



NBP ISLAMIC INCOME FUND

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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Bank Islami Pakistan Limited
 United Bank Limited (Islamic)
 Dubai Islamic Bank Pakistan Limited
 Meezan Bank Limited
 Silk Bank Limited (Emaan Islamic)
 AlBaraka Bank (Pakistan Limited)
 National Bank of Pakistan (Islamic Banking)
 Habib Bank Limited (Islamic)
 MCB Bank Limited
 Bank Alfalah Limited
 Soneri Bank Limited
 Faysal Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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 Income Fund (NBP-IIF)** for the period ended March 31, 2022.

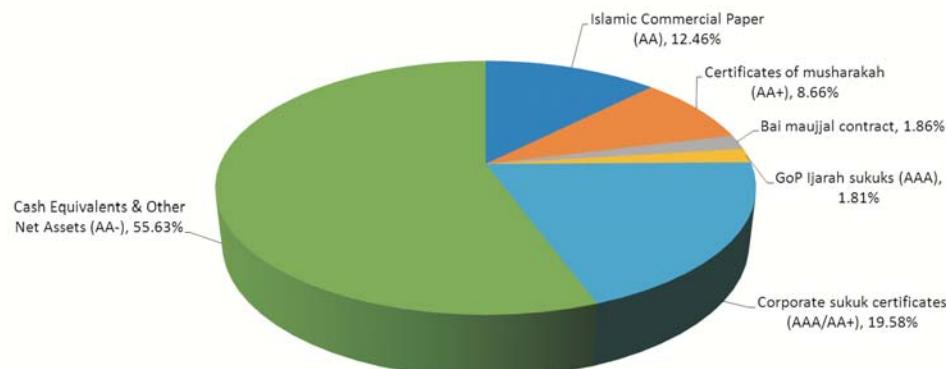
Fund's Performance

The market witnessed issuance of a decent size of corporate sukuks and Shariah Compliant commercial papers to meet the increasing funding needs for fixed and working capital investments. In the secondary market, the trading activity in corporate sukuks remained thin at around Rs. 3.2 billion compared to Rs. 15.5 billion during the same period last year. During 9MFY22, the State Bank of Pakistan (SBP) held six 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-IIF is categorized as a Shariah Compliant Income Fund. The fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. The Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity, and in Shariah Compliant Money Market instruments & debt securities rated A or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The size of NBP Islamic Income Fund has increased from Rs. 3,247 million to Rs. 5,523 million during the period (an increase of 70%). During the period, the unit price of the Fund has increased from Rs. 10.0136 on June 30, 2021 to Rs. 10.6347 on March 31, 2022, thus showing return of 8.3% 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 303.40 million during the period. After deducting total expenses of Rs 33.57 million, the net income is Rs. 269.83 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-IIF.



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.

ڈائریکٹر رپورٹ

NBP فنڈ میجسٹ لینڈنگ کے بورڈ آف ڈائریکٹرز بحد صرفت 31 مارچ 2022ء مدت کے لئے اسلام اکم فنڈ (NBP-IIIF) کے غیر جانچ شدہ مالیاتی گوشوار پیش کرتے ہیں۔

فنڈ کی کارکردگی

مارکیٹ نے مقررہ اور ورنگ کل پیش سرمایہ کاری کے لیے فنڈ نگ کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے کارپوریٹ سکوک اور شریعہ کمپلینٹ کمرش پیپرز کے معقول سائز کا اجراء دیکھا۔ مالیاتی مارکیٹ میں، کارپوریٹ سکوک میں تجارتی سرگرمیاں پہلے سال کی اسی مدت کے دوران 15.5 ملین روپے کے مقابلے تقریباً 3.2 ملین روپے کم رہی ہیں۔

