



**NBP Fund Management Limited**



## **NBP SAVINGS FUND**

**ANNUAL REPORT  
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

Allied Bank Limited  
Bank Islami Pakistan Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Silk Bank Limited  
Soneri Bank Limited  
Telenor Microfinance Bank Limited  
HBL Microfinance Bank Limited  
United Bank Limited  
U Microfinance Bank Limited  
Khushhali Microfinance Bank Limited  
Habib Metropolitan Bank Limited  
Mobilink Microfinance 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, 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](http://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  
Phone: 051-2514987  
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

## Board of Directors



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



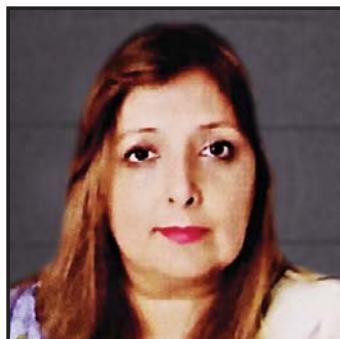
**Mr. Tauqeer Mazhar**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Saad Amanullah Khan**  
Director



**Ms. Mehnaz Salar**  
Director



**Mr. Imran Zaffar**  
Director

# Senior Management



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Mr. Muhammad Murtaza Ali**  
Chief Operating Officer &  
Company Secretary



**Mr. Asim Wahab Khan, CFA**  
Chief Investment Officer



**Mr. Ozair Khan**  
Chief Technology Officer



**Mr. Salim S Mehdi**  
Chief Innovation &  
Strategy Officer



**Mr. Samiuddin Ahmed**  
Country Head Corporate Marketing



**Mr. Khalid Mehmood**  
Chief Financial Officer



**Mr. Salman Ahmed, CFA**  
Head of Fixed Income



**Mr. Hassan Raza, CFA**  
Head of Research



**Mr. Muhammad Umer Khan**  
Head of Human Resources &  
Administration



**Syed Sharoz Mazhar, CFA**  
Head of Business &  
Sales Strategy



**Mr. Zaheer Iqbal, ACA FPFA**  
Head of Operations



**Mr. Waheed Abidi**  
Head of Internal Audit



**Mr. Muhammad Imran, CFA, ACCA**  
Head of Portfolio Management



**Syed Haseeb Ahmed Shah**  
Head of Compliance

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 15th Annual Report of **NBP Savings Fund** (NBP-SF) for the year ended June 30, 2022.

### Fund's Performance

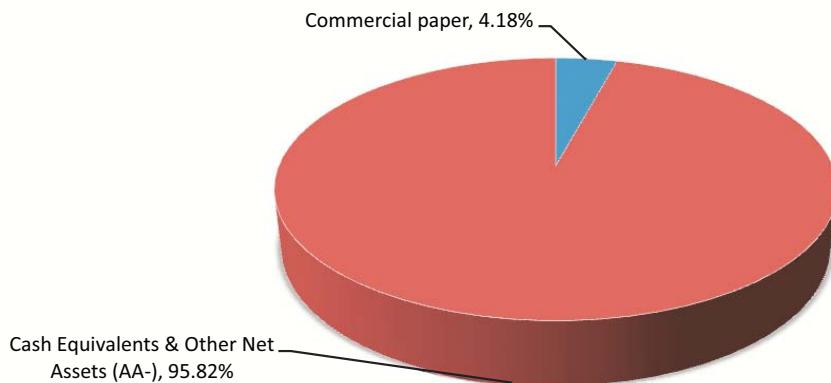
During FY22, State Bank of Pakistan (SBP) held eight (8) Monetary Policy meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on the Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.3 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 17.1 trillion. The sovereign yields also witnessed high movements resulting in sharp rise in secondary market yields, which maintained their high delta from the Policy Rate. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 770, 762 and 749 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 4.46%, 3.44%, and 2.98%, respectively.

NBP-SF is categorized as an Income Scheme and has been awarded stability rating of 'A+ (f)' by PACRA.

The size of NBP Savings Fund has increased from Rs. 1,532 million to Rs. 1,728 million during the period, i.e., a growth of 13%. During the said period, the unit price of NBP Savings Fund has increased from Rs. 8.9882 (Ex-Div) on June 30, 2021 to Rs. 9.8335 on June 30, 2022 thus posting a return of 9.4% as compared to its Benchmark return of 10.8% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 168.03 million during the year. After deducting total expenses of Rs. 32.07 million, the net income is Rs. 135.96 million. The asset allocation of NBP-SF as on June 30, 2022 is as follows:



### Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 9.12% of the opening ex-NAV (8.94% of the par value) during the year ended June 30, 2022.

### Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## Sindh Workers' Welfare Fund (SWWF)

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP SAVINGS FUND amounting to Rs. 9.38 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 SAVINGS FUND by 0.63% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2023.

## Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 30 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 27 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

| Category                       | Names   |
|--------------------------------|---|
| <b>Independent Directors</b>   | 1. Mr. Khalid Mansoor<br>2. Mr. Saad Amanullah Khan<br>3. Mr. Humayun Bashir  |
| <b>Executive Director</b>      | Dr. Amjad Waheed - Chief Executive Officer  |
| <b>Non-Executive Directors</b> | 1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)<br>2. Mr. Tauqeer Mazhar<br>3. Ms. Mehnaz Salar<br>4. Mr. Ali Saigol<br>5. Mr. Imran Zaffar |

## 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: **September 27, 2022**

Place: Karachi.

## ڈائریکٹر رپورٹ

NBP فنڈ میجمنٹ لمبینڈ کے بورڈ آف ڈائریکٹرز NBP سیوگر فنڈ (NBP-SF) کی پندرہویں سالانہ پورٹ برائے سال ختمہ 30 جون 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔  
**فنڈ کی کارکردگی**

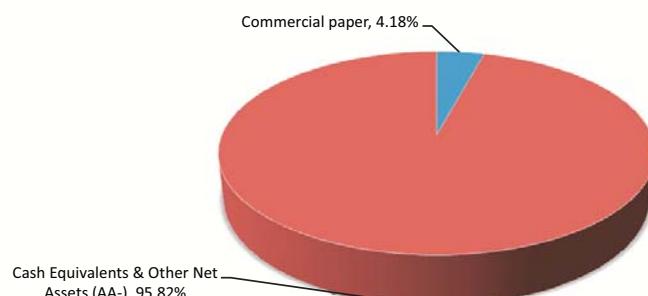
ماں سال 22 کے دوران، ایشیٹ بینک آف پاکستان (SBP) نے آنھ (8) ماہی تکمیلی سیاسی اجل اس معقد کرنے اور اہم ملکی شور اور عالمی غیر ترقیتی صورت حال کی وجہ سے افراط از کے دباو کا مقابلہ کرنے، معافی انتظام کو تیقینی بنانے اور بیرونی اور قیتوں کے استحکام کی حفاظت کے لیے؛ ڈسکاؤنٹ کی شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسری ششماہی کے دوران، روس۔ پوکرین تنازع اور اشیاء کی بڑھتی ہوئی قیتوں کی وجہ سے عالمی اقتصادی حالات خراب ہو گئے، جس نے دنیا بھر کے تمام مرکزی میگنوں کو کئی سالوں کی بلند افراط از اور ملجنگ آؤٹ لک کا سامنا کرنے پر مجبور کر دیا۔ ملکی سطح پر، افراط از میں بھی بڑھنے کا رجحان رہا جس کی وجہ سے (i) غذائی اجزاء کی قیتوں میں تیزی سے اضافہ، (ii) روپیہ پر مسلسل دباؤ، (iii) یونیٹی یورپ میں اضافہ، اور (iv) ایندھن کی سبصدی کا ختم ہونا۔ CPI کی پیمائش کردہ افراط از میں 21.3% میں 2022 میں فائدہ تک پہنچ گئی جو گزشتہ سال کے اسی میانے کے دوران 9.7% فیصد تھی۔ ایشیٹ بینک پاکستان کے پاس غیر ملکی زر مبادله کے مجموعی ذخراز بھی ایک سال قبل 17.3 بیلین امریکی ڈالر کے مقابلے میں جون 2022 کے آخر میں 9.8 بیلین امریکی ڈالر تک کم ہو گئے۔ افراط از کا لفظ نظر خراب ہو گیا اور بیرونی استحکام کے لیے نظرات بڑھ گئے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

