

NBP FINANCIAL SECTOR FUND

AM1
Rated by PACRA

QUARTERLY REPORT
MARCH 31, 2022



MISSION STATEMENT

"To become country's most
investor-focused company,
by assisting investors
in achieving their financial goals."



Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION	14



FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

MCB Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited
National Bank of Pakistan



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited financial statements of **NBP Financial Sector Fund (NFSF)** for the period ended March 31, 2022.

Fund's Performance

During 9MFY22, the benchmark KSE-100 index dropped by 2,427 points, translating into a decline of 5.1% during the period. The market remained quite jittery throughout the period, and amid thin volumes, traded within a range showing lack of investors' interest.

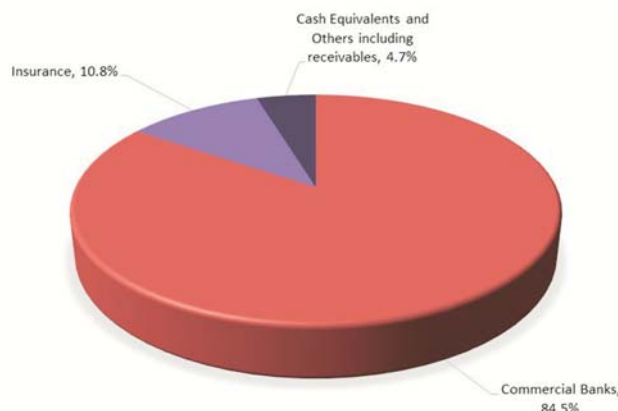
During the period under review, although the profitability of listed corporates rose sharply (cumulative profit during trailing four quarters increased by around 48% on a yearly basis), it did not translate into a commensurate market performance. Investors focused narrowly on the burgeoning current account deficit (CAD) which deteriorated significantly to USD 12.1 billion in 8MFY22, compared to a surplus of USD 1 billion during the comparative period last year. The external vulnerabilities re-emerged as aggregate domestic demand surged and the ongoing commodity super-cycle further exacerbated the external imbalances. The escalation in Russia Ukraine conflict and ensuing sanctions on the former further fueled global commodity prices that alarmed the investors which remained wary of its impact on domestic inflation. Monthly inflation reading also kept creeping up and average inflation stood at around 10.8% during the period under review. To compress both the external imbalances and the rampant inflation, the central bank resorted to monetary tightening during the period as Policy Rate was raised by a cumulative 2.75% in 9MFY22. For the same reason, PKR continued to depreciate and lost value by a significant 16% during the period. Though IMF program was resumed in 3Q, the inordinate delay in its resumption remained another reason for nervousness in the market. The downgrade of Pakistan from the MSCI Emerging Market to MSCI Frontier Market also took place during the period, necessitating rebalancing on part of foreign investors that resulted in sizeable foreign outflows during the period, which also dented the stock market performance. Lastly, the rising political noise further stoked uncertainty.

Looking at the sector wise performance of the market, Automobile Assemblers, Chemicals, Commercial Banks, Fertilizers, Food & Personal Care, Glass & Ceramics, Oil & Gas Exploration, Power Generation & Distribution, and Textile Composite sectors outperformed the market, while Auto Parts & Accessories, Cable & Elec. Goods, Cements, Engineering, Insurance, Oil & Gas Marketing, Paper & Board, Pharmaceuticals, Refinery, Technology & Communication, and Vanaspati sectors lagged the market. In terms of participant-wise activity, Individuals, Companies and Banks/DFIs remained the largest buyers during the period with net inflows of USD 82 million, USD 81 million and USD 72 million, respectively. On the other hand, Foreigners were the largest sellers in the market with net outflows amounting to USD 271 million.

The size of NBP Financial Sector Fund has increased from Rs. 445 million to Rs. 462 million during the period, i.e., an increase of 4%. During the period, the unit price of NBP Financial Sector Fund (NFSF) has increased from Rs. 8.9014 on June 30, 2021 to Rs. 9.4476 on March 31, 2022, thus showing an increase of 6.1%. During the same period the Benchmark was decreased by 4.5%. Thus, the Fund has outperformed its Benchmark by 10.6% during the period under review. Since inception, the unit price of NBP Financial Sector Fund has decreased from Rs. 9.6486 (Ex-Div) on February 14, 2018 to Rs. 9.4476 on March 31, 2022, thus showing a decrease of 2.1%. The Benchmark for the same period was increased by 3.2%. Thus, the Fund has underperformed its Benchmark by 5.3% during the period under review. This performance is net of management fee and all other expenses. During August 2021, provisioning against Sindh Workers' Welfare Fund has been reversed. The reversal of provision has contributed towards an unusual increase in NAV of the Fund. This is one-off event and shall not be repeated in the future.