9MFY22 کے دوران، اسٹریٹیک آف پاکستان (SBP) نے چھ ماہی 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 کلی اقتصادی حالات اور مالی الاقوامی اجتناس کی قیتوں اور عالمی مالیاتی حالات کے تناظر میں اعلیٰ درجے کی غیر قیمتی صورتحال کو دیکھتے ہوئے میکرو اکاؤنٹ اسٹھکام کے تحفظ کے لیے اپنائی ضروری اور بر وقت اقدام کیا۔ اگرچہ کاروباری حالات اور مارکیٹ کی مجموعی سرگرمی میں بہتری آئی ہے، روپے۔ یوکرین کے جاری تنازع مکمل اثرات کے باعث کرنٹ اکاؤنٹ خارے (CAD) اور افراط زر کی توقعات کے لیے خطرات اور جلیخزر کا خطراہ بھی برقرار ہے۔ مزید برآں، SBP کے غیر ملکی زر مہارلہ کے خائز میں شدید کی سے 12 ملین امریکی ڈالر ہو گئے جس کی وجہ بڑھتے ہوئے CAD اور قرض کی ادائیگیوں میں اضافہ ہے۔ بڑھتی ہوئی سیاسی غیر قیمتی صورتحال کے ساتھ خراب میکروزون نے روپیہ کی قدر میں 16% فیصد کی اور متناہی مالیاتی میں تیزی سے اضافہ کیا۔

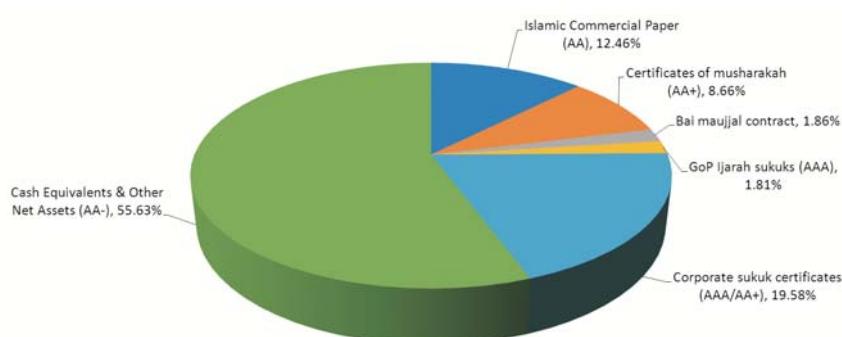
NBP-IIIF کی وجہ بندی بطور شریعہ کمپلینٹ اکم فنڈ کی گئی ہے۔ اس فنڈ کا مقدمہ شریعت کے مطابق قرضوں کی سیکیورٹیز اور منی مارکیٹ کے آلات میں سرمایہ کاری کر کے سابقی منافع فراہم کرنا ہے۔ فنڈ اسلامی میکلوں، رواجی میکلوں کی اسلامک برائیز اور ندوی میں آسانی سے لیکوئیدی فراہم کرنے والے A یا بالادرج کے اسلامی میکلوں کے ساتھ سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق A یا اس سے بالادرج بندی کے منی مارکیٹ کے آلات اور ڈیبٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکوئی میں سرمایہ کاری کرنے کا چاہنہ ہے۔ گورنمنٹ سیکیورٹیز کے علاوہ فنڈ کی میپورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

NBP اسلام اکم فنڈ کا سائز اسی مدت کے دوران 3,247 ملین روپے سے بڑھ کر 5,523 ملین روپے (70% کا اضافہ) ہوا۔ اس مدت کے دوران فنڈ کے پونٹ کی قیمت 30 جون 2021 کو 10.0136 روپے سے بڑھ کر 10.6347 مارچ 2022 کو 10.6347 روپے ہو گئی۔ لہذا فنڈ نے اسی مدت کے دوران نفع مارک منفعت 3.2% کے مقابلے 8.3% منافع درج کر دیا۔ فنڈ کی کارکردگی میجسٹ فنس اور دیگر تمام اخراجات کے بعد خاص ہے۔

