



**NIT Income Fund
Condensed Interim Financial
Statements (Unaudited)
for the Quarter Ended
30 September 2020**

**NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2020**

	Note	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
-----Rupees in '000-----			
ASSETS			
Bank balances	4	1,677,605	1,534,755
Investments	5	2,321,401	2,174,307
Profit and other receivable	6	21,554	107,746
Security deposits		350	350
Receivable against Redemption of Sukuk		-	1,188
Receivable against redemption of term finance certificates	7	-	-
Receivable against Partial Maturity of Commercial Paper		16,401	-
Total assets		4,037,311	3,818,346
LIABILITIES			
Payable to National Investment Trust Limited - Management Company	8	2,867	3,473
Payable to Central Depository Company of Pakistan Limited - Trustee	9	255	277
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	186	781
Accrued expenses and other liabilities	11	53,640	52,601
Dividend Payable		2,020	502
Total liabilities		58,968	57,634
NET ASSETS		3,978,343	3,760,712
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,978,343	3,760,712
CONTINGENCIES AND COMMITMENTS			
	12		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE		391,261,397	330,500,900
-----Rupees-----			
NET ASSET VALUE PER UNIT		10.1680	11.3788

The annexed notes from 1 to 17 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 - INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 30,	
	2020	2019
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
INCOME		
Income from government securities	33,164	40,208
Income from Term Finance Certificates	19,909	43,414
Income from letters of placement	3,207	-
Income from Marginal Trading System	-	222
Profit on bank balances	21,320	50,149
(Loss) / gain on sale of investments-net	(36)	8,266
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.9 (34,968)	3,551
Total income	42,596	145,810
EXPENSES		
Impairment Loss on Term Finance Certificate	-	9,889
Remuneration of National Investment Trust Limited - Management Company	8.1 7,467	11,942
Sindh sales tax on Management Company's remuneration	8.2 971	1,552
Remuneration of Central Depository Company of Pakistan Limited - Trustee	697	764
Sindh Sales Tax on Remuneration of Trustee	91	99
Annual fee - Securities and Exchange Commission of Pakistan	186	204
Central Depository Charges	3	1
Allocation of expenses related to registrar services accounting, operations and valuation services	8.3 919	1,045
Laga and Levy Charges	-	15
Settlement and bank charges	13	20
Securities transaction costs	109	36
Auditors' remuneration	356	230
Legal & professional charges	455	-
Annual listing fee	30	40
Total expenses	11,305	25,837
Net income from operating activities	31,291	119,973
Provision for Sindh Workers' Welfare Fund	11.1 (626)	(2,400)
Net income for the period before taxation	30,665	117,573
Taxation	13 -	-
Net income for the period	30,665	117,573
Allocation of net income for the period		

Net income for the period	30,665	117,573
Income already paid on units redeemed	(193)	(677)
	30,472	116,896
Accounting income available for distribution:		
-Relating to capital gains	-	11,777
-Excluding capital gains	30,472	105,119
	30,472	116,896

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For National Investment Trust Limited
(Management Company)


Managing Director


Director


Director


Chief Financial Officer

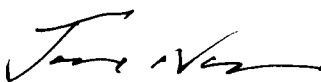

**NIT - INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	September 30,	
	2020	2019
	----- (Unaudited) -----	
Note	----- Rupees in '000 -----	
Net income for the period	30,665	117,573
Other comprehensive income for the period	-	-
Total comprehensive income for the period	30,665	117,573

