



NBP ISLAMIC SAVINGS 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."



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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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Al Baraka Islamic Bank Limited	National Bank of Pakistan
Allied Bank Limited	Silk Bank Limited
Bank Alfalah Limited	Zarai Taraqati Bank Limited
Bank Al Habib Limited	Soneri Bank Limited
Bankislami Pakistan Limited	Summit Bank Limited
Dubai Islamic Bank Pakistan Limited	United Bank Limited
Habib Bank Limited	
Habib Metropolitan Bank Limited	
JS Bank Limited	
MCB Bank Limited	
Meezan Bank Limited	

**Auditors**

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
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 Islamic Savings Fund** (NBP-ISF) for the period ended March 31, 2022.

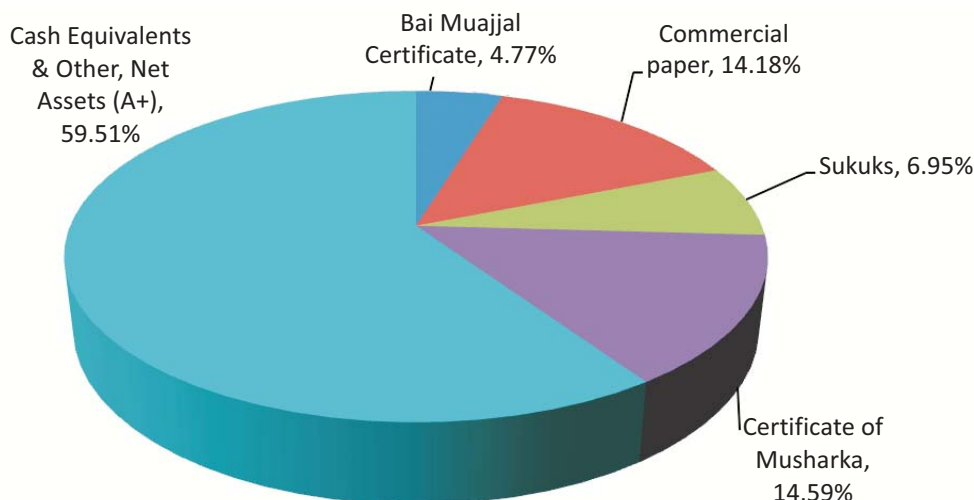
Fund's Performance

During 9MFY22, the State Bank of Pakistan (SBP) held four Monetary Policy Committee (MPC) meetings and increased the policy rate by 2.75% to arrive at 9.75%. The MPC, monitoring the domestic economic conditions and high degree of uncertainty in the outlook for international commodity prices & global financial conditions, took the much needed and timely action to safeguard the macroeconomic stability. While the business sentiment and overall market activity has improved, the downside risk still persists due to the ongoing Russia-Ukraine conflict carrying adverse impacts - posing risks and challenges to the current account deficit (CAD) and inflation expectations. Furthermore, there has been a sharp decline in the SBP's foreign exchange reserves to USD 12 bn largely due to elevated CAD & debt repayments. Deteriorating macros coupled with heightened political uncertainty also contributed to a 16% depreciation of the rupee and a sharp rise in domestic secondary market yields.

NBP-ISF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'AA- (f)' by PACRA. During the period under review, the market witnessed issuance of a decent size of corporate sukuks and Shariah Compliant commercial papers to meet the increasing funding needs for fixed capital investments and working capital, respectively. In the secondary market, the trading activity in corporate sukuks remained around Rs. 15.5 billion compared to Rs. 18.7 billion, during the same period last year.

The size of NBP Islamic Savings Fund has increased from Rs. 2,155 million to Rs. 2,159 million during the period (a mere increase of 0.2%). During the period, the unit price of the Fund has increased from Rs. 9.5401 on June 30, 2021 to Rs. 10.1452 on March 31, 2022, thus showing return of 8.4% as compared to the benchmark return of 3.2% for the same period. The performance of the Fund is net of management fee and 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 a one-off event and is not likely to be repeated in the future.