اگست 2021 کے دوران، سندھ و رکزو ملکیت فنڈ کی پروپرٹی ریورسل کے اخراجات میں دوبارہ آنے کا مکان نہیں ہے۔

فنڈ نے موجودہ مدت کے دوران 40.40 ملین روپے کی مجموعی آمدی کمائی ہے۔ 33.57 ملین روپے کے اخراجات میں سے 269.83 ملین روپے ہے۔

درج ذیل چارٹ NBP-IIIF کی ایسٹ ایلوکشن اور اس کے ذیلی اנתاؤں کے تما درجوں کی پیمائش شدہ اوسط کریڈٹ رینگ پیش کرتا ہے:



اعلمہ رشکر

یورڈ اس موقع سے فائدہ اٹھاتے ہوئے میجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکر یاد کرتا ہے۔ یہ سکورٹیز اینڈ آئچیشن آف پاکستان اور اسیٹس بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے ملکی رویہ کا بھی اعتراف کرتا ہے۔

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

مجناب یورڈ آف ڈائریکٹر
مفت میجنت لائیٹ نب پ

ڈائریکٹر

چیف ایگزیکیوٹو

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	4 3,005,233	1,492,721
Investments	5 2,450,536	1,856,273
Profit receivable	74,754	23,892
Prepayment, deposit and other receivable	480	529
Receivable against issuance of units	13,269	-
Preliminary expenses and floatation costs	291	641
Total assets	5,544,563	3,374,056
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	12,649	3,476
Payable to Central Depository Company of Pakistan Limited - Trustee	388	172
Payable to the Securities and Exchange Commission of Pakistan	667	238
Payable against redemption of units	5,249	16,841
Payable against purchase of investments	-	101,326
Accrued expenses and other liabilities	2,964	5,347
Total liabilities	21,917	127,400
NET ASSETS	5,522,646	3,246,656
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	5,522,646	3,246,656
CONTINGENCIES AND COMMITMENTS	7	
		Number of units
NUMBER OF UNITS IN ISSUE	519,303,612	324,225,556
		Rupees
NET ASSET VALUE PER UNIT	10.6347	10.0136

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

	Note	For the nine months period ended March 31, 2022	For the period from August 13, 2020 to March 31, 2021	Quarter ended March 31, 2022	Quarter ended March 31, 2021
		Rupees in '000			
INCOME					
Profit on bank balances		133,430	20,922	62,920	10,315
Income on Term Deposit		12,202	9,556	-	5,025
Income on sukuk certificates		70,336	11,604	28,378	5,710
Income on certificate of Musharika		29,420	1,808	12,203	1,808
Income on Islamic commercial papers		46,811	3,860	16,885	2,278
Income on Bai Maujjal contract		1,116	-	1,116	-
(Loss) / gain on investment		(6)	187	(6)	187
Net unrealised appreciation (/diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		8,520	177	2,212	(210)
Total income		301,829	48,114	123,708	25,113
EXPENSES					
Remuneration of NBP Fund Management Limited - Management Company		18,479	3,211	7,197	1,656
Sindh sales tax on remuneration of the Management Company		2,402	417	935	215
Reimbursement of Allocated expenses		4,166	745	1,503	410
Reimbursement of Selling and marketing expense		3,199	1,337	1,202	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,500	469	902	246
Sindh sales tax on remuneration of the Trustee		325	61	117	32
Annual fee of the Securities and Exchange Commission of Pakistan		667	125	241	66
Amortisation of preliminary expenses and floatation costs		350	90	115	34
Auditors' remuneration		373	262	77	62
Legal and professional charges		281	58	35	23
Listing fee		21	19	7	8
Shariah advisor fee		377	107	83	72
Settlement and bank charges		89	194	19	152
Printing expenses		74	37	25	15
Securities Transaction Cost		24	-	3	-
Rating fee		246	178	72	69
Total operating expenses		33,573	7,310	12,533	3,060
Net income from operating activities		268,256	40,804	111,175	22,053
Reversal / (provision) for Sindh Workers' Welfare Fund - net	6	1,577	(816)	-	(441)
Net income for the period before taxation		269,833	39,988	111,175	21,612
Taxation		-	-	-	-
Net income for the period after taxation		269,833	39,988	111,175	21,612
Allocation of net income for the period					
- Net income for the period after taxation		269,833	39,988	111,175	21,612
- Income already paid on units redeemed		(105,620)	(9,697)	(47,944)	(4,333)
164,213		30,291	63,231	17,279	
Accounting income available for distribution:					
- Relating to capital gains		8,514	364	2,206	-
- Excluding capital gains		155,699	29,927	61,025	17,279
164,213		30,291	63,231	17,279	

