah Sukuks	185,000	-	-	185,000	185,000	177,064	21.79	30.86
Total as at December 31, 2020 (Un-audited)	185,000	-	-	185,000	185,000	177,064	21.79	30.86
Total as at June 30, 2020 (Audited)	-	185,000	-	185,000	185,000	179,450	18.12	40.42

5.2 Investment in fair value through Profit or Loss

5.2.1 Sukuks-Listed

K-Electric Limited	-	5,117	-	5,117	25,585	25,973	3.20	4.53
Total as at December 31, 2020 (Un-audited)	-	5,117	-	5,117	25,585	25,973	3.20	4.53

5.2.2 Sukuks-unlisted

Hub Power Holding Limited	-	500,000	-	500,000	41,830	41,835	5.15	7.29
Total as at December 31, 2020 (Un-audited)	-	500,000	-	500,000	41,830	41,835	5.15	7.29

5.2.3 Privately Placed Short term Sukuk-unlisted

Kot Addu Power Company Limited	-	590	-	590	59,000	59,000	7.26	10.28
Total as at December 31, 2020 (Un-audited)	-	590	-	590	59,000	59,000	7.26	10.28

5.2.4 Commercial Paper

K-Electric Limited	-	28	-	28	27,514	27,514	3.39	4.80
K-Electric Limited	-	19	-	19	18,572	18,572	2.29	3.24
Total as at December 31, 2020 (Un-audited)	-	47	-	47	46,086	46,086	5.68	8.04

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5.3 Significant terms and conditions of sukuku outstanding at the period end are as follows:

Name of security	Number of certificates	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Tenor	Secured / Unsecured	Rating
Sukuku - listed							
Fatima Fertilizer Company Limited	1,717	1,000	6-months KIBOR + 1.10%	28 November 2016	5 years	Secured	AA-
Dawood Hercules Corporation Limited	400	70,000	3-months KIBOR + 1.00%	01 March 2018	5 years	Secured	AA
Dawood Hercules Corporation Limited	250	60,000	3-months KIBOR + 1.00%	16 November 2017	5 years	Secured	AA
Pakistan Energy Sukuk II	20,000	5,000	6-months KIBOR - 0.10%	21 May 2020	10 Years	Secured	Un-rated
Masood Textile Mills Limited	15	1,000,000	3-months KIBOR + 2.00%	17 December 2019	5 years	Secured	A
K-Electric Limited	5,117	5,000	3-months KIBOR + 1.7%	03 August 2020	7 years	Secured	AA+
Sukuku - unlisted							
Dubai Islamic Bank Limited	25	1,000,000	6-months KIBOR + 0.50%	14 July 2017	10 years	Unsecured	AA-
Ghani Chemical Industries Limited	285	50,000	3-months KIBOR + 1.00%	02 February 2017	6 years	Unsecured	A-
Hub Power Holding limited	500,000	100	9.85%	12 November 2020	5 years	Secured	AA+
Privately Placed Short term Sukuk - unlisted							
The Hub Power Company Limited	250	100,000	3-months KIBOR + 1.00%	22 August 2019	4 years	Unsecured	AA+
Kot Addu Power Company Limited	590	100,000	3-months KIBOR + 0.70%	08 December 2020	6 months	Unsecured	A-1+
Government securities							
Ijarah sukuk	185,000	100	5.95%	30 April 2020	5 years	Secured	

5.4 Significant terms and conditions of commercial papers outstanding at the period end are as follows:

Name of security	Face value (Rupees in '000)	Issue date	Mark-up rate (per annum)	Maturity date	Tenor	Secured / Unsecured	Rating
K-Electric Limited - ICP 11	28,000	September 24, 2020	8.04%	24 March 2021	6 months	Secured	A1+
K-Electric Limited - ICP 12	19,000	October 20, 2020	7.84%	20 April 2021	6 months	Secured	A1+

5.5 Net unrealised appreciation on re-measurement of investments classified as 'fair value through profit or loss'

Market value of investments
Less: Carrying value of investments

December 31,	
2020	2019
(Unaudited)	
Rupees in '000	
172,894	-
(172,500)	-
<u>394</u>	<u>-</u>

5.6 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through other comprehensive income'

Market value of investments
Less: Carrying value of investments

December 31,	
2020	2019
(Unaudited)	
Rupees in '000	
400,869	217,245
(409,195)	(218,782)
(8,326)	(1,537)
<u>(5,440)</u>	<u>(718)</u>
<u>(2,886)</u>	<u>(2,255)</u>

Less: Net unrealised appreciation / (diminution) at the beginning of the period

6. PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY

Management remuneration
Sindh Sales Tax on management remuneration
Preliminary expenses and flotation costs
Allocation of expenses related to registrar services, accounting, operation and valuation services
Others

Note	December 31, 2020 (Un audited)	June 30, 2020 (Audited)
	Rupees in '000	
6.1	406	550
6.2	53	72
	1,018	1,018
6.3	64	81
	<u>145</u>	<u>145</u>
	<u>1,686</u>	<u>1,866</u>

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- 6.1 The Management Company has charged its remuneration at the rate of 7.5% (30 June 2020: 7.5 percent) of gross earning with a minimum of 0.25% (June 30, 2020: 0.25 percent) and maximum of 1% (30 June 2020: 1 percent) of average annual net assets in the current period.
- 6.2 During the period, Sindh Sales Tax at the rate of 13% (June 30, 2020: 13%) was charged on the management remuneration.
- 6.3 The Management Company, based on its own discretion, has currently fixed a maximum capping of 0.1 percent of the average annual net assets of the scheme for allocation of such expenses to the Fund during the period.