The Fund has earned a total income of Rs. 161.19 million during the period. After deducting total expenses of Rs. 28.94 million, the net income is Rs. 132.25 million. The asset allocation of NBP-ISF as on March 31, 2022 is as follows:





Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: **April 27, 2022**

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2022ء کو ختم ہونے والی نو ماہی کے لئے NBP اسلامک سیونگز فنڈ (NBP-ISF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

9MFY22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے چھ ماہیٹری پالیسی کمیٹی (MPC) کے اجلاس منعقد کیے اور پالیسی کی شرح میں 2.75pps کا اضافہ کر کے 9.75% تک پہنچا دیا۔ MPC نے ملکی اقتصادی حالات اور بین الاقوامی اجناس کی قیمتوں اور عالمی مالیاتی حالات کے تناظر میں اعلیٰ درجے کی غیر یقینی صورتحال کو دیکھتے ہوئے میکرو اکنامک استحکام کے تحفظ کے لیے انتہائی ضروری اور بروقت اقدام کیا۔ اگرچہ کاروباری حالات اور مارکیٹ کی مجموعی سرگرمی میں بہتری آئی ہے، روس-یوکرین کے جاری تنازعہ کے منفی اثرات کے باعث کرنٹ اکاؤنٹ خسارے (CAD) اور افراط زر کی توقعات کے لیے خطرات اور چیلنجز کا خطرہ اب بھی برقرار ہے۔ مزید برآں، SBP کے غیر ملکی زرمبادلہ کے ذخائر میں شدید کمی سے 12 بلین امریکی ڈالر ہو گئے جس کی وجہ سے بڑھتے ہوئے CAD اور قرض کی ادائیگیوں میں اضافہ ہے۔ بڑھتی ہوئی سیاسی غیر یقینی صورتحال کے ساتھ خراب میکرو زونے روپیہ کی قدر میں 16% فیصد کمی اور مقامی ثانوی منڈی کی شرح منافع میں تیزی سے اضافہ کیا۔

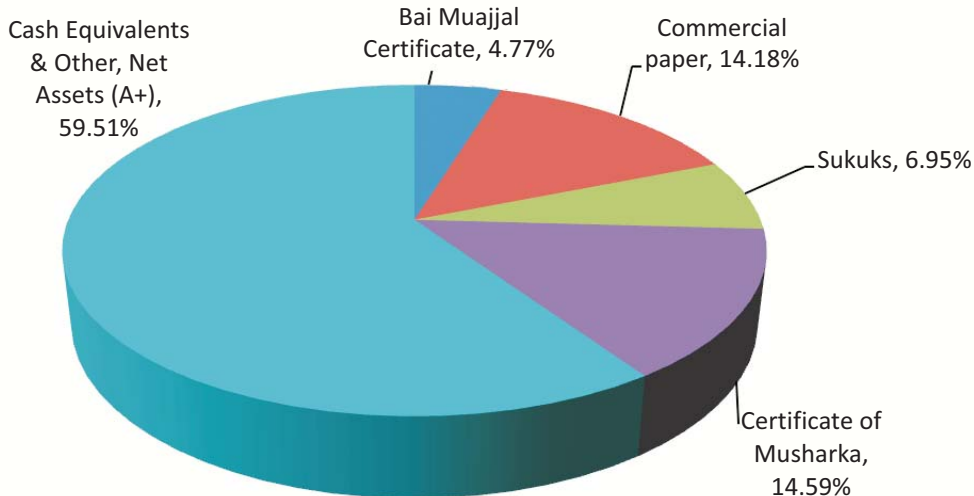
NBP-ISF کی اسلامک انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور اسے PACRA کی طرف سے AA-(f) کی مستحکم ریٹنگ دی گئی ہے۔ زیر جائزہ مدت کے دوران، مارکیٹ نے بائیں ترتیب مقررہ اور ورکنگ کیپیٹل سرمایہ کاری کے لیے فنڈنگ کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے کارپوریٹ سکوک اور شریعہ کیپلیٹ کمرشل پیپرز کے معقول سائز کا اجراء دیکھا۔ ثانوی مارکیٹ میں، کارپوریٹ سکوک میں تجارتی سرگرمیاں پچھلے سال کی اسی مدت کے دوران 18.7 بلین روپے کے مقابلے تقریباً 15.5 بلین روپے رہی ہیں۔