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

	For the nine months period ended March 31, 2022	For the period from August 13, 2020 to March 31, 2021	Quarter ended March 31, 2022	Quarter ended March 31, 2021
-----Rupees in '000'-----				
Net income for the period after taxation	269,833	39,988	111,175	21,612
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	269,833	39,988	111,175	21,612

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

	March 31, 2022			For the period from August 13, 2020 to March 31, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	3,242,640	4,016	3,246,656	-	-	-
Issuance of 955,215,002 units (2021: 350,916,096 units)						
- Capital value	9,565,141	-	9,565,141	3,509,161	-	3,509,161
- Element of income	282,829	-	282,829	51,067	-	51,067
Total proceeds on issuance of units	9,847,970	-	9,847,970	3,560,228	-	3,560,228
Redemption of 760,136,946 units (2021 162,740,878)						
- Capital value	(7,611,707)	-	(7,611,707)	(1,627,409)	-	(1,627,409)
- Element of loss	(124,486)	(105,620)	(230,106)	(16,740)	(9,697)	(26,437)
Total payments on redemption of units	(7,736,193)	(105,620)	(7,841,813)	(1,644,149)	(9,697)	(1,653,846)
Total comprehensive income for the period	-	269,833	269,833	-	39,988	39,988
Interim cash distribution: Nil (on October 14, 2020 @ Re 0.1121 per unit)	-	-	-	(3,253)	(4,927)	(8,180)
Net assets at end of the period	5,354,417	168,229	5,522,646	1,912,826	25,364	1,938,190
Undistributed income brought forward						
- Relating to capital gains	3,414				-	
- Excluding capital gains	602				-	
	4,016				-	
Accounting income available for distribution:						
- Relating to capital gains	8,514				364	
- Excluding capital gains	155,699				29,927	
	164,213				30,291	
Cash distribution on October 14, 2020 @ Re 0.1121 per unit	-	-	-	(4,927)		
Undistributed income carried forward	168,229				25,364	
Undistributed income carried forward:						
- Realised income	159,709				25,187	
- Unrealised income	8,520				177	
	168,229				25,364	
				(Rupees)		(Rupees)
Net asset value per unit at the beginning of the period			10.0136		-	
Net asset value per unit at the end of the period			10.6347		10.2999	

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

**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, 2021	For the period from August 13, 2020 to March 31, 2021
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	269,833	39,988
Adjustments		
Net unrealised (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(8,520)	(177)
(Reversal) / provision for Sindh Workers' Welfare Fund	(1,577)	(816)
Amortisation of preliminary expenses and floatation costs	350	(90)
	(9,747)	(1,083)
(Increase) / decrease in assets		
Investments	(585,743)	(1,111,942)
Profit receivable	(50,862)	(9,955)
Prepayment, deposit and other receivable	49	(450)
Preliminary expenses and floatation costs	-	(597)
	(636,556)	(1,122,944)
(Decrease) / Increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	9,174	2,979
Payable to Central Depository Company of Pakistan Limited - Trustee	218	131
Payable to the Securities and Exchange Commission of Pakistan	429	125
Payable against purchase of investments	(101,326)	-
Accrued expenses and other liabilities	(809)	2,383
	(92,314)	5,618
Net cash flows used in operating activities	(468,784)	(1,078,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	9,834,701	3,559,423
Amount paid against redemption of units	(7,853,405)	(1,581,052)
Distributions paid	-	(8,180)
Net cash flows generated from financing activities	1,981,296	1,970,191
Net increase in cash and cash equivalents during the period	1,512,512	891,770
Cash and cash equivalents at the beginning of the period	1,492,721	-
Cash and cash equivalents at the end of the period	3,005,233	891,770