The annexed notes from 1 to 17 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 - INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Note	September 30,					
	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Unaudited)					
	Rupees in '000					
Net assets at the beginning of the period	3,332,484	428,228	3,760,712	3,792,761	337,016	4,129,777
Issue of 70,180,322 units (2019: 1,980,917 units)						
Capital value	707,593		707,593	20,015		20,015
Element of income / (loss)	2,611		2,611	325		325
Amount received on issuance of units	710,204	-	710,204	20,340	-	20,340
Issue of 839,402 units in lieu of refund of capital (2019: 1,737,465 units)	8,463	-	8,463	17,582	-	17,582
Redemption of 40,429,062 units (2019: 5,343,232 units)						
Capital value	(407,626)		(407,626)	(53,988)		(53,988)
Element of income / (loss)	358	(193)	165	(51)	(677)	(728)
Amount paid / payable on redemption of units	(407,268)	(193)	(407,461)	(54,039)	(677)	(54,716)
Total comprehensive income for the period	-	30,665	30,665	-	117,573	117,573
Issue of 30,169,833 units under CIP (2019: 20,475,018 units)	304,187	-	304,187	207,195	-	207,195
Final distribution for the year ended June 30, 2020: Rs 1.2963 per unit [(Date of Distribution: 7 July 2020)](2019: 0.9025 per unit [(Date of Distribution: 5 July 2019)])		(419,965)	(419,965)	-	(321,046)	(321,046)
Refund of Capital	(8,463)	-	(8,463)	(17,582)	-	(17,582)
Net assets at the end of the period	3,939,607	38,735	3,978,343	3,966,257	132,866	4,099,123
Net assets at the end of the period						
Undistributed income brought forward						
-Realized income		428,228			337,016	
-Unrealized income		-			-	
		428,228			337,016	
Accounting income available for distribution						
-Relating to capital gains		-			11,777	
-Excluding capital gains		30,472			105,119	
		30,472			116,896	
Final distribution for the year ended June 30, 2020: Rs 1.2963 per unit [(Date of Distribution: 7 July 2020)](2019: 0.9025 per unit [(Date of Distribution: 5 July 2019)])		(419,965)			(321,046)	
Undistributed income carried forward		38,735			132,866	
Undistributed income carried forward comprising						
-Realized income		38,735			132,866	
-Unrealized income		-			-	
		38,735			132,866	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			11.3788			11.0065
Net assets value per unit at end of the period			10.1680			10.4022

The annexed notes from 1 to 17 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 - INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	September 30,	
	2020	2019
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	30,665	117,573
(Increase) / decrease in assets		
Investments	(147,093)	(331,841)
Profit and other receivable	86,192	10,050
Receivable against Marginal Trading System	-	17,881
Receivable against Redemption/subsorption of investments	1,188	9,889
Receivable against subsorption	-	46,375
Receivable against sale of investments	(16,401)	-
	(76,114)	(247,646)
Increase / (decrease) in liabilities		
Payable to National Investment Trust Limited - Management Company	(606)	(133)
Payable to Central Depository Company of Pakistan Limited - Trustee	(22)	(135)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(595)	(3,257)
Payable on redemption of units	-	860
Payable against MTS Investments	-	(2,941)
Accrued expenses and other liabilities	1,039	984
	(184)	(4,622)
Net cash (used in) operating activities	(45,633)	(134,695)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units-including CIP	1,014,391	227,535
Payments on redemption of units	(407,461)	(54,716)
Distribution paid	(418,447)	(319,831)
Net cash generated / (used in) from financing activities	188,483	(147,012)
Net increase in cash and cash equivalents during the period	142,850	(281,707)
Cash and cash equivalents at the beginning of the period	1,534,755	2,409,365
Cash and cash equivalents at the end of the period	1,677,605	2,127,658

The annexed notes from 1 to 17 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 - INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NIT - Income Fund (the "Fund") was established under a Trust Deed executed on 17 September 2009 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. NBFC-II/NITL/1026/2009 dated 20 November 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("NBFC Rules"). The Fund is categorized as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building, I. I. Chundrigar Road, Karachi.
- 1.3 The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange (PSX). 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 par from 15 February 2010 to 19 February 2010 (both days inclusive). Prior to the public offer, units were offered and issued to core investors and pre IPO investors at par value of Rs. 10. Subsequent to the initial period i.e., after 19 February 2010 units are being offered in accordance with the basis specified in the offering document.
- 1.4 The objective of the Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in fixed income securities / instruments.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned "AA-(f)" rating to the Fund and has assigned an asset manager rating of "AM2++" to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

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.
- 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 30 June 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).

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 judgements 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.