NBP Financial Sector Fund has earned a total income of Rs. 41.11 million during the period. After incurring total expenses of Rs. 15.88 million, the net income is Rs. 25.23 million. The asset allocation of the Fund as on March 31, 2022 is as follows:



NFSF Performance versus Benchmark



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: **April 27, 2022**
Place: Karachi.



ڈائریکٹرز رپورٹ

NBP فنڈ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2022ء کو ختم ہونے والی نو ماہی کے لئے NBP فنانسشل سیکٹر فنڈ (NFSF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

9MFY22 کے دوران، ہینج مارک KSE-100 انڈیکس میں 2,427 پوائنٹس کی کمی واقع ہوئی، جس کے نتیجے میں اس مدت کے دوران %5.1 کی کمی ہوئی۔ پوری مدت کے دوران مارکیٹ کافی دباؤ کا شکار رہی، اور کم حجم کے درمیان، سرمایہ کاروں کی عدم دلچسپی کی وجہ سے ایک حد کے اندر تجارت ہوئی۔

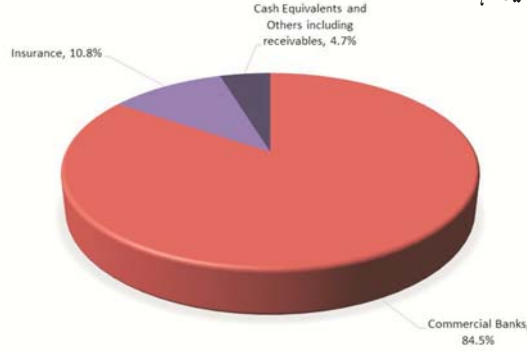
زیر جائزہ مدت کے دوران، اگرچہ سٹاک مارکیٹ میں تیزی سے اضافہ ہوا (بچھلی چار سہ ماہیوں کے دوران مجموعی منافع میں سالانہ بنیادوں پر تقریباً 48 فیصد اضافہ ہوا)، حالانکہ مارکیٹ کی کارکردگی اس سے ہم آہنگ نہ ہوئی۔ سرمایہ کاروں نے بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے (CAD) پر توجہ مرکوز کی جو 8MFY22 میں نمایاں خرابی سے 12.1 بلین امریکی ڈالر ہو گیا، جو کہ گزشتہ سال کی تقابلی مدت کے دوران 1 بلین امریکی ڈالر کا سرپلس تھا۔ بیرونی کمزوریاں دوبارہ ابھریں کیونکہ مجموعی مقامی طلب میں اضافہ ہو گیا اور اجناس کے جاری سپر سائیکل نے بیرونی عدم توازن کو مزید بڑھا دیا۔ روس یوکرین میں بڑھتے ہوئے تنازعہ اور اس کے نتیجے میں پابندیوں نے عالمی اجناس کی قیمتوں میں مزید اضافہ کیا جس نے سرمایہ کاروں کو پریشان کر دیا جو مقامی افراط زر پر اس کے اثرات سے محتاط رہے۔ افراط زر کی مابانہ شرح میں بھی اضافہ ہوتا رہا اور زیر جائزہ مدت کے دوران اوسط افراط زر تقریباً 10.8 فیصد رہا۔ بیرونی عدم توازن اور بڑھتے ہوئے افراط زر دونوں کو کم کرنے کے لیے، مرکزی بینک نے اس عرصے کے دوران سخت مالیاتی اقدامات کا سہارا لیا جیسا کہ 8MFY22 میں پالیسی ریٹ میں مجموعی طور پر %2.75 اضافہ کیا گیا۔ اسی وجہ سے، اس مدت کے دوران پاکستانی روپیہ کی قدر میں کمی جاری رہی اور قدر میں %16 کی نمایاں کمی واقع ہوئی۔ اگرچہ 3Q میں IMF پروگرام دوبارہ شروع کیا گیا، لیکن اس کے دوبارہ شروع ہونے میں غیر معمولی تاخیر مارکیٹ میں پریشانی کی ایک اور وجہ رہی۔ MSCI ابر جنگ مارکیٹ سے MSCI فرنیچر مارکیٹ میں پاکستان کی تنزیل بھی اس عرصے کے دوران ہوئی، جس سے غیر ملکی سرمایہ کاروں کی جانب سے توازن قائم کرنے کی ضرورت پڑی جس کے نتیجے میں اس عرصے کے دوران غیر ملکی اخراج میں نمایاں اضافہ ہوا، جس نے اسٹاک مارکیٹ کی کارکردگی کو بھی نقصان پہنچایا۔ آخر میں بڑھتے ہوئے سیاسی شور نے مزید غیر یقینی صورتحال کو جنم دیا۔