موجودہ مدت کے دوران NBP اسلامک سیونگز فنڈ کا سائز 2,155 ملین روپے سے بڑھ کر 2,159 ملین روپے ہو گیا یعنی صرف 0.2% کا اضافہ ہوا۔ اس مدت کے دوران، فنڈ کے پونٹ کی قیمت 30 جون 2021 کو 9.5401 روپے سے بڑھ کر 31 مارچ 2022ء کو 10.1452 روپے ہو گئی، لہذا اسی مدت کے لئے 3.2% بچ مارک منافع کے مقابلے 8.4% کا منافع درج کیا گیا۔ فنڈ کی یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اگست 2021 کے دوران، سندھ ورکرز ویلفیئر فنڈ کی پروڈنٹنگ ریورس کردی گئی۔ اس پروڈنٹنگ 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۔

فنڈ کو اس مدت کے دوران 161.19 ملین روپے کی کل آمدنی ہوئی۔ 28.94 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 132.25 ملین روپے ہے۔

مندرجہ ذیل چارٹ 31 مارچ 2022 کے مطابق NBP-ISF کی ایسٹ ایلیکیشن ظاہر کرتا ہے:

NISF کی کارکردگی، مقابلہ شیڈ مارک





اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 اپریل 2022ء

مقام: کراچی



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

		Unaudited March 31, 2022	Audited June 30, 2021
	Note	Rupees in '000	
ASSETS			
Bank Balances		1,277,769	1,095,575
Investments	5	874,159	1,093,060
Profit Receivable		21,919	20,636
Advances, deposits, prepayments and other receivables		1,347	1,567
Total assets		2,175,194	2,210,838
LIABILITIES			
Payable to the Management Company		8,044	7,235
Payable to the Trustee		153	163
Payable to Securities and Exchange Commission of Pakistan		323	592
Payable against redemption of units		186	305
Accrued expenses and other liabilities		7,014	47,604
Total liabilities		15,720	55,899
NET ASSETS		2,159,474	2,154,939
Unit holders' funds (As per statement attached)		2,159,474	2,154,939
CONTINGENCIES AND COMMITMENTS			
	7		
		Number of units	
NUMBER OF UNITS IN ISSUE		212,856,667	225,882,827
		Rupees	Rupees
NET ASSET VALUE PER UNIT		10.1452	9.5401

The annexed notes 1 to 15 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				
(Loss) / Gain on sale of investments	(6)	76	(6)	76
Income from sukuk bonds	5,846	10,008	2,781	7,907
Income from bai muajjal	1,116	11,228	1,116	-
Income from term deposit	9,562	47,611	-	12,996
Profit on bank deposits	84,316	67,389	34,567	13,225
Income from commercial paper	17,745	29,783	7,056	7,749
Income on certificates of musharakah	20,603	4,648	8,199	4,648
Total Income	139,182	170,743	53,713	46,601
EXPENSES				
Remuneration of the Management Company	9,768	11,917	3,805	3,204
Sindh Sales Tax on Management fee	1,270	1,549	495	416
Remuneration of the Trustee	1,212	1,771	392	479
Sindh Sales Tax on remuneration of Trustee	158	230	51	62
Reimbursement of allocated expenses	2,020	2,656	653	798
Reimbursement Selling and marketing expense	12,208	16,473	4,255	4,471
Annual fee - Securities and Exchange Commission of Pakistan	323	472	104	128
Settlement and bank charges	305	144	102	61
Securities transaction cost	3	-	3	-
Annual listing fee	21	21	7	7
Auditors' remuneration	500	512	149	137
Fund Rating fee	351	309	124	102
Printing Charges	58	52	18	1
Legal and professional charges	519	792	211	456
Shariah advisor fee	219	310	86	91
Total Expenses	28,935	37,208	10,455	10,413
Net income from operating activities	110,247	133,535	43,258	36,188
Reversal / (Provision) for sindh workers' welfare fund	22,002	(2,671)	-	(724)
Net income for the period before taxation	132,249	130,864	43,258	35,464
Taxation	-	-	-	-
Net income for the period after taxation	132,249	130,864	43,258	35,464
Allocation of net income for the period				
Net income for the period after taxation	132,249	130,864	43,258	35,464
Income already paid on units redeemed	(22,253)	(36,125)	(10,336)	(13,839)
	109,996	94,739	32,922	21,625
Accounting income available for distribution:				
- Relating to capital gain	-	76	-	-
- Excluding capital gain	109,996	94,663	32,922	21,625
	109,996	94,739	32,922	21,625

The annexed notes 1 to 15 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 for the period after taxation	132,249	130,864	43,258	35,464
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>132,249</u>	<u>130,864</u>	<u>43,258</u>	<u>35,464</u>