ایشیٹ بینک پاکستان نے چھمیں (26) ملین تیال میوں کا انعقاد کیا، جس سے کل 17 ٹریلیون روپے کی وصولی ہوئی۔ حکومتی شرح منافع میں بھی حرکت دیکھی گئی جس کے نتیجے میں ٹانوی مارکیٹ کی شرح منافع میں تیزی سے اضافہ ہوا، جس نے پالیسی ریٹ سے اپنے اعلیٰ تغیر کو برقرار رکھا۔ 3-ماہ، 6-ماہ اور 12-ماہ کی مدت کے لئے Bills-T-Bills کی شرح منافع میں بالترتیب 770، 749 اور 497 پاؤ میٹس کا اضافہ ہوا۔ اسی طرح 3 سالہ، 5 سالہ اور 10 سالہ PIBs کی پیداوار میں بالترتیب 3.44%， 4.46% اور 2.98% کا اضافہ ہوا۔

NBP سیوگر فنڈ ایک اکم اسکیم ہے اور PACRA کی طرف سے اسے 'A+(f)' کی سُنبھلی ریننگ دئی گئی ہے۔

NBP سیوگر فنڈ کا سائز اس مدت کے دوران 1,532 ملین روپے سے بڑھ کر 1,728 ملین روپے ہو گیا، لمحتی 13% کا اضافہ ہوا۔ مذکورہ مدت کے دوران فنڈ کے پینٹ کی قیمت 30 جون 2021 کو 8.9882 روپے (Ex-Div) سے بڑھ کر 30 جون 2022 کو 9.8335 روپے ہو چکی ہے، الہاماں فنڈ نے اسی مدت کے دوران 10.8% پہنچ مارک منافع کے مقابلے میں 9.4% منافع دیا۔ فنڈ کا یہ منافع میجمنٹ فیس اور دمگہ تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 168.03 ملین روپے کی آمدی ہوئی۔ 32.07 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدی 135.96 ملین روپے ہے۔ NBP سیوگر فنڈ کی ایسٹ ایلوکیشن برابر 30 جون 2022 درج ذیل ہے:



آمدی کی تیسم

میجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2022 کے اختتام کے بعد اپنگ ex-NAV کا 9.12% (بیانی قدر کا 8.94%) عبوری نقد منافع منقسمہ کی منتظری دی ہے۔

## میکسیشن

چونکہ مذکورہ بالا لفظ منافع منقسمہ سال کے دوران حاصل ہونے والی آمدی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کمپل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پاکمیکس آرڈیننس 2001 کے دوسرے شیدول کے حصہ اول کی شق 99 کے تحت لگیں لا گوئیں ہوتا ہے۔

## سندھ و رکزد ملکیت فنڈ (SWWF)

13 اگست 2021 کو NBP سیو گنر فنڈ کی طرف سے سندھ و رکزد ملکیت فنڈ کی پروپرٹی نگار کے بعد اسلام نمبر 8772 SRB/TP/70/2013 مورخ 12 اگست 2021 کی رو سے سندھ روپنیو بورڈ کی طرف سے موصول کیلر یکلیش پر میوچل فنڈ زایسو ایشن آف پاکستان کو دی گئی 9.38 ملین روپے کی رقم واپس کردی گئی۔ پروپرٹی کے باعث 13 اگست 2021 کو NBP سیو گنر فنڈ کے NAV میں 0.63% کا نیم معمولی اضافہ ہوا ہے۔ یہ ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا مکان نہیں ہے۔

## آڈیٹر

موجودہ آڈیٹر، میسرز اے ایف فرگون اینڈ کمپنی، چارڑا کاؤنٹریس، ریٹائر ہونے میں اور اہل ہونے کی بنا پر 30 جون 2023 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقری کے لئے پیش کرتے ہیں۔

## لہڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس گلوبلیشن 2017 ("CCG") کی پیروی میں ڈائریکٹری ایشنمنٹ

1. میجنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے متانج، کمپنی کی ملکیت ہولڈرز فنڈز میں تبدیلی کی منصافتہ عکاسی کرتے ہیں۔
2. فنڈ کے کاؤنٹریس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشاروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شہریاتی تجھیسے مناسب اور معقول نظریات پرمنی ہیں۔
4. ان مالیاتی گوشاروں کی تیاری میں مالیاتی رپورٹنگ کے میں الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹریشنل کا نظم ملکیت اور مکمل طریقے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواد دواں رہنے کی صلاحیت کے بارے میں کوئی شکوہ و شہادت نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تھی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیتاں سالانہ رپورٹ میں شامل ہیں۔
9. یکمیں، ڈیلویٹری محصولات اور چارجز کی مد میں واجب الادارہ کاری اور ایگزیکیوں مالیاتی گوشاروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران میجنٹ کمپنی کے یورڈ آف ڈائریکٹری کے پانچ جلاس منعقد ہوئے۔ تمام ڈائریکٹری حاضری ان مالیاتی گوشاروں کے نوٹ 30 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیغام مالیاتی گوشاروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹری، سی ای او، سی ایف اور کمیکٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹ کی تمام خرید و فروخت ان مالیاتی گوشاروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے یورڈ آف ڈائریکٹری میں غیر جانبدار نام ایگزیکٹو ڈائریکٹر کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطکوئی مnarٹی ایٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو یورڈ آف ڈائریکٹری و جذیل ارکان پر مشتمل ہیں

| نام  | کیگری  |
|--|--|
| جناب خالد منصور<br>جناب سعدaman اللہخان<br>جناب ہمایوں بشیر  | •1<br>•2<br>•3<br>غیر جانبدار ڈائریکٹر                 |
| ڈاکٹر احمد وجید (چیف ایگزیکیوٹیو فیسر)   | ایگزیکیوٹیو ڈائریکٹر                                   |
| شیخ محمد عبدالواحد سلیمانی (چیری مین)<br>جناب تو قیر مظہر<br>محترمہ مہناز سالار<br>جناب علی سیفی<br>جناب عمران ظفر | •1<br>•2<br>•3<br>•4<br>•5<br>نان ایگزیکیوٹیو ڈائریکٹر |

اٹھار تشر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مجہنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قبل قدر یونٹ ہولڈرز کا شکر یاد کرتا ہے۔ یہ سیکورٹیز اینڈ ایچی گیمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے ملاض رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اشاف اور ٹری کی طرف سے سخت محنت لگان اور عزم کے مظاہرے پر اپنا خراج تسلیم بھی ریکارڈ پر لانا چاہتا ہے۔

من جانب بورڈ آف ڈائریکٹر  
**NBP** نئی میجرٹ لمبید

ڈائریکٹر

چیف ایگزیکیوٹیو فیسر

تاریخ: 27 ستمبر 2022ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

### Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2022

## FUND MANAGER REPORT

### NBP Savings Fund

NBP Savings Fund (NBP-SF) is an Open-End Income Scheme.