4 BANK BALANCES

These represent balances with banks in savings accounts carrying rates ranging from 5.50% to 8.30% per annum (30 June 2020: 5.40% to 14.50% per annum)

5 INVESTMENTS	Note	September 30,	June 30,
		2020 (Unaudited)	2020 (Audited)
-----Rupees in '000-----			
Fair value through profit or loss			
Government securities:			
-Market Treasury Bills	5.1	240,004	406,971
-Pakistan Investment Bonds	5.1	1,168,873	632,045
Term finance certificates - unlisted	5.2	437,394	439,673
Sukuk - Listed	5.3	233,728	182,815
Sukuk - Unlisted	5.4	12,451	133,983
Privately Placed Short term Sukuk-unlisted	5.5	122,910	-
Commercial Paper	5.6	106,041	78,820
Letter of placement		-	300,000
		<u>2,321,401</u>	<u>2,174,307</u>

5.1 Market Treasury Bills

Issue date	Tenor	Face value			Balance as at 30 September 2020		Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at 1 July 2020	Purchased during the period	Sales / matured during the period	As at 30 September 2020	Carrying value			Market value
(Rupees in '000)									
Market Treasury Bills									
November 7, 2019	12 Months	175,000	-	175,000	-	-	-	-	
April 23, 2020	12 Months	100,000	-	-	100,000	96,290	96,159	2.42	
May 7, 2020	12 Months	150,000	-	-	150,000	144,067	143,845	3.62	
Total - 30 September 2020		425,000	-	175,000	250,000	240,357	240,004	6.04	10.34

Issue date	Tenor	Face value			Balance as at 30 September 2020		Market value as a percentage of net assets	Market value as a percentage of total investments	
		As at 1 July 2020	Purchased during the period	Sales / matured during the period	As at 30 September 2020	Carrying value			Market value
(Rupees in '000)									
Pakistan Investment Bond									
September 19, 2019	3 Years	250,000	350,000	-	600,000	620,882	610,015	15.33	26.28
September 19, 2019	5 Years	187,500	150,000	-	337,500	354,052	342,707	8.61	14.76
September 19, 2019	10 Years	162,500	-	-	162,500	176,523	165,971	4.17	7.15
June 18, 2020	3 Years	-	50,000	-	50,000	50,187	50,180	1.26	2.16
Total - 30 September 2020		600,000	550,000	-	1,150,000	1,201,643	1,168,873	29.37	50.35

5.2 Term finance certificates - unlisted

Name of the investee company	Number of certificates			Balance as at 30 September 2020		Market value as a percentage of net assets	Market value as a percentage of total investments	
	As at 1 July 2020	Purchased during the period	Sales / matured during the period	As at 30 September 2020	Carrying value			Market value
(Rupees in '000)								
JS Bank Limited	12,000	-	-	12,000	58,798	58,905	1.48	2.54
Habib Bank Limited	1,550	-	-	1,550	151,442	150,476	3.78	6.48
Bank Al-Habib Limited	25,000	-	-	25,000	121,853	122,140	3.07	5.26
Bank Al-Habib Limited	19,125	-	-	19,125	87,581	86,128	2.16	3.71
KASHF Foundation	20	-	-	20	19,949	19,745	0.50	0.85
Total - 30 September 2020	57,695	-	-	57,695	439,624	437,394	10.99	18.84

5.3 Sukus - Listed

Dawood Hercules Corporation Ltd	1,750	-	-	1,750	125,081	124,077	3.12	5.34
Fatima Fertilizer Company Limited	3,678	-	-	3,678	5,549	5,557	0.14	0.24
Masood Textile Mills Limited	35	-	-	35	34,714	34,126	0.86	1.47
K Electric Limited	-	13,646	-	13,646	68,230	69,968	1.76	3.01
Total - 30 September 2020	5,483	13,646	-	19,109	233,574	233,728	5.88	10.06

5.4 Sukus - unlisted

Ghani Gasses Limited	285	-	-	285	12,555	12,451	0.31	0.54
Total - 30 September 2020	285	-	-	285	12,555	12,451	0.31	0.54

5.5 Privately Placed Short term Sukuk-unlisted

Hub Power Company Limited	1,200	-	-	1,200	122,574	122,910	3.09	5.29
Total - 30 September 2020	1,200	-	-	1,200	122,574	122,910	3.09	5.29

5.6 Commercial Paper

K-Electric Limited	30,000	-	-	30,000	29,953	29,953	0.75	1.29
K-Electric Limited	-	79,000	-	79,000	76,088	76,088	1.91	3.28
TPL Trakker Limited	50,000	-	50,000	-	-	-	-	-
Total - 30 September 2020	80,000	79,000	50,000	109,000	106,041	106,041	2.66	4.57