مارکیٹ کی شعبہ جاتی کارکردگی کو دیکھتے ہوئے، آٹوموبائل اسمبلر، کیمیکلز، کمرشل ٹیکس، فریڈائزرز، فوڈ اینڈ پرسنل کیئر، گلاس اینڈ سیرامکس، آئل اینڈ گیس ایکسپلوریشن، پاور جنریشن اینڈ ڈسٹری بیوشن اور ٹیکسٹائل کمپوزٹ شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا، جبکہ آٹو پارٹس اور ایئرکریٹکٹ سامان، سیمنٹ، انجینئرنگ، انشورنس، آئل اینڈ گیس مارکیٹنگ، پیمپرائز بورڈ، فارماسیوٹیکل، ریفرنسری، ٹیکنالوجی اور کینیڈیشن، اور ونا سیتی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کی سرگرمی کے لحاظ سے، افراد، کمپنیاں اور بینک / IDFI اس عرصے کے دوران بالترتیب 82 بلین امریکی ڈالر، 81 بلین امریکی ڈالر اور 72 بلین امریکی ڈالر کے خالص اضافے کے ساتھ سب سے بڑے خریدار رہے۔ دوسری طرف، مارکیٹ میں غیر ملکی 271 بلین امریکی ڈالر کے خالص اخراج کے ساتھ سب سے بڑے فروخت کنندگان رہے۔

NBP فنانسشل سیکٹر فنڈ (NFSF) کا فنڈ سائز اس مدت کے دوران 445 ملین روپے سے بڑھ کر 462 ملین روپے ہو گیا، یعنی %4 کا اضافہ ہوا۔ اس مدت کے دوران، NBP فنانسشل سیکٹر فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2021 کو 8.9014 روپے سے بڑھ کر 31 مارچ 2022ء کو 9.4476 روپے ہو چکی ہے، لہذا %6.1 کا اضافہ ہوا۔ اسی مدت کے دوران ہینج مارک میں %4.5 کا اضافہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے ہینج مارک سے %10.6 بہتر کارکردگی دکھائی۔ NBP فنانسشل سیکٹر فنڈ اپنے قیام 14 فروری 2018 سے اب تک یونٹ کی قیمت 9.6486 روپے سے کم ہو کر 31 مارچ 2022ء کو 9.4476 روپے ہو گئی، لہذا %2.1 کی کمی ہوئی ہے۔ اسی مدت کے لئے ہینج مارک میں %3.2 کا اضافہ ہوا۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے ہینج مارک سے %15.3 اتر رہی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ ورکرز ویلفیئر فنڈ کی پروڈیونگ ریورس کردی گئی۔ اس پرویشن کے ریورسل کے باعث فنڈ کی NAV میں غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔



NBP فائنیشل سیٹم فنڈ نے موجودہ مدت کے دوران 41.11 ملین روپے کی کل آمدنی کمائی ہے۔ 15.88 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 25.23 ملین روپے ہے۔ 31 مارچ 2022 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بلیچ مارک



اظہار تشکر

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

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

منجانب یورڈ آف ڈائریکٹرز

NBP فائنیشل سیٹم فنڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 اپریل 2022ء

مقام: کراچی



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

		Un-Audited March 31, 2022	Audited June 30 2021
Note		-----Rupees in '000-----	
ASSETS			
Balances with banks		13,980	13,827
Investments	4	440,240	434,858
Profit and Dividend receivable		8,265	85
Advances, deposits and other receivables		2,953	2,948
Preliminary expenses and floatation costs		582	1,084
Total Assets		466,020	452,802
LIABILITIES			
Payable to the Management Company		3,162	3,066
Payable to Central Depository Company of Pakistan Limited - Trustee		88	85
Payable to Securities and Exchange Commission of Pakistan		67	112
Payable against redemption of units		121	-
Accrued expenses and other liabilities		499	4,354
Total Liabilities		3,937	7,617
NET ASSETS		462,083	445,185
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		462,083	445,185
Number of units in issue		48,909,885	50,012,837
CONTINGENCIES AND COMMITMENTS			
	6		
NET ASSET VALUE PER UNIT		9.4476	8.9014