#### Investment Objective of the Fund

The objective of NBP-SF is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

#### Benchmark

6 Month - KIBOR.

#### Fund Performance Review

This is the 15th Annual report since the launch of the Fund on March 28, 2008. The Fund size increased by 13% and stands at Rs. 1,728 million as of June 30, 2022. The Fund's return since its inception is 5.7% p.a. versus the benchmark return of 9.9% p.a. During FY22, the Fund posted an annualized return of 9.4% as compared to a benchmark return of 10.8%. The return of the Fund is net of management fee and all other expenses.

The weighted average Yield-to-Maturity of the Fund is 13.5% p.a. while the yield does not include potential recovery in fully provided TFCs/Sukus (Face Value of around Rs 304 million), which is a potential upside for the Fund. Weighted average time to maturity of the Fund is around 4 days.

During FY22, State Bank of Pakistan (SBP) held eight (8) Monetary Policy meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on the Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.3 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 17.1 trillion. The sovereign yields also witnessed high movements resulting in sharp rise in secondary market yields, which maintained their high delta from the Policy Rate. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 770, 762 and 749 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 4.46%, 3.44%, and 2.98%, respectively.

#### Asset Allocation of Fund (% of NAV)

| Particulars                            | 30-Jun-22   | 30-Jun-21   |
|--|-------------|-------------|
| Term Deposit Receipt                   | -           | 0.00%       |
| T-Bills                                | -           | 0.33%       |
| Commercial Paper                       | 4.18%       | -           |
| Margin Trading System (MTS)            | -           | 7.00%       |
| Cash (Cash Equivalents) & Other Assets | 95.82%      | 92.67%      |
| <b>Total</b>                           | <b>100%</b> | <b>100%</b> |

PIB yields during the year are shown in the below graph:



## Distribution for the Financial Year 2022

| Interim Period/Quarter | Dividend as % of Par Value (Rs.10) | Cumulative Div. Price/Unit | Ex- Div. Price |
|------------------------|------------------------------------|----------------------------|----------------|
| June - 22              | 8.941%                             | 10.7017                    | 9.8076         |

## Details of Non-Compliant Investments

| Particulars                       | Type of Investment | Value of Investment before Provision | Provision held     | Value of Investment after Provision | % Net Assets | % Gross Assets |
|-----------------------------------|--------------------|--------------------------------------|--------------------|-------------------------------------|--------------|----------------|
| AgriTech Limited II               | TFC                | 149,875,800                          | 149,875,800        | -                                   | -            | -              |
| AgriTech Limited V                | TFC                | 22,180,000                           | 22,180,000         | -                                   | -            | -              |
| Saudi Pak Leasing Company Limited | TFC                | 41,321,115                           | 41,321,115         | -                                   | -            | -              |
| Worldcall                         | TFC                | 21,515,581                           | 21,515,581         | -                                   | -            | -              |
| Eden House Limited                | Sukkuk             | 19,687,500                           | 19,687,500         | -                                   | -            | -              |
| New Allied Electronics Limited II | Sukkuk             | 49,054,371                           | 49,054,371         | -                                   | -            | -              |
| <b>Total</b>                      |                    | <b>303,634,367</b>                   | <b>303,634,367</b> | -                                   | -            | -              |

## Unit Holding Pattern of NBP Savings Fund as on June 30, 2022

| Size of Unit Holding (Units) | # of Unit Holders |
|------------------------------|-------------------|
| 0-0.99                       | 257               |
| 1-1000                       | 818               |
| 1001-5000                    | 91                |
| 5001-10000                   | 14                |
| 10001-50000                  | 66                |
| 50001-100000                 | 33                |
| 100001-500000                | 83                |
| 5000001-10000000             | 14                |
| 10000001-100000000           | 3                 |
| <b>Total</b>                 | <b>1,379</b>      |

**During the period under question:**

There has been no other significant change in the state of affairs of the Fund. NBP Savings Fund does not have any soft commission arrangement with any broker in the industry.

**Sindh Workers' Welfare Fund (SWWF)**

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Savings Fund amounting to Rs. 9.38 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 Savings Fund by 0.63% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Savings Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Savings Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

| Key Audit Matter  | How the matter was addressed in our audit  |
|---|--|
| <b>Net Asset Value</b><br>(Refer note 4 to the annexed financial statements)  |  |
| Bank balances constitute the most significant component of the net asset value (NAV). Bank balances of the Fund as at June 30, 2022 amounted to Rs. 1,651.129 million.<br><br>The existence of bank balances for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter. | Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>• obtained independent confirmations for verifying the existence of bank balances as at June 30, 2022 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and</li><li>• obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul> |

#### Other Matter

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated September 30, 2021.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

**A.F. Ferguson & Co.**  
Chartered Accountants  
Karachi  
Date: September 28, 2022

UDIN: AR202210061xRcKIHTQk

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

|   | Note | 2022                     | 2021               |
|---|------|--------------------------|--------------------|
|   |      | Rupees in '000           |                    |
| <b>ASSETS</b>   |      |                          |                    |
| Bank balances   | 4    | 1,651,129                | 1,439,201          |
| Investments   | 5    | 72,300                   | 4,986              |
| Receivable against Margin Trading System (MTS)                          | 6    | -                        | 107,206            |
| Profit receivable   | 7    | 18,204                   | 8,407              |
| Deposits, prepayments and other receivables                             | 8    | 1,123                    | 1,042              |
| <b>Total assets</b>   |      | <b>1,742,756</b>         | <b>1,560,842</b>   |
| <b>LIABILITIES</b>  |      |                          |                    |
| Payable to NBP Fund Management Limited - the Management Company         | 9    | 8,482                    | 7,410              |
| Payable to Central Depository Company of Pakistan Limited - the Trustee | 10   | 107                      | 104                |
| Payable to the Securities and Exchange Commission of Pakistan           | 11   | 302                      | 312                |
| Payable against redemption of units                                     |      | 256                      | 4,830              |
| Accrued expenses and other liabilities                                  | 12   | 5,254                    | 16,181             |
| <b>Total liabilities</b>  |      | <b>14,401</b>            | <b>28,837</b>      |
| <b>NET ASSETS</b>   |      | <b>1,728,355</b>         | <b>1,532,005</b>   |
| <b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>                   |      | <b>1,728,355</b>         | <b>1,532,005</b>   |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    | 13   | <b>(Number of units)</b> |                    |
| <b>NUMBER OF UNITS IN ISSUE</b>   | 14   | <b>175,762,211</b>       | <b>156,205,928</b> |
|   |      | <b>(Rupees)</b>          |                    |
| <b>NET ASSET VALUE PER UNIT</b>   | 15   | <b>9.8335</b>            | <b>9.8076</b>      |