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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 Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered 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 March 9, 2020.

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 Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Shari'ah compliant income fund' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 2020 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide competitive returns by investing in Shariah compliant debt securities and money market instruments.

The Pakistan Credit Rating Agency (PACRA) has reaffirmed the asset manager rating of the Management Company of AM1 (2021: AM1). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at A(f) (2021: A(f)).

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

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 15, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 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
- 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 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 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 IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the period ended June 30, 2021.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at March 31, 2022.

These condensed interim financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

- 3.1** 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.

4 BANK BALANCES

Balances with banks in:

	(Un-audited) March 31, 2021	(Audited) June 30, 2021
----- Rupees in '000 -----		
Current accounts	2,985,110	8,776
Savings accounts	20,123	1,483,945
	3,005,233	1,492,721

- 4.1** These bank balances carry rate ranging from 5.5% to 11.25% (2021: 4% to 7.4%) per annum

5 INVESTMENTS

At fair value through profit or loss

	(Un-audited) March 31, 2021	(Audited) June 30, 2021
Note ----- Rupees in '000 -----		
Islamic commercial papers	5.1	687,939
GoP Ijarah sukuks	5.2	100,150
Corporate sukuk certificates	5.3	1,081,517
Term deposit receipts		-
Bai Maujjal Contract		102,925
Certificates of musharakah	5.4	478,005
		315,000
		2,450,536
		1,856,273

5.1 Islamic Commercial Papers

Name of the security	Face value (Rupees in '000)			(Rupees in '000)		Unrealised appreciation	Market value as a percentage of	
	As at July 1, 2021	Purchased during the period	Disposed of / matured during the period	As at March 31, 2022	Carrying value as at March 31, 2022		total investments of the Fund	net assets of the Fund
<hr/>								
Engineering								
Mughal Iron & Steel Industries Limited ICP-1	-	300,000	-	300,000	292,002	292,002	-	11.92% 5.29%
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Power generation & distribution								
K-Electric Limited ICP-16	70,000	-	70,000	-	-	-	0.00%	-
K-Electric Limited ICP-19	-	142,000	142,000	-	-	-	0.00%	-
K-Electric Limited ICP-20	-	200,000	200,000	-	-	-	0.00%	-
K-Electric Limited ICP-22	-	100,000	-	100,000	99,886	99,886	-	4.08% 1.81%
K-Electric Limited ICP-23	-	100,000	-	100,000	99,187	99,187	-	4.05% 1.80%
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Lucky Electric Power Company 09-NOV-21 09-MAY-22 Limited ICP-1	-	150,000	-	150,000	148,566	148,566	-	6.06% 2.69%
Lucky Electric Power Company Limited ICP-1	-	50,000	-	50,000	48,298	48,298	-	1.97% 0.87%
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Total as at Mar 31, 2022 (un-audited)					687,939	687,939	-	28.07% 12.46%
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Total as at June 30, 2021 (Audited)					68,800	68,800	-	3.71% 2.12%
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5.2 GOP - Ijarah sukuk