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note -----(Rupees in '000)-----				
INCOME				
Net gain on sale of investments	4,460	70,204	1,862	49,853
Dividend Income	32,218	28,705	17,537	21,117
Profit on bank deposits	599	1,113	241	286
Net unrealised appreciation / (diminution) on re-measurement as 'financial assets at fair value through profit or loss'	1,141	29,615	(11,666)	(73,259)
Total income / (loss)	38,418	129,637	7,974	(2,003)
EXPENSES				
Remuneration of Management Company	5,035	6,764	1,654	1,880
Sindh sales tax on remuneration of the Management Company	655	879	216	244
Reimbursement of Accounting and operational expenses	656	570	221	188
Reimbursement of Selling and marketing expense	6,831	7,795	2,261	2,462
Remuneration of Trustee	671	902	220	251
Sindh Sales Tax on remuneration of the Trustee	87	117	28	32
Annual fee - Securities and Exchange Commission of Pakistan	67	90	22	25
Amortisation of preliminary expenses and floatation costs	503	503	165	166
Securities transaction cost	295	826	115	493
Printing charges	54	108	17	18
Annual listing fee	21	21	7	8
Auditors' remuneration	430	520	150	90
Settlement and bank charges	252	313	79	112
Legal & Professional charges	327	128	88	45
Total Expenses	15,884	19,536	5,243	6,014
Net income / (loss) from operating activities	22,534	110,101	2,731	(8,017)
Reversal of / (Provision against) Sindh Workers' Welfare Fund	2,695	(2,202)	-	160
Net income / (loss) for the period before taxation	25,229	107,899	2,731	(7,857)
Taxation	-	-	-	-
Net income / (loss) for the period after taxation	25,229	107,899	2,731	(7,857)
Allocation of net income for the period:				
Net income for the period after taxation	25,229	107,899	-	-
Income already paid on units redeemed	(3,682)	(68,788)	-	-
	21,547	39,111	-	-
Accounting income available for distribution:				
-Relating to capital gains	5,601	39,111	-	-
-Excluding capital gains	15,946	-	-	-
	21,547	39,111	-	-

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	25,229	107,899	2,731	(7,857)
Other Comprehensive Income	-	-	-	-
Total comprehensive income / (loss) for the period	25,229	107,899	2,731	(7,857)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

	For the nine months period ended March 31, 2022			For the nine months period ended March 31, 2021		
	Rupees in '000			Rupees in '000		
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
Net assets at beginning of the period	672,914	(227,729)	445,185	851,377	(272,980)	578,397
Issue of 20,759,454 units (2021: 26,045,836 units)						
- Capital value (at net asset value per unit at the beginning of the period)	184,788	-	184,788	199,222	-	199,222
- Element of income	13,587	-	13,587	28,997	-	28,997
Total proceeds on issuance of units	198,375	-	198,375	228,219	-	228,219
Redemption of 21,862,406 units (2021: 51,937,671 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(194,606)	-	(194,606)	(397,266)	-	(397,266)
- Element of (loss)	(8,418)	(3,682)	(12,100)	(13,482)	(68,788)	(82,270)
Total payments on redemption of units	(203,024)	(3,682)	(206,706)	(410,748)	(68,788)	(479,536)
Total comprehensive income for the period	-	25,229	25,229	-	107,899	107,899
Net assets at end of the period	668,265	(206,182)	462,083	668,848	(233,869)	434,979
Undistributed (loss) brought forward						
- Realised (loss)		(277,812)			(124,931)	
- Unrealised gain / (loss)		50,083			(148,049)	
		(227,729)			(272,980)	
Accounting income available for distribution						
- Relating to capital gains		5,601			39,111	
- Excluding capital gains		15,946			-	
		21,547			39,111	
Net (loss) for the period after taxation		-			-	
Undistributed (loss) carried forward		(206,182)			(233,869)	
Undistributed (loss) carried forward						
- Realised (loss)		(207,323)			(263,484)	
- Unrealised income / (loss)		1,141			29,615	
		(206,182)			(233,869)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		8.9014			7.6489	
Net assets value per unit at end of the period		9.4476			8.7474	