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

|   | 2022<br>Note ----- | 2021<br>(Rupees in 000) ----- |
|---|--------------------|-------------------------------|
| <b>INCOME</b>   |                    |                               |
| Income on government securities   | 11,594             | 20,879                        |
| Income on commercial papers   | 14,489             | 5,916                         |
| Income on term deposit receipts   | -                  | 13,332                        |
| Income on certificates of investment  | 773                | -                             |
| Income on letters of placement  | -                  | 414                           |
| Profit on bank balances   | 119,549            | 61,644                        |
| Income from Margin Trading System (MTS)   | 9,645              | 30,154                        |
| Other income  | 5.2.1 2,910        | -                             |
| Loss on sale of investments   | (93)               | (143)                         |
| <b>Total income</b>   | <u>158,867</u>     | <u>132,196</u>                |
| <b>EXPENSES</b>   |                    |                               |
| Remuneration of NBP Fund Management Limited -<br>the Management Company         | 9.1 11,060         | 8,965                         |
| Sindh Sales Tax on remuneration of Management Company                           | 9.2 1,438          | 1,165                         |
| Remuneration of Central Depository Company of<br>Pakistan Limited - the Trustee | 10.1 1,132         | 1,170                         |
| Sindh Sales Tax on remuneration of the Trustee                                  | 10.2 147           | 152                           |
| Annual fee to the Securities and Exchange Commission of<br>Pakistan             | 11.1 302           | 312                           |
| Reimbursement of allocated expenses   | 9.4 1,887          | 1,825                         |
| Reimbursement of selling and marketing expenses                                 | 9.5 11,523         | 10,922                        |
| Settlement and bank charges   | 1,573              | 3,512                         |
| Annual listing fee  | 28                 | 28                            |
| Auditors' remuneration  | 16 809             | 787                           |
| Legal and professional charges  | 1,811              | 1,071                         |
| Annual rating fee   | 308                | 462                           |
| Securities transaction cost   | 1                  | 2                             |
| Printing and other charges  | 50                 | 146                           |
| <b>Total operating expenses</b>   | <u>32,069</u>      | <u>30,519</u>                 |
| <b>Net income from operating activities</b>                                     | <u>126,798</u>     | <u>101,677</u>                |
| Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net   | 12.1 9,160         | (2,034)                       |
| <b>Net income for the year before taxation</b>                                  | <u>135,958</u>     | <u>99,643</u>                 |
| Taxation  | 17 -               | -                             |
| <b>Net income for the year after taxation</b>                                   | <u>135,958</u>     | <u>99,643</u>                 |
| <b>Earnings per unit</b>  | 18                 |                               |
| <b>Allocation of net income for the year:</b>                                   |                    |                               |
| Net income for the year after taxation  | 135,958            | 99,643                        |
| Income already paid on units redeemed   | (32,173)           | (13,437)                      |
|   | <u>103,785</u>     | <u>86,206</u>                 |
| <b>Accounting income available for distribution:</b>                            |                    |                               |
| - Relating to capital gains   | -                  | -                             |
| - Excluding capital gains   | 103,785            | 86,206                        |
|   | <u>103,785</u>     | <u>86,206</u>                 |

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

|  | 2022                          | 2021                 |
|--|-------------------------------|----------------------|
|  | -----<br>(Rupees in 000)----- |                      |
| <b>Net income for the year after taxation</b>  | 135,958                       | 99,643               |
| Other comprehensive income for the year        | -                             | -                    |
| <b>Total comprehensive income for the year</b> | <b><u>135,958</u></b>         | <b><u>99,643</u></b> |

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

## STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2022

|   | 2022             |                      |                  | 2021             |                      |                  |
|---|------------------|----------------------|------------------|------------------|----------------------|------------------|
|   | Capital value    | Undistributed income | Total            | Capital value    | Undistributed income | Total            |
| ----- (Rupees in 000) -----   |                  |                      |                  |                  |                      |                  |
| Net assets at the beginning of the year   | 1,526,730        | 5,275                | 1,532,005        | 1,691,334        | 3,236                | 1,694,570        |
| Issuance of 99,936,169 units (2021: 78,869,923 units)                           |                  |                      |                  |                  |                      |                  |
| - Capital value (at ex - net asset value per unit)                              | 980,134          | -                    | 980,134          | 772,476          | -                    | 772,476          |
| - Element of income   | 16,461           | -                    | 16,461           | 12,348           | -                    | 12,348           |
| Total proceeds on issuance of units   | 996,595          | -                    | 996,595          | 784,824          | -                    | 784,824          |
| Redemption of 80,379,886 units (2021: 95,679,946 units)                         |                  |                      |                  |                  |                      |                  |
| - Capital value (at ex - net asset value per unit)                              | (788,334)        | -                    | (788,334)        | (937,118)        | -                    | (937,118)        |
| - Element of loss   | (9,605)          | (32,173)             | (41,778)         | (6,869)          | (13,437)             | (20,306)         |
| Total payments on redemption of units   | (797,939)        | (32,173)             | (830,112)        | (943,987)        | (13,437)             | (957,424)        |
| Total comprehensive income for the year   | -                | 135,958              | 135,958          | -                | 99,643               | 99,643           |
| Distribution during the year  |                  |                      |                  |                  |                      |                  |
| For the year ended June 30, 2021: Re. 0.6320 per unit declared on June 24, 2021 | -                | -                    | -                | (5,441)          | (84,167)             | (89,608)         |
| For the year ended June 30, 2022: Re. 0.8941 per unit declared on June 24, 2022 | (6,071)          | (100,020)            | (106,091)        | -                | (84,167)             | (89,608)         |
| Total distribution during the year  | (6,071)          | (100,020)            | (106,091)        | (5,441)          | (84,167)             | (89,608)         |
| <b>Net assets at the end of the year</b>  | <b>1,719,315</b> | <b>9,040</b>         | <b>1,728,355</b> | <b>1,526,730</b> | <b>5,275</b>         | <b>1,532,005</b> |
| Undistributed income brought forward  |                  |                      |                  |                  |                      |                  |
| - Realised income   |                  | 5,275                |                  |                  | 3,195                |                  |
| - Unrealised income   |                  | -                    |                  |                  | 41                   |                  |
|   |                  | 5,275                |                  |                  |                      | 3,236            |
| Accounting income available for distribution:                                   |                  |                      |                  |                  |                      |                  |
| - Relating to capital gains   | -                |                      |                  |                  | -                    |                  |
| - Excluding capital gains   | 103,785          |                      |                  |                  | 86,206               |                  |
|   | 103,785          |                      |                  |                  | 86,206               |                  |
| Distribution during the year  |                  | (100,020)            |                  |                  | (84,167)             |                  |
| <b>Undistributed income carried forward</b>                                     | <b>9,040</b>     |                      |                  |                  | <b>5,275</b>         |                  |
| <b>Undistributed income carried forward</b>                                     | <b>9,040</b>     |                      |                  |                  | <b>5,275</b>         |                  |
| - Realised income   |                  | 9,040                |                  |                  | 5,275                |                  |
| - Unrealised income   |                  | -                    |                  |                  |                      |                  |
|   | 9,040            |                      |                  |                  | 5,275                |                  |
|   |                  |                      |                  | <b>(Rupees)</b>  |                      | <b>(Rupees)</b>  |
| Net asset value per unit at the beginning of the year                           |                  |                      |                  | <b>9.8076</b>    |                      | <b>9.7943</b>    |
| Net asset value per unit at the end of the year                                 |                  |                      |                  | <b>9.8335</b>    |                      | <b>9.8076</b>    |

The annexed notes 1 to 32 form an integral part of these financial statements.