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

Name of security	Number of certificates	Unredeemed face value	Mark-up rate (per annum)	Issue date	Maturity date	Tenor	Secured / (Unsecured)	Rating
Unlisted term finance certificates								
Bank AL Habib Limited (5th issue)	19,125	4,992	6-months KIBOR + 0.75%	17 March 2016	17 March 2026	8 years	Unsecured	AA
Bank AL Habib Limited (7th issue)	25,000	4,997	6-months KIBOR + 1%	06 December 2018	06 December 2028	10 years	Unsecured	AA
Habib Bank Limited	1,550	99,840	6-months KIBOR + 0.50%	19 February 2016	19 February 2026	10 years	Unsecured	AAA
JS Bank Limited	12,000	4,993	6-months KIBOR + 1.4%	14 December 2016	14 December 2023	10 years	Unsecured	A+
KASHF Foundation	20	1,000,000	3 Months Kibor + 2.25%	30 September 2019	30 September 2023	7 years	Unsecured	A
Listed sukus								
Fatima Fertilizer Company Limited	3,678	1,500	6-months KIBOR + 1.10%	28 November 2016	28 November 2021	4 years	Unsecured	AA-
Dawood Hercules Corporation Limited	1,750	80,000	3-months KIBOR + 1%	01 March 2018	01 March 2023	5 years	Secured	AA
Masood Textile Limited	35	1,000,000	3-months KIBOR + 2.00%	17 December 2019	17 December 2024	5 years	Secured	A
K-Electric Limited	13,646	5,000	3-months KIBOR + 1.7%	03 August 2019	03 August 2027	7 years	Secured	AA+
Unlisted sukus								
Ghani Chemical Industries Limited (formerly Gani Gases Limited)	285	45,833	3-months KIBOR + 1%	02 February 2017	02 February 2023	6 years	Secured	A-
Hub Power Company Limited	1,200.00	100,000	3-months KIBOR + 1.90%	22 August 2019	22 August 2023	3 years	Secured	AA+

5.8 Certificate of Investment/Clean Placements

Name of the investee company	Number of certificates			Balance as at 30 September 2020		Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2020	Purchased during the period	Sales / matured during the period	As at 30 September 2020	Carrying value		
Rupees in '000							
Pak Libya Holding Company (Private) Limited	300,000	600,000	900,000	-	-	-	-
Total - 30 September 2020	300,000	600,000	900,000	-	-	-	-

		September 30	
		2020	2019
5.9	Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'fair value through profit or loss'	----- (Unaudited) -----	
		----- Rupees in '000 -----	
	Market value of investments	2,321,401	1,858,827
	Less: Carrying value of investments	(2,356,369)	(1,855,276)
		<u>(34,968)</u>	<u>3,551</u>

		September 30, 2020	June 30, 2020
		(Unaudited)	(Audited)
		----- Rupees in '000 -----	
6	PROFIT AND OTHER RECEIVABLES		
	Profit receivable on		
	- term finance certificates	10,522	17,116
	- Pakistan investment bonds	4,584	15,989
	- certificate of investment	-	-
	- saving accounts	6,444	8,769
	- marginal trading system	4	-
	- Letter of placement	-	1,504
	Advance tax	-	64,368
	6.1	<u>21,554</u>	<u>107,746</u>

6.1 The Fund received a show-cause notice dated January 3, 2018 alleging that the Fund is not eligible to claim income tax exemption under clause (99) contained in Part I of Second Schedule to the Ordinance as it did not allegedly distribute at least 90% of its income for tax year 2017 to its unit holders by way of dividend. The notice was duly responded by tax advisor of the Fund vide letter dated January 10, 2018. However, the Assistant Commissioner Inland Revenue (ACIR) proceeded with passing an order dated January 30, 2018.

The Fund filed an Appeal with the Commissioner Inland Revenue - Appeals (CIRA) on February 21, 2018 against the ACIR's order, on the contention that the ACIR had erred in construing that the amount of dividend reinvested by the unit holders in units of the Fund under Cumulative Investment Plan is not to be considered while determining whether the Fund distributed at least 90% of its income to unitholders. The CIRA passed an order dated April 25, 2018 upholding the ACIR's action of rejecting the exemption claim.