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

	Nine Months Ended	
	March 31, 2022	March 31, 2021
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	25,229	107,899
Adjustments		
Amortization of preliminary expenses and floatation costs	503	503
(Reversal of) / Provision against Sindh Workers' Welfare Fund	(2,695)	2,202
Net unrealised (appreciation) on re-measurement as 'financial assets at fair value through profit or loss'	(1,141)	(29,615)
	<u>21,896</u>	<u>80,989</u>
(Increase) / Decrease in assets		
Investments	(4,242)	169,095
Profit and Dividend receivable	(8,180)	(9,600)
Advances, deposits and other receivables	(5)	(4)
	<u>(12,427)</u>	<u>159,491</u>
(Decrease) / Increase in liabilities		
Payable to the Management Company	96	(1,128)
Payable to the Trustee	3	(21)
Payable to the Securities and Exchange Commission of Pakistan	(45)	(62)
Accrued expenses and other liabilities	(1,160)	(4)
	<u>(1,106)</u>	<u>(1,215)</u>
Net cash generated from operating activities	<u>8,363</u>	<u>239,265</u>
Net receipts from issue of units	198,375	232,247
Net payments on redemption of units	(206,585)	(479,536)
Net cash (used in) from financing activities	<u>(8,210)</u>	<u>(247,289)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>153</u>	<u>(8,024)</u>
Cash and cash equivalents at the beginning of the period	13,827	22,750
Cash and cash equivalents at the end of the period	<u><u>13,980</u></u>	<u><u>14,726</u></u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Financial Sector Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 04 January 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the 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 is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange.

The Fund is categorized as an Open-End "Financial Sector Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

The objective of NBP Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM 1 to the Management Company. The Fund has not yet been rated.

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', 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 with the requirements of IAS 34, 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2022.

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 accounting policies adopted and the methods of computation 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, 2021.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting 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 as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

		(Un-Audited) March 31, 2022	(Audited) June 30, 2021
4	INVESTMENTS	Note	----- (Rupees in '000) -----
	Financial assets at fair value through		
	- Listed equity securities	4.1	<u>440,240</u> <u>434,858</u>



4.1 Investments in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2021	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2022	Market Value as at March 31, 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid up capital of investee company held
Number of shares					(Rupees in '000)		%		
COMMERCIAL BANKS									
Allied Bank Limited	230,500	-	-	94,500	136,000	11,825	2.56	2.69	0.01
Askari Bank Limited	605,000	-	-	181,000	424,000	7,992	1.73	1.82	0.03
Bank Al-Falah Limited	1,323,350	474,500	-	194,500	1,603,350	54,386	11.77	12.35	0.09
Bank Al-Habib Limited	871,500	116,383	-	74,500	913,383	62,055	13.43	14.10	0.08
Bank Of Punjab Limited	1,059,500	-	90,563	335,000	815,063	5,754	1.25	1.31	0.03
Faysal Bank Limited	982,875	457,000	-	53,000	1,386,875	36,503	7.90	8.29	0.09
Habib Bank Limited	611,181	119,500	-	85,300	645,381	72,870	15.77	16.55	0.04
Habib Metropolitan Bank Limited	379,000	189,000	-	-	568,000	25,276	5.47	5.74	0.05
MCB Bank Limited	139,700	7,700	-	68,500	78,900	11,493	2.49	2.61	0.01
National Bank Of Pakistan	-	83,000	-	-	83,000	2,589	0.56	0.59	0.00
United Bank Limited	550,351	21,000	-	126,300	445,051	60,701	13.14	13.79	0.04
Meezan Bank Limited	237,305	98,051	35,596	72,100	298,852	39,138	8.47	8.89	0.02
INSURANCE									
Adamjee Insurance Company Limited	1,117,000	-	-	288,000	829,000	27,755	6.01	6.30	0.24
IGI Holdings Limited	109,900	50,000	-	500	159,400	21,905	4.74	4.98	0.11
						8,386,255	440,240	95	100
Carrying value as at March 31, 2022						439,099			

4.2 Investments include shares with market value of Rs 84.361 (June 30, 2021: Rs 98.023) million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

5 SINDH WORKERS' WELFARE FUND

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 2.90 million recognised in these condensed interim financial statements of the Fund, for the period from February 14, 2018 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.



6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2022 and June 30, 2021.