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

|  | Note | 2022             | 2021             |
|--|------|------------------|------------------|
|  |      | Rupees in '000   |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  |      |                  |                  |
| Net income for the year before taxation                                      |      | 135,958          | 99,643           |
| <b>Adjustments:</b>  |      |                  |                  |
| (Reversal of provision) / provision against Sindh Workers' Welfare Fund- net | 12.1 | (9,160)          | 2,034            |
|  |      | 126,798          | 101,677          |
| <b>Decrease in assets</b>  |      |                  |                  |
| Investments - net  |      | (72,300)         | 164,709          |
| Receivable against Margin Trading System                                     |      | 107,206          | 84,141           |
| Profit receivable  |      | (9,797)          | 2,180            |
| Deposits, prepayments and other receivables                                  |      | (81)             | 108              |
|  |      | 25,028           | 251,138          |
| <b>(Decrease) / increase in liabilities</b>                                  |      |                  |                  |
| Payable to NBP Fund Management Limited - the Management Company              |      | 1,072            | (651)            |
| Payable to Central Depository Company of Pakistan Limited - the Trustee      |      | 3                | 15               |
| Payable to the Securities and Exchange Commission of Pakistan                |      | (10)             | 85               |
| Accrued expenses and other liabilities                                       |      | (1,767)          | 2,694            |
|  |      | (702)            | 2,143            |
| <b>Net cash generated from / (used in) operating activities</b>              |      | 151,124          | 354,958          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  |      |                  |                  |
| Net receipts from issuance of units - net of refund of element               |      | 990,524          | 780,982          |
| Net payments against redemption of units                                     |      | (834,686)        | (1,021,946)      |
| Distributions pay-out  |      | (100,020)        | (84,167)         |
| <b>Net cash generated from / (used in) financing activities</b>              |      | 55,818           | (325,131)        |
| <b>Net increase in cash and cash equivalents during the year</b>             |      | 206,942          | 29,827           |
| Cash and cash equivalents at the beginning of the year                       |      | 1,444,187        | 1,414,360        |
| <b>Cash and cash equivalents at the end of the year</b>                      | 22   | <u>1,651,129</u> | <u>1,444,187</u> |

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 1    **LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** NBP 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 executed on 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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 18, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company by the SECP under 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).

- 1.3** The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by the Securities and Exchange Commission of Pakistan (SECP) and the Fund is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

- 1.4** The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.

- 1.5** The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2021: AM1) on June 22, 2022. 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 updated the stability rating of the Fund at "A+(f)" (2021: "A(f)" on October 18, 2021) dated April 19, 2022.

- 1.6** Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

- 1.7** The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unit holders of the Fund as stated in the Offering Document.

The cost of premium is borne by the investor (where applicable). Such premium cost is deducted from the unit holder's investment on a monthly basis in case of life insurance and annual basis in case of health insurance and deposited with the Insurance Company / Takaful Operator by the Management Company as per the terms and conditions of the Insurance / Takaful coverage defined in the Insurance / Takaful policy document signed between the Insurance Company / Takaful Operator and Management Company.

### 2    **BASIS OF PREPARATION**

#### 2.1    **Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) 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 requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

## **2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

## **2.3 Standards, interpretations and amendments to published accounting and standards that are not yet effective:**

There are certain standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and, therefore, have not been disclosed in these financial statements.

## **2.4 Critical accounting estimates and judgments**

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5), provision for Federal Excise Duty (note 9.3), provision for SWWF (note 12.1) and provision for taxation (note 3.12 and 17).

## **2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention, except for investments that have been measured at fair values.

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

### 3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### 3.2 Financial assets

#### 3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

#### 3.2.2 Classification and subsequent measurement

##### Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

#### 3.2.3 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

#### 3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

#### 3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### 3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

### 3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.7 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as at the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company/ distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as at the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### 3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

'Element of income represents the difference between net asset value per unit on the issuance or redemption

date, as the case may be, of units and the net asset value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

### 3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the Income Statement in the year in which these arise.
- Profit on savings accounts with banks, income on commercial papers, letters of placement, term deposit receipts, and certificates of investment are recognised on an accrued basis.

### 3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

### 3.12 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

### 3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 18.

### 3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

## 4 BANK BALANCES

| 2022                              | 2021 |
|-----------------------------------|------|
| Note ----- (Rupees in '000) ----- |      |

Balances with banks in:

|                  |                  |                  |
|------------------|------------------|------------------|
| Current accounts | -                | 1,441            |
| Savings accounts | 4.1              | 1,437,760        |
|                  | <u>1,651,129</u> | <u>1,439,201</u> |

4.1 These include balances amounting to Rs 7.364 million, Rs 2.682 million, Rs 0.006 million and Rs 0.216 million (2021: Rs 0.644 million, Rs 168.702 million, Rs 0.104 million and Rs 0.134 million respectively) maintained with BankIslami Pakistan Limited, Khushhali Microfinance Bank Limited, Telenor Microfinance Bank Limited and

National Bank of Pakistan (related parties) respectively, that carry profit at the rates 15.25%, 17.00%, 15.50% and 12.25% per annum respectively (2021: 6.8%, 8.5%, 5.5% and 4.5% per annum). Other savings accounts of the Fund carry profits at the rates ranging from 12.00% to 17.00% per annum (2021: 5.5% to 8.5% per annum).

| 5   | <b>INVESTMENTS</b>                                       |  | <b>2022</b> | <b>2021</b>           |
|---|--|--|-------------|-----------------------|
|   |  |  | Note -----  | (Rupees in '000)----- |
| <b>At fair value through profit or loss</b> |  |  |             |                       |
|   | Government securities - Market Treasury Bills            |  | 5.1         | 4,986                 |
|   | Term finance certificates - non-performing securities    |  | 5.2         | -                     |
|   | Corporate sukuk certificates - non-performing securities |  | 5.3         | -                     |
|   | Certificates of investment                               |  | 5.4         | -                     |
|   | Commercial papers  |  | 5.5         | 72,300                |
|   |  |  | 72,300      | 4,986                 |