The impugned tax demand of Rs. 64.368 million arising from the order has already been collected by the tax authority by way of attachment of bank account which is treated as advance tax. The Fund filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on April 26, 2018 against the CIRA's decision. During the current period, the ATIR has passed an order dated November 22, 2018 whereby, the contention of the Fund has been accepted and the matter has been disposed of. The order by ATIR has been made in favour of the Fund and tax amount of Rs. 64.368 million was refunded to fund on dated August 26, 2020.

7 RECEIVABLE AGAINST REDEMPTION OF TERM FINANCE CERTIFICATES

The Term Finance Certificates (TFCs) of Summit Bank Limited (SBL) had an original maturity on 27 October 2018. The bullet principal amount due on 27 October 2018 amounting to Rs 99.701 million was not received by the Fund. The non payment of final bullet principal amount was on account of deficit in the Capital Adequacy Ratio / Minimum Capital Requirements of SBL due to which the lock-in clause was invoked which states that neither profit nor principal payment shall be made if the capital adequacy ratio falls below the minimum level required. Potential merger of Summit Bank Limited with and into Sindh Bank Limited and subsequent fulfillment of Capital Adequacy Ratio / Minimum Capital Requirements was also in process as the shareholders of both banks had given their approval for agreed swap ratio. Thereafter, an extraordinary general meeting was called on 19 November 2018, wherein it was resolved that the maturity date of these certificates be extended for one year (i.e. upto 27 October 2019) on the existing terms and conditions of the TFC issue subject to compliance with all the applicable laws, rules, regulations and requisite approvals. The carrying amount of investment has been transferred to "Receivable against redemption of term finance certificates" and has been disclosed on the Statement of Assets and Liabilities.

The TFCs were classified as non-performing by the Mutual Funds Association of Pakistan (MUFAP) on 13 November 2018 in accordance with the criteria given in SECP's circulars 33 and 35 dated 24 October 2012 and 26 November 2012 respectively. The Fund along with other TFC holders (thereby forming simple majority of the total TFC holders) had consented to extend the maturity date for one year as stated above. However, no payment was received on 27 October 2019. Accordingly, the Management Company has made full provision against the outstanding amount of Rs 99.701 million as at 30 June 2020. Furthermore, profit on installment due amounting to Rs 4.817 million has also been reversed and no further markup is being accrued.

7.1.1 Details of non-compliant investments with the investment criteria as specified by the SECP

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held	Value of investment after provision
Listed Debt Security				
Summit Bank Limited	TFC	99,701	99,701	-
Total - 30 September 2020		<u>99,701</u>	<u>99,701</u>	

At the time of purchase / investment, the TFCs were in compliance with the investment requirement of the Constitutive Documents and investment restriction parameters laid down in NBFC Regulations and the NBFC Rules. However, subsequently they defaulted or downgraded upon default to non investment grade and became non-compliant with the investment restriction parameters laid down in the NBFC Regulations and the NBFC Rules and with the requirement of Constitutive Documents. Disclosure of the non-compliance is made as required by Circular No. 16 of 2010 dated 7 July 2010 issued by SECP.

8	PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY	Note	September 30, 2020	June 30, 2020
			(Unaudited)	(Audited)
-----Rupees in '000-----				
	On account of:			
	-Management remuneration	8.1	2,243	2,748
	-Sindh Sales Tax	8.2	292	357
	-Preliminary expenses and formation cost		-	-
	-sales load		-	-
	-Allocation of expenses related to registrar services 'accounting, operation and valuation services	8.3	332	368
			<u>2,867</u>	<u>3,473</u>

8.1 The Management Company has its remuneration at the rate of 10% of gross earnings of the Fund subject to upper cap of 1.25 % and lower cap of 0.5% of the average annual net assets of the Fund. (30 June 2020; 10% of gross earnings of the Fund subject to upper cap of 1.25 % and lower cap of 0.5% of the average annual net assets of the Fund).

8.2 Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) is charged on the management remuneration.

8.3 In accordance with Regulation 60(3)(S) of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until 19 June 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated 20 June 2019 removed the maximum cap of 0.1%.

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.

9	PAYABLE TO THE CENTRAL DEPOSITORY 'COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	September 30, 2020	June 30, 2020
			(Unaudited)	(Audited)
----Rupees in '000-----				
	Trustee remuneration		226	245
	Sindh Sales Tax on trustee remuneration	9.2	29	32
			<u>255</u>	<u>277</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the fund under the provisions of the Trust Deed. Accordingly, the fund has charged Trustee remuneration at the rate of 0.075% per annum during the period.