7 REIMBURSEMENT OF SELLING AND MARKETING EXPENSES

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 2.05% per annum of the net assets of the Fund.

8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

9 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 4.73% (March 31, 2021: 4.83%) which includes 0.24% (March 31, 2021: 0.73%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 4.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "equity" scheme.

10 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 10.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and officers of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 10.2 The transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 10.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.



		-----Unaudited -----	
		Nine months ended	
		March 31, 2022	March 31, 2021
		------(Rupees in '000)-----	
10.5	Details of the transactions with connected persons are as follows:		
	NBP Fund Management Limited - Management Company		
	Remuneration of the Management Company	5,035	6,764
	Sindh sales tax on remuneration of the Management Company	655	879
	Reimbursement of Accounting and operational expenses	656	570
	Reimbursement of Selling and marketing expense	6,831	7,795
	Sale load and transfer load during the period	17	144
	Sindh sales tax on sales load and transfer load	2	19
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration	671	902
	Sindh Sales Tax on remuneration of Trustee	87	117
	Employees of the Management Company		
	Units issued / transferred In 4,292,487 (2021: 2,286,704)	41,956	20,695
	Units redeemed / transferred out 4,472,572 (2021: 1,862,897)	43,497	16,918
	Portfolios Managed by Management Company		
	Units issued / transferred In Nil (2021: 8,063,286)	-	95,532
	Units redeemed / transferred out 205,253 (2021: 9,944,075)	1,932	108,167
	Taurus Securities Limited (Subsidiary of Parent)		
	Brokerage	18	50
	Bank Islami Pakistan Limited (Common Directorship)		
	Profit on bank deposits	183	302
	National Bank of Pakistan (Parent Company)		
	Shares purchased: 83,000 (2021: Nil)	2,972	-
	Shares sold: Nil (2021: 640,000)	-	24,668
	* Pakistan Stock Exchange Limited		
	Listing fee paid	-	25
	National Clearing Company of Pakistan Limited		
	NCCPL charges	244	251
	United Bank Limited (More than 10% unit holding in the Fund)		
	Shares purchased: 21,000 (2021: 1,976,881)	2,993	120,105
	Shares sold: 126,300 (2021: 7,103,300)	17,256	359,405
	Dividend Income	6,931	5,261
	Profit on bank deposits	23	30
	CDC Trustee NBP Sarmaya Izafa Fund		
	Buy of equity securities: 50,000 (2021: 671,500)	7,236	9,526
	Omer Farooq Kabir Sheikh (More than 10% unit holding in the Fund)		
	Units issued / transferred In Nil (2021: 5,514,726)	-	50,050



	Un-audited March 31, 2022	Audited June 30, 2021
	----- (Rupees in '000) -----	
10.6 Amounts outstanding as at period end		
NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	586	562
Sindh Sales Tax on remuneration of Management Company	76	73
Reimbursement of Accounting and operational charges	221	167
Reimbursement of Selling and marketing expenses	2,260	2,220
Sales load and transfer load payable	17	39
Sindh Sales Tax payable on sales load and transfer load	2	5
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	78	75
Sindh Sales Tax on remuneration	10	10
Security deposit	100	100
Settlement charges payable	2	26
Employees of the Management Company		
Units held - 363,209 (June 30, 2021: 553,277)	3,431	4,925
National Bank of Pakistan - Parent Company		
Shares held - 83,000 (June 30, 2021: Nil)	2,589	-
Bank balances	106	106
Portfolios Managed by Management Company		
Units held - 33,193 (June 30, 2021: 33,193)	314	295
BankIslami Pakistan Limited - (Common Directorship)		
Bank balances	11,524	7,570
Profit receivable	41	28
United Bank Limited (More than 10% unit holding in the Fund)		
Units held - 25,842,766 (June 30, 2021: 25,842,766)	244,152	230,037
Shares held - 445,051 (June 30, 2021: 550,351)	60,701	67,253
Profit receivable	7	-
Omer Farooq Kabir Sheikh (More than 10% unit holding in the Fund)		
Units held - 5,711,105 (June 30, 2021: 5,711,105)	53,956	50,837
Taurus Securities Limited - subsidiary of Parent Company		
Brokerage payable	18	7
National Clearing Company of Pakistan Limited		
NCCPL charges payable	25	26
Security deposit	2,500	2,500
NCCPL charges	27	26

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



11 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing at 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.

11.1 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 27, 2022.

13 GENERAL

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

13.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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