Name of the security	As at July 1, 2021	Purchased during the period	Sold during the period	As at March 31, 2022	Carrying value as at March 31, 2022	Market value as at March 31, 2022	Unrealised diminution	Market value as a percentage of	
	Number of certificates	(Rupees in '000)	%	net assets of the Fund	total investments of the Fund			net assets of the Fund	total investments of the Fund
<hr/>									
GoP Ijarah sukuk XX - VRR 19 (Nominal value Rs. 5000 each)	20,000	-	-	20,000	100,630	100,150	(480)	1.81%	4.09%
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Total as at Mar 31, 2022 (un-audited)					100,630	100,150	(480)	1.81%	4.09%
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Total as at June 30, 2021 (Audited)					100,630	100,630	-	3.10%	5.42%
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5.3 Corporate sukuk certificates

Name of the security	As at July 1, 2021	Purchases during the period	Sold / redeemed during the period	As at March 31, 2022	Carrying value as at March 31, 2022	Market value as at March 31, 2022	Unrealised appreciation	Market value as a percentage of	
								total investments of the Fund	net assets of the Fund
				Number of certificates		Rupees in '000		% -----	

POWER GENERATION & DISTRIBUTION

The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	500	-	-	500	51,200	51,250	50	2.09%	0.93%
Hub Power Holdings Limited (Non-traded) (Face value of Rs 100,000 per certificate)	700	-	-	700	66,465	66,465	-	2.71%	1.20%
Engro Powergen Thar (Private) Limited	40,000	20,000	-	60,000	300,100	307,659	7,559	12.55%	5.57%
OBS AGP (Private) Limited (Non-traded) (Face value of Rs 100,000 per certificate)	-	2,000	-	2,000	200,000	200,680	680	8.19%	3.63%
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	-	700	-	700	53,977	54,403	426	2.22%	0.99%
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	2,180	-	2,180	-	-	-	-	-	-
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	-	1,500	1,000	500	50,000	50,000	-	2.04%	0.91%
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	10,000	-	-	10,000	50,775	51,060	285	2.08%	0.92%
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	-	150	-	150	150,000	150,000	-	6.12%	2.72%
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	-	150	-	150	150,000	150,000	-	6.12%	2.72%
Total as at Mar 31, 2022 (un-audited)				1,072,517	1,081,517		9,000	44.13%	19.58%
Total as at June 30, 2021 (Audited)				581,241	581,843		602	31.34%	17.92%

5.4 Certificate of Musharika

Name of investee company	Face Value				Carrying value as at March 31, 2021	Market value as at March 31, 2021	Unrealised appreciation	Market value as a percentage of total investments of the Fund	Market value as a percentage of net assets of the Fund				
	As at July 1, 2021	Placed during the period	Matured during the period	As at March 31, 2022									
	(Rupees in '000)							% -----					
NON-BANK ISLAMIC FINANCIAL INSTITUTIONS													
First Habib Modaraba	140,000	-	140,000	-	-	-	-	-	-				
First Habib Modaraba	175,000	-	175,000	-	-	-	-	-	-				
First Habib Modaraba	-	285,000	285,000	-	-	-	-	-	-				
First Habib Modaraba	-	296,567	-	296,567	296,567	296,567	-	12.10%	5.37%				
First Habib Modaraba	-	181,437	-	181,437	181,437	181,437	-	7.40%	3.29%				
Total as at Mar 31, 2022 (un-audited)					478,004	478,004	-	19.51%	8.66%				
Total as at June 30, 2021 (audited)					315,000	315,000	-	16.97%	9.70%				

6 SINDH WORKERS' WELFARE FUND (SWWF)

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. 2.18 million recognised in these condensed interim financial statements of the Fund, for the period from August 13, 2020 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.

7 CONTINGENCIES AND COMMITMENTS

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

8 REIMBURSMENT 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 0.1% per annum 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 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.

10 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 1.01% (March 31, 2021: 1.14%) which includes 0.11% (March 31, 2021: 0.19%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "income" scheme.