## 5.1 Government securities - Market Treasury Bills

| Issue date                         | Tenor in months | Face value         |                           |                                |                     | Market value as at June 30, 2022 | Unrealised appreciation | Market value as a percentage of |            |
|------------------------------------|-----------------|--------------------|---------------------------|--------------------------------|---------------------|----------------------------------|-------------------------|---------------------------------|------------|
|                                    |                 | As at July 1, 2021 | Purchased during the year | Sold / matured during the year | As at June 30, 2022 |                                  |                         | total investments               | net assets |
| ----- (Rupees in '000) -----       |                 |                    |                           |                                |                     |                                  |                         |                                 |            |
| August 27, 2020                    | 12              | -                  | 290,000                   | 290,000                        | -                   | -                                | -                       | -                               | -          |
| March 25, 2021                     | 6               | -                  | 115,000                   | 115,000                        | -                   | -                                | -                       | -                               | -          |
| April 22, 2021                     | 3               | 5,000              | -                         | 5,000                          | -                   | -                                | -                       | -                               | -          |
| May 6, 2021                        | 6               | -                  | 275,000                   | 275,000                        | -                   | -                                | -                       | -                               | -          |
| May 20, 2021                       | 3               | -                  | 150,000                   | 150,000                        | -                   | -                                | -                       | -                               | -          |
| June 3, 2021                       | 3               | -                  | 93,000                    | 93,000                         | -                   | -                                | -                       | -                               | -          |
| June 3, 2021                       | 6               | -                  | 275,000                   | 275,000                        | -                   | -                                | -                       | -                               | -          |
| July 15, 2021                      | 3               | -                  | 50,000                    | 50,000                         | -                   | -                                | -                       | -                               | -          |
| July 29, 2021                      | 3               | -                  | 125,000                   | 125,000                        | -                   | -                                | -                       | -                               | -          |
| September 23, 2021                 | 3               | -                  | 275,000                   | 275,000                        | -                   | -                                | -                       | -                               | -          |
| October 21, 2021                   | 3               | -                  | 50,000                    | 50,000                         | -                   | -                                | -                       | -                               | -          |
| November 4, 2021                   | 3               | -                  | 135,000                   | 135,000                        | -                   | -                                | -                       | -                               | -          |
| December 2, 2021                   | 3               | -                  | 165,000                   | 165,000                        | -                   | -                                | -                       | -                               | -          |
| December 16, 2021                  | 3               | -                  | 165,000                   | 165,000                        | -                   | -                                | -                       | -                               | -          |
| December 30, 2021                  | 3               | -                  | 150,000                   | 150,000                        | -                   | -                                | -                       | -                               | -          |
| February 24, 2022                  | 3               | -                  | 150,000                   | 150,000                        | -                   | -                                | -                       | -                               | -          |
| <b>Total</b>                       |                 | <b>5,000</b>       | <b>2,463,000</b>          | <b>2,468,000</b>               | <b>-</b>            | <b>-</b>                         | <b>-</b>                | <b>-</b>                        | <b>-</b>   |
| Carrying value as at June 30, 2022 |                 |                    |                           |                                |                     |                                  |                         | -                               | -          |
| Market value as at June 30, 2021   |                 |                    |                           |                                |                     |                                  |                         | 4,986                           | 4,986      |
| Carrying value as at June 30, 2021 |                 |                    |                           |                                |                     |                                  |                         | 4,986                           | 4,986      |

## 5.2 Term finance certificates - non-performing securities

| Name of the security  | Security rating | Profit payments / principal redemptions | Maturity date      | Profit rate                            | As at July 1, 2021 | Purchases during the year | Sales / redemptions during the year | As at June 30, 2022 | Market value as at June 30, 2022 | Percentage in relation to |                                      |
|---|-----------------|---|--------------------|--|--------------------|---------------------------|-------------------------------------|---------------------|----------------------------------|---------------------------|--------------------------------------|
|   |                 |   |                    |  |                    |                           |                                     |                     |                                  | Net assets of the Fund    | Total market value of the investment |
| <b>Leasing companies</b>  |                 |   |                    |  |                    |                           |                                     |                     |                                  |                           |                                      |
| Saudi Pak Leasing Company Limited - TFC II<br>(Face value of Rs. 2,755 per certificate) | Unrated         | -                                       | March 13, 2025     | 6.87%                                  | 15,000             | -                         | -                                   | 15,000              | -                                | -                         | -                                    |
| <b>Technology &amp; communication</b>   |                 |   |                    |  |                    |                           |                                     |                     |                                  |                           |                                      |
| Worldcall Telecom Limited - TFC III<br>(Face value of Rs. 1,537 per certificate)        | D, PACRA        | Quarterly                               | September 20, 2026 | 6 months KIBOR plus base rate of 1.6%  | 14,000             | -                         | -                                   | 14,000              | -                                | -                         | -                                    |
| <b>Chemical</b>   |                 |   |                    |  |                    |                           |                                     |                     |                                  |                           |                                      |
| Agritech Limited TFC II<br>(Face value of Rs. 4,996 per certificate)                    | Unrated         | -                                       | July 14, 2025      | 6 months KIBOR plus base rate of 1.75% | 30,000             | -                         | -                                   | 30,000              | -                                | -                         | -                                    |
| Agritech Limited TFC V<br>(Face value of Rs. 5,000 per certificate)                     | Unrated         | -                                       | January 1, 2025    | 11% fixed rate                         | 4,436              | -                         | -                                   | 4,436               | -                                | -                         | -                                    |
| <b>Total</b>  |                 |   |                    |  |                    |                           |                                     |                     |                                  |                           |                                      |
| Carrying value as at June 30, 2022  |                 |   |                    |  |                    |                           |                                     |                     |                                  | -                         | -                                    |
| Market value as at June 30, 2021  |                 |   |                    |  |                    |                           |                                     |                     |                                  | -                         | -                                    |
| Carrying value as at June 30, 2021  |                 |   |                    |  |                    |                           |                                     |                     |                                  | -                         | -                                    |

**5.2.1** The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 234.892 million (2021: Rs. 236.703 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

During the year, the Fund has received Rs 2.910 million (including a mark-up of Rs 1.099 million) against recovery of provided term finance certificate of Worldcall Telecom Limited.

## 5.3 Corporate sukuk certificates - non-performing securities

| Name of the security   | Security rating | Profit payments / principal redemptions | Maturity date      | Profit rate                           | As at July 1, 2021 | Purchases during the year | Sales / redemptions during the year | As at June 30, 2022 | Market value as at June 30, 2022 | Percentage in relation to |                                      |
|--|-----------------|---|--------------------|---------------------------------------|--------------------|---------------------------|-------------------------------------|---------------------|----------------------------------|---------------------------|--------------------------------------|
|  |                 |   |                    |                                       |                    |                           |                                     |                     |                                  | Net assets of the Fund    | Total market value of the investment |
| <b>Miscellaneous</b>   |                 |   |                    |                                       |                    |                           |                                     |                     |                                  |                           |                                      |
| New Allied Electronic Industries (Private) Limited - Sukuk II<br>(Face value of Rs. 4,905 per certificate) | Unrated         | -                                       | December 3, 2025   | 6 months KIBOR plus base rate of 2.2% | 10,000             | -                         | -                                   | 10,000              | -                                | -                         | -                                    |
| Eden Housing Limited Sukuk (2nd Issue)<br>(Face value of Rs. 984 per certificate)                          | D, VIS          | -                                       | September 29, 2025 | 6 months KIBOR plus base rate of 2.5% | 20,000             | -                         | -                                   | 20,000              | -                                | -                         | -                                    |
| <b>Total</b>   |                 |   |                    |                                       |                    |                           |                                     |                     |                                  |                           |                                      |
| Carrying value as at June 30, 2022   |                 |   |                    |                                       |                    |                           |                                     |                     |                                  | -                         | -                                    |
| Market value as at June 30, 2021   |                 |   |                    |                                       |                    |                           |                                     |                     |                                  | -                         | -                                    |
| Carrying value as at June 30, 2021   |                 |   |                    |                                       |                    |                           |                                     |                     |                                  | -                         | -                                    |

**5.3.1** The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by the Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 68.742 million (2021: Rs. 68.742 million) against investee companies has been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

## 5.4 Certificates of investment

| Investee Company                       | Rating of investee company | Placement date | Profit rate | As at July 1, 2021 | Placed during the year | Matured during the year | Carrying value as at June 30, 2022 | Market value as at June 30, 2022 | Market value as a percentage of total investments | Market value as a percentage of net assets |
|--|----------------------------|----------------|-------------|--------------------|------------------------|-------------------------|------------------------------------|----------------------------------|---|--|
| ----- Rupees in '000 -----             |                            |                |             |                    |                        |                         |                                    |                                  |   |  |
| Percentage -----                       |                            |                |             |                    |                        |                         |                                    |                                  |   |  |
| <b>Development finance institution</b> |                            |                |             |                    |                        |                         |                                    |                                  |   |  |
| Pak Oman Investment Company Limited    | AA+, VIS                   | April 18, 2022 | -           | 75,000             | 75,000                 | -                       | -                                  | -                                | -   | -  |
| <b>Total as at June 30, 2022</b>       |                            |                |             |                    |                        |                         |                                    |                                  |   |  |
| <b>Total as at June 30, 2021</b>       |                            |                |             |                    |                        |                         |                                    |                                  |   |  |