	Note	December 31, 2020 (Un audited) -----Rupees in '000-----	June 30, 2020 (Audited)
7. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration	7.1	53	62
Sales tax payable on trustee remuneration	7.2	7	8
		<u>60</u>	<u>70</u>

- 7.1 The Fund has charged trustee remuneration at the rate of 0.075% p.a. (June 30, 2020: 0.075%) of net assets.
- 7.2 During the period, Sindh Sales Tax at the rate of 13% (June 30, 2020: 13%) was charged on trustee remuneration.

	Note	(Un audited) -----Rupees in '000-----	(Audited)
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Worker's Welfare Fund	8.1	4,162	3,624
Capital gain tax		111	495
Auditors' remuneration		223	217
Listing fee		31	-
Legal and professional charges		12	79
Printing charges		17	30
Settlement charges		125	-
Shariah advisory fee		14	10
Withholding tax		2	2
Zakat payable		-	302
		<u>4,697</u>	<u>4,759</u>

8.1 SINDH WORKERS' WELFARE FUND (SWWF)

The status of Sindh workers' welfare fund (SWWF) is same as disclosed in annual financial statements for the year ended June 30, 2020. The provision for SWWF is being made on a daily basis. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.0503 (June 30, 2020: Re. 0.0396).

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2020 (June 30, 2020: Nil).

10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending June 30, 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

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11. Total Expense Ratio

Total Expense Ratio of the Fund is 1.08% as on December 31, 2020 (December 31, 2019: 1.70%) and this includes 0.23% (December 31, 2019: 0.39%) representing Government Levy, Sindh Workers' Welfare Fund (SWWF) and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations 60(5) for a collective investment scheme categorised as an Income Scheme.

12. TRANSACTIONS WITH CONNECTED PERSONS

- 12.1 Connected persons include National Investment Trust Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of Fund and the directors and officers of the Management Company and the Trustee and unit holders holding 10 percent or more units of the Fund.
- 12.2 The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 12.3 Remuneration to the Management Company and the trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 12.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

Details of the transactions with connected persons are as follows:

	Six months period ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
National Investment Trust Limited - Management Company				
Issue of 1,625,807 units under CIP (2019: 1,254,432 units)	15,541	12,293	-	-
Additional units: 2,480 as refund of capital (2019: 723 units)	-	-	-	-
Remuneration of the Management Company	2,225	3,704	1,069	1,872
Sindh Sales Tax on Management remuneration	289	481	139	243
Allocation of expenses related to registrar services, accounting, operation and valuation services	417	392	201	200
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee	317	294	151	149
Sindh Sales Tax on Trustee Remuneration	41	38	19	19
Directors and Key management personnel				
Issue of 226,673 units (2019: 145,900 units)	2,200	1,450	1,300	-
Issue of 25,273 units under CIP (2019: 6,693 units)	242	66	-	-
Additional units: 2,220 as refund of capital (2019: Nil units)	-	-	-	-
Redemption of 104,646 units (2019: Nil units)	1,014	-	281	-

12.5 Amounts outstanding as at period end:

	December 31, 2020	June 30, 2020
	(Un audited)	(Audited)
	Rupees in '000	
National Investment Trust Limited - Management Company		
16,296,145 Units held (June 30, 2020: 14,667,859 units)	160,131	158,514
Management remuneration	406	550
Sindh Sales Tax on Management remuneration	53	72
Sales load	-	-
Preliminary expenses and floatation costs	1,018	1,018
Allocation of expenses related to registrar services, accounting, operation and valuation services	64	81
Others	145	145
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	53	62
Sindh Sales Tax on Trustee remuneration	7	8
Directors and Key management personnel		
394,240 Units held (30 June 2020: 244,720 units)	3,874	2,645

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13. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

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

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

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

As at December 31, 2020 and June 30, 2020, the Fund held the following instruments measured at fair values:

	Note	Level 1	Level 2	Level 3	Total
(Rupees in '000)					
December 31, 2020 (Un-audited)					
At fair value through OCI	13.1	-	400,869	-	400,869
At fair value through profit or loss	13.1 & 13.2	-	172,894	-	172,894
		-	573,763	-	573,763
June 30, 2020 - (Audited)					
At fair value through OCI		-	443,968	-	443,968
		-	443,968	-	443,968

13.1 Investments in GoP Ijarah sukuk bond and sukuks, issued by the Government of Pakistan or a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) and Pakistan Stock Exchange (PSX) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

13.2 The valuation of commercial paper have been done based on the amortization of commercial papers to its fair value as per the guidelines of circular 33 of 2012 as the residual maturity of this investment is less than 3 or 6 months and they are placed with counterparties having high credit rating.

During the period ended December 31, 2020, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

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14. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 23-02-2021 by the Board of Directors of the Management Company.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

For National Investment Trust Limited
(Management Company)



Managing Director



Director



Director



Chief Financial Officer