The annexed notes 1 to 15 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

	Nine months period ended					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	March 31, 2022			March 31, 2021		
	----- (Rupees in '000) -----					
Net assets at the beginning of the period	2,092,893	62,046	2,154,939	3,907,523	60,127	3,967,650
Issuance of 90,786,304 units (2021: 90,917,008 units)						
- Capital Value	866,110	-	866,110	866,557	-	3,834,491
- Element of income	27,069	-	27,069	11,243	-	220,355
Total proceeds on issuance of units	893,179	-	893,179	877,800	-	877,800
Redemption of 103,812,464 units (2021: 258,796,890 units)						
- Capital Value	(990,381)	-	(990,381)	(2,466,671)	-	(2,466,671)
- Element of loss	(8,259)	(22,253)	(30,512)	(5,711)	(36,125)	(41,836)
Total payments on redemption of units	(998,640)	(22,253)	(1,020,893)	(2,472,382)	(36,125)	(2,508,507)
Total comprehensive income for the period	-	132,249	132,249	-	130,864	130,864
Net assets as at the end of the period	1,987,432	172,042	2,159,474	2,312,941	154,866	2,467,807
Undistributed income brought forward						
- Realised		62,046			60,127	
- Unrealised		-			-	
		62,046			60,127	
Accounting income available for distribution						
- Relating to capital gain		-			76	
- Excluding capital gain		109,996			94,663	
		109,996			94,739	
Undistributed income carried forward		172,042			154,866	
Undistributed income carried forward						
- Realised		172,042			154,866	
- Unrealised		-			-	
		172,042			154,866	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the period		9.5401			9.5313	
Net assets value per unit at end of the period		10.1452			9.9351	

The annexed notes 1 to 15 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

	<u>Nine months period ended</u>	
	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2021</u>
	<u>------(Rupees in '000)-----</u>	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	132,249	130,864
Adjustments		
(Gain) / Loss on sale of investments	6	(76)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	-	-
	<u>132,255</u>	<u>130,788</u>
(Increase) / decrease in assets		
Investments	218,895	154,184
Profit receivable	(1,283)	7,755
Advances, deposits, prepayments and other receivables	220	200
	<u>217,832</u>	<u>162,139</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	809	(6,063)
Payable to the Trustee	(10)	(108)
Annual fee payable to Securities and Exchange Commission of Pakistan	(269)	(181)
Accrued expenses and other liabilities	(40,590)	(40,764)
	<u>(40,060)</u>	<u>(47,116)</u>
Net cash (used in) from operating activities	<u>310,027</u>	<u>245,811</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	893,179	893,935
Net payments on redemption of units	(1,021,012)	(2,518,174)
Net cash (used in) financing activities	<u>(127,833)</u>	<u>(1,624,239)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>182,194</u>	<u>(1,378,428)</u>
Cash and cash equivalents at the beginning of the period	1,095,575	2,092,481
Cash and cash equivalents at the end of the period	<u><u>1,277,769</u></u>	<u><u>714,053</u></u>

The annexed notes 1 to 15 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 Islamic Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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

The Fund is an open-ended mutual fund and classified as sharia compliant "income" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trust 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 18, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on December 23, 2021, and has assigned stability rating of 'AA-(f)' to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and 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 condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2022.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2021.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the period ended June 30, 2022.

		(Un-audited) 31 March 2022	(Audited) 30 June 2021
4	BANK BALANCES	Note	----Rupees in "000"----
	Current accounts	4.1	4,680
	Saving accounts	4.2	1,273,089
			<u>1,277,769</u>

- 4.1 These include a bank balance of Rs.0.37 million (June 30, 2021: Rs.0.723 million), which is maintained in current accounts with National Bank of Pakistan, related party.

- 4.2 These savings accounts carry profit at rates ranging from 6.73% to 10.25% per annum (June 30, 2021: 4.50% to 7.40% per annum). Balance maintained with related parties i.e National Bank of Pakistan amount to Rs. 0.98 million (June 30, 2021: Rs. 0.574 million) Bank Islami Pakistan amounted to Rs. 6.75 million (June 30, 2021: Rs. 3.61 million) respectively.