11 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

- 11.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 11.2** Transactions with connected persons / related parties are executed on an arm's length and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 11.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 11.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 11.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

11.6 Details of transactions with related parties / connected persons during the period are as follows:

For the period ended March 31, 2022	For the period from August 13, 2020 to March 31, 2021
Rupees in '000'	

NBP Fund Management Limited - Management Company

Remuneration of NBP Fund Management Limited - Management Company	18,479	3,211
Sindh sales tax on remuneration of the Management Company	2,402	417
Reimbursement of allocated expenses	4,166	745
Reimbursement of selling and marketing expenses	3,199	1,337
Other expenses borne by the Management Company	-	184
Sale Load inclusive of sindh sales tax	7,493	773
ADL Charges inclusive of sindh sales tax	362	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,500	469
Sindh sales tax on remuneration of the Trustee	325	61
Settlement Charges	31	-

Employees of NBP Fund Management Limited

Dividend Re-invest Units Issued nil (2021: 50)	-	1
Units issued: 29,962,372 units (2021: 3,138,019 units)	308,538	31,818
Units redeemed: 26,596,172 units (2021: 2,570,998 units)	275,390	26,128

Pakistan Stock Exchange Limited - common directorship*

Listing fee Paid	-	25
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	For the period ended March 31, 2022	For the period from August 13, 2020 to March 31, 2021
Rupees in '000'		
CDC Trustee NBP Islamic Sarmaya Izafa Fund		
Purchase Sukuk	102,133	-
 Portfolio Managed by Management Company		
Dividend Re-invest Units Issued (2021: 120,921 units)	-	1,210
Units issued - 18,564,900 (2021: 44,585,337 units)	189,920	447,866
Units redeemed - 25,335,549 (2021: Nil units)	262,880	-
 NAFA Islamic Active Allocation Plan - I		
Units issued: 757,757 units (2021: Nil)	7,876	-
Units redeemed - 174,041 (2021: Nil units)	1,825	-
 NAFA Islamic Active Allocation Plan - II		
Units issued: 688,017 units (2021: Nil)	7,137	-
Units redeemed - 77,138 (2021: Nil units)	808	-
 NAFA Islamic Active Allocation Plan - III		
Units issued: 2,265,515 units (2021: Nil)	23,485	-
Units redeemed - 278,721 (2021: Nil)	2,954	-
 NAFA Islamic Active Allocation Plan - IV		
Units issued: 1,935,620 units (2021: Nil)	20,065	-
Units redeemed - 230,341 (2021: Nil)	2,415	-
 NAFA Islamic Active Allocation Plan - V		
Units issued: 1,533,518 units (2021 Nil)	16,005	-
Units redeemed - 785,027 (2021: Nil)	8,270	-
 NAFA Islamic Active Allocation Plan - VI		
Units issued: 674,905 units (2021: Nil)	7,067	-
Units redeemed - 443,679 (2021: Nil)	4,700	-
 NAFA Islamic Active Allocation Plan - VII		
Units issued: 525,453 units (2021: Nil)	5,461	-
Units redeemed - 105,519 (2021: Nil)	1,114	-
 NAFA Islamic Active Allocation Plan - VIII		
Units issued: 887,323 units (2021: Nil)	9,225	-
Units redeemed - 278,548 (2021: Nil)	2,926	-
 NBP Riba Free Saving Fund		
Sukuk Purchased	-	104,597