9.2 Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) is charged on trustee remuneration.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan an amount equal to 0.02% (June 30, 2020: 0.02%) of average annual net assets of the Fund.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2020	June 30, 2020
			(Unaudited)	(Audited)
-----Rupees in '000-----				
	Provision for Sindh workers' welfare fund	11.1	29,712	29,086
	Federal Excise Duty	11.2	20,799	20,799
	Auditors' remuneration		884	528
	Legal & professional charges		2,065	1,610
	Printing charges		7	30
	Brokerage		46	86
	Capital gains tax		88	454
	Withholding tax		9	8
	Listing Fee		30	-
			<u>53,640</u>	<u>52,601</u>

11.1 The status of Sindh workers' welfare fund (SWWF) is same as disclosed in annual financial statements for the year ended 30 June 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 Rs. 0.0759 (30 June 2020: Rs. 0.0880).

11.2 The status of Federal Excise Duty (FED) is same as disclosed in annual financial statements for the year ended 30 June 2020. Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 22.379 million out of which Rs. 1.580 million have been paid to the management company. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0532 (30 June 2020: Rs. 0.0677) per unit.

12 CONTINGENCIES AND COMMITMENTS

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

13 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 30 June 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.28 % per annum. Total expense ratio (excluding government levies) is 1.08 % per annum.

15 TRANSACTIONS WITH CONNECTED PERSONS

15.1 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 the 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.

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

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

15.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

Transactions during the period:

National Investment Trust Limited - Management Company

Issue Nil units (2019: 7,719 units)
 Issue 18,316,963 units under CIP (2019: 12,639,772 units)
 Additional units: 19,771 as refund of capital (2019: 120,125 units)
 Management fee for the period
 Sindh sales tax on management fee
 Allocation of expenses related to registrar services,
 accounting, operation and valuation services

	September 30,	
	2020	2019
	(Unaudited)	
	-----Rupees in '000-----	
	-	80
	184,681	127,907
	-	-
	7,467	11,942
	971	1,552
	919	1,045

Central Depository Company of Pakistan Limited - Trustee

Trustee fee for the period
 CDC charges

	697	764
	3	1

National Investment Trust Limited - Provident Fund

Issue 214,682 units under CIP (2019: 121,388 units)
 Additional units: 268,198 as refund of capital (2019: Nil units)

	2,165	1,228
	-	-

National Investment Trust Limited - Pension Fund

Issue 2,508,411 units under CIP (2019: 1,379,350 units)
 Additional units: 268,198 as refund of capital (2019: Nil units)

	25,291	13,959
	-	-

Chief Operating Officer

Issue 184,026 units under CIP (2019: 118,709 units)
 Additional units: 181 as refund of capital (2019: Nil units)

	2,637	1,201
	-	-

Fund Manager

Issue 65 units under CIP (2019: 42 units)
 Additional units: 0.0642 as refund of capital (2019: Nil units)

	0.66	0.43
	-	-

Amounts outstanding as at the end of the period/year

National Investment Trust Limited - Management Company

186,099,473 units held (June 30, 2020: 167,762,740 units)
 Management fee payable
 Sindh Sales Tax
 Allocation of expenses related to registrar services,
 accounting, operation and valuation services

	September 30, 2020	June 30, 2020
	(Unaudited)	(Audited)
	-----Rupees in '000-----	
	1,892,259	1,908,939
	2,243	2,748
	292	357
	332	368

Central Depository Company of Pakistan Limited - Trustee

Trustee fee payable
 Sindh Sales Tax on Trustee Remuneration
 Security Deposit

	226	245
	29	32
	100	100

National Investment Trust Limited - Provident Fund

4,954,547 units held (June 30, 2020: 4,471,416 units)

	50,378	50,879
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National Investment Trust Limited - Pension Fund

25,992,985 units held (June 30, 2020: 23,482,467 units)

	264,297	267,202
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Chief Operating Officer

1,869,543 units held (June 30, 2020: 1,685,336 units)

	19,010	19,177
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Fund Manager / Head of Fixed Income

663 units held (June 30, 2020: 597 units)

	7	7
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16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 29 Oct 2020 by the Board of Directors of the Management Company.

17 GENERAL

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

For National Investment Trust Limited
(Management Company)


Managing Director


Director


Director


Chief Financial Officer