		(Un-audited) 31 March 2022	(Audited) 30 June 2021
5	INVESTMENTS	Note	----Rupees in "000"----
	Sukuks	5.2	150,000
	Commercial Paper	5.3	306,234
	Term deposit receipt		-
	Bai Muajjal certificate	5.4	102,925
	Certificates of musharakah	5.5	315,000
			<u>874,159</u>



5.1 Non-performing Sukuks classified at fair value through profit or loss

Name of the investee company	Number of certificates				Market value as at 31 March 2022	Investment as % of	
	As at 1 July 2021	Purchases during the period	Sales during the period	As at 31 March 2022		Market value of net assets	Market value of total investments
					(Rupees in '000)	----- (%) -----	
New Allied Limited-1st issue (note 5.1.1)	352,000	-	-	352,000	-	-	-
New Allied Limited-2nd issue (note 5.1.1)	1,000	-	-	1,000	-	-	-
	353,000	-	-	353,000	-	-	-

Carrying value of investments as at 31 March 2022

114,905

Accumulated impairment

114,905

- 5.1.1 These represent investment in privately placed sukuk with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 9, 2009. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

5.2 Sukuks Certificate - At fair value through profit or loss

Name of the investee company	Number of bonds	Purchases during the period	Sales / Matured during the period	As at 31 March 2022	Market value as at 31 March 2022	Investment as % of	
	As at 1 July 2021					Market value of net assets	Market value of total investments
					(Rupees in '000)	----- (%) -----	
Hub Power Company Limited	-	500	-	500	50,000	2.32	5.72
K Electric	-	50	-	50	50,000	2.32	5.72
K Electric	-	50	-	50	50,000	2.32	5.72
	-	600	-	600	150,000	6.95	17.16

Carrying value of investments as at 31 March 2022

150,000

5.3 Commercial Paper

Particulars	Profit / mark-up rates	Issue date	Maturity Date	Face Value	Amortised Cost	Carrying value as a % of net assets	Carrying value as a % of total investment
K Electric	8.77%	6-Oct-21	7-Apr-22	50,000	49,943	2.31	5.71
K Electric	10.59%	4-Nov-21	4-May-22	60,000	59,512	2.76	6.81
K Electric	10.96%	16-Nov-21	16-May-22	50,000	49,437	2.29	5.66
Lucky	10.75%	9-Nov-21	9-May-22	100,000	99,044	4.59	11.33
Lucky	11.83%	12-Jan-22	12-Jul-22	50,000	48,297	2.24	5.52
				310,000	306,234		



5.4 Bai-Moajjal

Name of the Investee Company	Rating of Investee Company	Maturity date	Profit rate	As at July 1, 2021	Placed during the period	Matured during the period	Market value as at March 31, 2022	Percentage in relation	
								Total market value of investment	Net assets of the
			%	----- (Rupees in '000) -----					----- % -----
Pak Brunei Investement Company Ltd		23-May-22	10.55%	-	51,453	-	51,453	0.06	0.02
Pak Brunei Investement Company Ltd		23-May-22	10.55%	-	51,472	-	51,472	0.06	0.02
Total as at March 31, 2022				-	102,925	-	102,925	0.12	0.05

5.5 Certificate of Musharakah

Name of the Investee Company	Rating of Investee Company	Maturity date	Profit rate	As at July 1, 2021	Placed during the period	Matured during the period	Market value as at March 31, 2022	Percentage in relation to	
								Total market value of investment	Net assets of the
			%	----- (Rupees in '000) -----					----- % -----
MODARABA									
First Habib Modaraba	AA+, PACRA	26-Apr-22	10.75%	-	315,000	-	315,000	36.03	14.59
Total as at March 31, 2022				-	315,000	-	315,000		
Total as at June 30, 2021								-	

6 SINDH WORKERS' WELFARE FUND (SWWF)

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

Provisioning against Sindh Workers' Welfare Fund by NBP Islamic Savings Fund amounting to Rs. 22.29 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Savings Fund by 1.04% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

7 CONTINGENCIES AND COMMITMENTS

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

8 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 0.85% per annum w.e.f March 07, 2022 of the net assets of the Fund.

9 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2020 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.

- 9.1** In assessment for Tax Year 2018 & 2016 in respect of NBP Islamic Savings Fund, the said exemption has been denied by the Additional Commissioner – Audit (AC), on the ground that the amount paid as income on units redeemed by investors during the tax year cannot be treated as distribution of income as per criteria envisaged under clause 99 of Part I of the Second Schedule of the Ordinance and AC due to this, commented that distribution by the Fund fell short of 90% distribution threshold.