## 5.5 Commercial papers

| Name of the security                       | Rating      | Face value         |                           |  |                     | Market value as at June 30, 2022 | Market value as a percentage of total investments | Market value as a percentage of net assets |
|--|-------------|--------------------|---------------------------|--|---------------------|----------------------------------|---|--|
|  |             | As at July 1, 2021 | Purchased during the year | Disposed off / matured during the year | As at June 30, 2022 |                                  |   |  |
| ----- (Rupees in '000) -----               |             |                    |                           |  |                     |                                  |   |  |
| <b>Power generation &amp; distribution</b> |             |                    |                           |  |                     |                                  |   |  |
| K-Electric Limited CP 1                    | A-1+, PACRA | -                  | 130,000                   | 130,000                                | -                   | -                                | -   | -  |
| Lucky Electric Power Company Limited ICP-1 | A-1, PACRA  | -                  | 125,000                   | 125,000                                | -                   | -                                | -   | -  |
| China Power Hub Generation Company CP      | AA+, PACRA  | -                  | 75,000                    | -                                      | 75,000              | 72,300                           | 100.0%  | 4.2%                                       |
| <b>Securities companies</b>                |             |                    |                           |  |                     |                                  |   |  |
| JS Global Capital Limited CP               | A-1+, VIS   | -                  | 30,000                    | 30,000                                 | -                   | -                                | -   | -  |
| <b>Total</b>                               |             |                    |                           |  |                     | 72,300                           | 100.00%   | 4.18%                                      |
| Carrying value as at June 30, 2022         |             |                    |                           |  |                     | 72,300                           |   |  |
| Market value as at June 30, 2021           |             |                    |                           |  |                     | -                                |   |  |
| Carrying value as at June 30, 2021         |             |                    |                           |  |                     | -                                |   |  |

**5.5.1** This carries yield of 14.85% and is due to mature on October 09, 2022.

|            | <b>5.6 Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'</b>  | <b>Note</b>              | <b>2022</b>             | <b>2021</b> |
|------------|--|--------------------------|-------------------------|-------------|
|            |  |                          | <b>(Rupees in '000)</b> |             |
|            | Market value of investments  | 5.1, 5.2, 5.3, 5.4 & 5.5 | 72,300                  | 4,986       |
|            | Less: carrying value of investments  | 5.1, 5.2, 5.3, 5.4 & 5.5 | (72,300)                | (4,986)     |
|            |  |                          | <hr/>                   | <hr/>       |
| <b>6</b>   | <b>RECEIVABLE AGAINST MARGIN TRADING SYSTEM (MTS)</b>  |                          |                         |             |
|            | Receivable against MTS   |                          | -                       | 107,206     |
| <b>7</b>   | <b>PROFIT RECEIVABLE</b>   |                          |                         |             |
|            | Profit receivable on:  |                          |                         |             |
|            | - Savings accounts   |                          | 18,204                  | 7,702       |
|            | - Margin trading system  |                          | -                       | 705         |
|            |  |                          | <hr/>                   | <hr/>       |
|            |  |                          | 18,204                  | 8,407       |
| <b>8</b>   | <b>DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>   |                          |                         |             |
|            | Advance tax  | 8.1                      | 479                     | 479         |
|            | Prepaid rating fee   |                          | 194                     | 113         |
|            | Deposit with Central Depository Company of Pakistan Limited*   |                          | 100                     | 100         |
|            | Deposit with National Clearing Company of Pakistan Limited*  |                          | 250                     | 250         |
|            | Others   |                          | 100                     | 100         |
|            |  |                          | <hr/>                   | <hr/>       |
|            |  |                          | 1,123                   | 1,042       |
|            | *related party balances  |                          |                         |             |
| <b>8.1</b> | As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, withholding taxes on profit on bank balances and debt securities paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The taxes withheld on profit on bank balances and debt securities as at June 30, 2022 amount to Rs 0.479 million (2021: Rs 0.479 million).   |                          |                         |             |
|            | For this purpose, the Mutual Funds Association of Pakistan (MUFAFP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit on bank balances and debt securities have been shown as other receivables as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will likely be refunded. |                          |                         |             |
| <b>9</b>   | <b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY</b>   | <b>Note</b>              | <b>2022</b>             | <b>2021</b> |
|            |  |                          | <b>(Rupees in '000)</b> |             |
|            | Remuneration payable to the Management Company   | 9.1                      | 1,458                   | 666         |
|            | Sindh Sales Tax on remuneration of the Management Company  | 9.2                      | 190                     | 87          |
|            | Federal Excise Duty on remuneration of the Management Company  | 9.3                      | 2,808                   | 2,808       |
|            | Reimbursement of allocated expenses payable  | 9.4                      | 483                     | 475         |
|            | Reimbursement of selling and marketing expenses payable  | 9.5                      | 3,091                   | 2,659       |
|            | Sales and transfer load payable  |                          | 359                     | 610         |
|            | Sindh Sales Tax on sales and transfer load   |                          | 48                      | 79          |
|            | ADC charges payable including Sindh Sales Tax  |                          | 45                      | 26          |
|            |  |                          | <hr/>                   | <hr/>       |
|            |  |                          | 8,482                   | 7,410       |

- 9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 8% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets (2021: 8% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets).

The remuneration is payable to the Management Company monthly in arrears.

- 9.2** During the year, an amount of Rs 1.438 million (2021: Rs 1.165 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%).

- 9.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.808 million (2021: Rs 2.808 million) is being retained in the financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2022 would have been higher by Re 0.016 (2021: Re 0.0179) per unit.

- 9.4** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Accordingly, the Management Company based on its discretion has charged accounting and operational charges under the following rates:

| Rate applicable from July 1, 2021 to June 30, 2022 | Rate applicable from October 27, 2020 to June 30, 2021 | Rate applicable from July 1, 2020 to October 26, 2020 |
|--|--|---|
| 0.125% of average annual net assets                | 0.125% of average annual net assets                    | 0.1% of average annual net assets                     |

- 9.5** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

Accordingly, the management company has currently charged selling and marketing expenses at the following rates:

| Rate applicable from November 12, 2021 to June 30, 2022 | Rate applicable from July 1, 2021 to November 11, 2021 | Rate applicable from July 1, 2020 to June 30, 2021 |
|---|--|--|
| 0.8% per annum of average daily net assets              | 0.7% per annum of average daily net assets             | 0.7% per annum of average daily net assets         |

|           |  | 2022                                   | 2021 |
|-----------|--|--|------|
|           |  | <b>Note -----(Rupees in '000)-----</b> |      |
| <b>10</b> | <b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE</b> | 10.1                                   | 95   |

|   |      |     |     |
|---|------|-----|-----|
| Remuneration payable to the Trustee             | 10.1 | 95  | 92  |
| Sindh Sales Tax payable on Trustee remuneration | 10.2 | 12  | 12  |
|   | 107  | 104 | 104 |