	For the period ended March 31, 2022	For the period from August 13, 2020 to March 31, 2021
Rupees in '000'		
Bank Islami Pakistan Limited		
Placement in term deposit receipts	1,306,837	1,025,000
Income on Bank Deposit	8,227	5,438
Income on Term deposit	10,467	5,595
National Bank of Pakistan - Parent of the Management Company		
Profit on bank balances**	3	-
Hub Power Holdings Limited - common directorship*		
Corporate Sukuk Certificate Purchased	-	57,721
Profit on Corporate Sukuk Certificate	-	2,544
The Hub Power Company Limited - common directorship*		
Corporate Sukuk Certificate Purchased	-	54,417
Profit on Corporate Sukuk Certificate	-	4,318
NBP Islamic Money Market Fund		
Commercial Paper Purchased	-	39,428
Commercial Paper Sold	-	18,573
Naveena Exports Limited		
Units issued / transferred in Nil (2021: 19,421,058 units)	-	200,000
IGI Life Insurance Limited-TBF		
Units issued / transferred in: Nil (2021 : 43,478,589 units)	-	441,560
Units redeemed / transferred out : Nil (2021: 23,255,519 units)	-	236,011
Khalid Mehmood - Chief Financial Officer of Management Company		
Units issued: 282,674 units (2021: Nil)	2,900	-
Units redeemed: 221,046 units (2021: Nil)	2,304	-

11.7 Amounts / balances outstanding as at period end are as follows

	As at March 31, 2022	As at June 30, 2021
Rupees in '000'		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	2,943	1,022
Sindh sales tax on remuneration of the Management Company	367	133
Reimbursement of allocated expenses payable	1,503	706
Reimbursement of selling and marketing expenses payable	1,202	-
Sales and transfer load payable	5,372	566
Sindh sales tax payable on sales load	698	74
Preliminary expenses and floatation costs payable	-	778
ADC charges payable including Sindh sales tax	411	49
Other payable	153	148

	As at March 31, 2022	As at June 30, 2021
Rupees in '000'		

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable to the Trustee	344	152
Sindh sales tax payable on Trustee remuneration	44	20
Settlement charges payable	2	8
Security deposit	100	100

Employees of NBP Fund Management Limited

Units held: 9,629,369 units (June 30, 2021: 6,624,820 units)	102,405	66,338
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Portfolio Managed by Management Company

Units outstanding - 34,057,240 (2021: 40,827,887 units)	362,188	408,834
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NAFA Islamic Active Allocation Plan - I

Units held: 583,716 units (June 30, 2021: Nil)	6,208	-
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NAFA Islamic Active Allocation Plan - II

Units held: 610,879 units (June 30, 2021: Nil)	6,497	-
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NAFA Islamic Active Allocation Plan - III

Units held: 1,986,794 units (June 30, 2021: Nil)	21,129	-
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NAFA Islamic Active Allocation Plan - IV

Units held: 1,705,278 units (June 30, 2021: Nil)	18,135	-
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NAFA Islamic Active Allocation Plan - V

Units held: 748,491 units (June 30, 2021: Nil)	7,960	-
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NAFA Islamic Active Allocation Plan - VI

Units held: 231,225 units (June 30, 2021: Nil)	231,225	-
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NAFA Islamic Active Allocation Plan - VII

Units held: 419,934 units (June 30, 2021: Nil)	4,466	-
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NAFA Islamic Active Allocation Plan - VIII

Units held: 608,775 units (June 30, 2021: Nil)	6,474	-
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Bank Islami Pakistan Limited

Bank balances	6,922	8,743
Term Deposit	-	450,000
Profit receivable on Bank deposit	3,532	111
Profit receivable on Term Deposit	-	166

National Bank of Pakistan (Parent Company)

Bank balances	1,311	299
Profit receivable on Bank deposit	-	-

Hub Power Holdings Limited - common directorship*

Corporate Sukuk Certificate Held	-	61,868
Profit receivable on Corporate Sukuk Certificate	-	25

	As at March 31, 2022	As at June 30, 2021
Rupees in '000'		

The Hub Power Company Limited - common directorship*

Corporate Sukuk Certificate Held	-	269,200
Profit receivable on Corporate Sukuk Certificate	-	4,380

Khalid Mehmood - Chief Financial Officer of Management Company

Units held 61,628 (June 30, 2021: Nil)	655	-
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*Current period figures have not been presented as the person is not classified as a related party / connected person of the Fund as at March 31, 2022.

12 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 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.

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).

13 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

14 DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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