The issue of distribution of income was also being contested by MUFAP on behalf of the mutual funds industry at various regulatory and Government levels and we are very hopeful that the matter will be resolved soon as the matter had merely arisen due to incorrect interpretation by the relevant commissioners as to what construes as distribution of profit by an open end mutual fund. In view of the above, the Management company believes that the Fund has distributed required amount of income to be eligible for tax exemption under clause 99 of Part 1 of the Second Schedule of the ITO and hence, no provision for taxation is required to be made in these condensed financial statements.

10 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 1.79% including 0.11% (2021: 1.69% including 0.21%) representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date 20 June, 2019, total expense ratio has been limited to 2.5% for Income Funds.

11 DETAILS OF NON-COMPLIANT INVESTMENTS

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

The SECP vide Circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.



The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of Investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of gross assets
New Allied Electronics - Sukuk I	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuk	110,000	(110,000)	-	-	-
New Allied Electronics - Sukuk II		Sukuk	4,905	(4,905)	-	-	-

- 11.1 At the time of purchase, these term finance certificates and sukuks were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

12 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 12.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 12.2 The transactions with connected persons and related parties are carried out at agreed terms.

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

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

- 12.5 Details of the transactions with connected persons during the period are as follows:

	Unaudited	
	Nine months period ended	
	March 31, 2022	March 31, 2021
	----- (Rupees in '000) -----	
NBP Fund Management Limited Management Company		
Management fee expense for the period	9,768	11,917
Front end load for the period	2,598	2,869
Sindh Sales tax on management fee	1,270	1,549
Reimbursement of allocated expenses	2,020	2,656
Reimbursement Selling and marketing expense	12,208	16,473
Units Issued / Transferred in 10,067 units (2021: 1,038 Units)	100	10
Units Redeemed / Transferred Out 8,119 units (2021: Nil Units)	82	-
ADC Charges and Sindh sales Tax on ADC Charges	427	-



	Unaudited	
	Nine months period ended	
	March 31, 2022	March 31, 2021
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan- Trustee		
Trustee fee for the period	1,212	1,771
Sindh Sales tax on remuneration of Trustee	158	230
Employees of Management Company		
Units issued 533,193 units (2021: 820,540 units)	5,200	7,958
Units redeemed 440,322 units (2021: 2,502,458 units)	4,326	24,175
Khalid Mehmood - Chief Financial Officer of Management Company		
Units issued / transferred in Nil units (2021: 436 units)	-	-
Units redeemed / transferred out 6,158 units (2021: Nil units)	60	-
Bank Islami Pakistan Limited (Common Directorship with Management Co.)		
Profit on Savings account	13,037	1,434
Profit on Term deposit receipt	9,562	1,980
Placement of Term deposit receipt	1,266,929	3,220,500
	(Un-Audited)	(Audited)
	As at	As at
	31 March	30 June
	2022	2021
	Rupees in '000	
Amounts outstanding as at period end		
NBP Fund Management Limited Management Company		
Remuneration of the Management Company	1,342	971
Sindh sales tax payable on Remuneration of the Management Company	174	126
Reimbursement of allocated expenses	653	746
Sales load	506	398
Sindh sales tax and Federal Excise Duty on sales load	688	707
Reimbursement Selling and marketing expense	4,254	4,179
ADC Charges and Sindh sales Tax on ADC Charges	427	108
Investment held in the Fund 3,038 units (June, 2021 : Nil units)	31	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	136	144
Sindh Sales Tax on remuneration of Trustee	17	19
Security deposits	100	100
National Bank of Pakistan - Sponsor		
Balance in account	1,352	767
Employees of Management Company		
Investment held in the Fund 627,408 units (June, 2021 : 514,379 units)	6,365	4,907
Khalid Mehmood - Chief Financial Officer of Management Company		
Investment held in the Fund Nil units (June, 2021 : 6,158 units)	-	59
Bank Islami Pakistan Limited (Common Directorship with the Management Company)		
Balance in savings accounts	6,745	3,613
Profit receivable from savings accounts	15	70
Term deposit receipt	-	300,000
Profit receivable from Term deposit receipt	-	60



13 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

13.1 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).

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 27, 2022.

15 GENERAL

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

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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