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. Accordingly, the Fund has charged the Trustee fee at the rate of 0.075% per annum of the average annual net assets during the year (2021: 0.075% per annum).
- 10.2** During the year, an amount of Rs 0.147 million (2021: Rs 0.152 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: @ 13%).

|           |  | 2022                                   | 2021 |
|-----------|--|--|------|
|           |  | <b>Note ----- Rupees in '000 -----</b> |      |
| <b>11</b> | <b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b> | 11.1                                   | 302  |

- 11.1** Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

|   |   | 2022                                   | 2021   |
|---|---|--|--------|
|   |   | <b>Note ----- Rupees in '000 -----</b> |        |
| <b>12</b>                                     | <b>ACCRUED EXPENSES AND OTHER LIABILITIES</b> | 12.1                                   | 9,160  |
| Provision against Sindh Workers' Welfare Fund |   | -                                      | 431    |
| Auditors' remuneration                        |   | 475                                    | 61     |
| Printing charges payable                      |   | 61                                     | 247    |
| Settlement charges payable                    |   | 27                                     | 90     |
| Bank charges payable                          |   | 90                                     | 59     |
| Withholding tax payable                       |   | 3,943                                  | 5,428  |
| Capital gains tax payable                     |   | 518                                    | 91     |
| Legal and professional charges payable        |   | 122                                    | 509    |
| Laga and levy charges payable                 |   | -                                      | 165    |
| Others  |   | 18                                     | 22     |
|   |   | 5,254                                  | 16,181 |

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the year, 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. All the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 9.16 million recognised in the financial statements of the Fund, for the period from May 21, 2015 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 the financial statements of the Fund.

## 13 CONTINGENCIES AND COMMITMENTS

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

|   | 2022                      | 2021                      |
|---|---------------------------|---------------------------|
|   | (Number of units)         |                           |
| 14 NUMBER OF UNITS IN ISSUE                       |                           |                           |
| Total units in issue at the beginning of the year | 156,205,928               | 173,015,951               |
| Add: units issued during the year                 | 99,936,169                | 78,869,923                |
| Less: units redeemed during the year              | <u>(80,379,886)</u>       | <u>(95,679,946)</u>       |
| Total units in issue at the end of the year       | <u><u>175,762,211</u></u> | <u><u>156,205,928</u></u> |

## 15 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

|   | 2022                       | 2021              |
|---|----------------------------|-------------------|
|   | -----(Rupees in '000)----- |                   |
| 16 AUDITORS' REMUNERATION                                   |                            |                   |
| Annual audit fee  | 400                        | 380               |
| Fee for half yearly review                                  | 165                        | 157               |
| Income certification  | 115                        | 110               |
| Out of pocket expenses and others including government levy | <u>130</u>                 | <u>140</u>        |
|   | <u><u>809</u></u>          | <u><u>787</u></u> |

## 17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

## 18 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in these financial statements as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

## 19 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2022 is 2.00% (2021: 2.09%) which includes 0.12% (2021: 0.24%) representing government levies on the Fund such as provision against Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. The TER excluding government levies is 1.88% (2021: 1.85%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 20 DETAILS OF NON-COMPLIANT INVESTMENTS

The SECP vide Circular no. 7 of 2009 dated March 6, 2009, required all asset management companies to categorise 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.

Following are the details of non-compliant investments:

| Name of non-compliant investment                                    | Non-compliance of clause   | Type of investment        | Value of investment before provision | Provision held, if any | Value of investment after provision | % of net assets | % of gross assets |
|---|--|---------------------------|--------------------------------------|------------------------|-------------------------------------|-----------------|-------------------|
| ----- (Rupees in '000) -----  |  |                           |                                      |                        |                                     |                 |                   |
| Agritech Limited TFC II   | Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009 | Term finance certificates | 149,876                              | (149,876)              | -                                   | -               | -                 |
| Agritech Limited TFC V  | Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009 | Term finance certificates | 22,180                               | (22,180)               | -                                   | -               | -                 |
| Eden Housing Limited Sukuk (2nd Issue)                              | Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009 | Sukuks                    | 19,688                               | (19,688)               | -                                   | -               | -                 |
| New Allied Electronic Industries (Private) Limited - Sukuk II       | Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009 | Sukuks                    | 49,054                               | (49,054)               | -                                   | -               | -                 |
| Saudi Pak Leasing Company Limited - TFC II                          | Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009 | Term finance certificates | 41,321                               | (41,321)               | -                                   | -               | -                 |
| Worldcall Telecom Limited - TFC III                                 | Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009 | Term finance certificates | 21,515                               | (21,515)               | -                                   | -               | -                 |
| Total carrying value and accumulated impairment as at June 30, 2022 |  |                           | 303,634                              | (303,634)              | -                                   |                 |                   |

## 21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 21.1** 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), 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.
- 21.2** Transactions with connected persons are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 21.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008.

- 21.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 21.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 21.6 **Details of transactions with related parties / connected persons are as follows:**

|  | 2022                       | 2021    |
|--|----------------------------|---------|
|  | ----- Rupees in '000 ----- |         |
| <b>NBP Fund Management Limited - the Management Company</b>                  |                            |         |
| Remuneration of NBP Fund Management Limited - the Management Company         | 11,060                     | 8,965   |
| Sindh Sales Tax on remuneration of the Management Company                    | 1,438                      | 1,165   |
| Sales load paid  | 1,519                      | 2,189   |
| Sindh Sales Tax on sales load paid   | 197                        | 285     |
| Reimbursement of allocated expenses  | 1,887                      | 1,825   |
| Reimbursement of selling and marketing expenses                              | 11,523                     | 10,922  |
| ADC charges including Sindh sales tax  | 43                         | 20      |
| <b>Central Depository Company of Pakistan Limited - the Trustee</b>          |                            |         |
| Remuneration of Central Depository Company of Pakistan Limited - the Trustee | 1,132                      | 1,170   |
| Sindh Sales Tax on remuneration of the Trustee                               | 147                        | 152     |
| Settlement charges   | 392                        | 366     |
| <b>Employees of the Management Company</b>                                   |                            |         |
| Dividend reinvestment units: 13,319 units (2021: 4,456 units)                | 131                        | 10,961  |
| Units issued: 1,005,916 units (2021: 1,107,636 units)                        | 9,949                      | 10,791  |
| Units redeemed: 230,101 units (2021: 1,076,131 units)                        | 2,375                      | 45      |
| <b>Portfolio managed by the Management Company</b>                           |                            |         |
| Dividend reinvest units issued: 5,330 units (2021: Nil)                      | 52                         | -       |
| Units issued: 930,544 (2021: Nil)  | 9,265                      | -       |
| Units redeemed: 1,585,725 units (2021: 1,395,603 units)                      | 16,797                     | 14,356  |
| Sale of Market Treasury Bills  | -                          | 72,685  |
| <b>NBP Employees Pension Fund</b>  |                            |         |
| Dividend reinvest units issued: 7,296,790 units (2021: 4,852,903 units)      | 71,593                     | 47,539  |
| <b>Pakistan Stock Exchange Limited (Common directorship)*</b>                |                            |         |
| Annual Listing Fees Paid   | -                          | 27      |
| <b>National Clearing Company of Pakistan Limited</b>                         |                            |         |
| NCCPL charges  | 262                        | 315     |
| <b>NBP Money Market Fund</b>   |                            |         |
| Sale of Market Treasury Bills  | -                          | 168,726 |
| <b>BankIslami Pakistan Limited - common directorship</b>                     |                            |         |
| Profit on bank balance   | 190                        | 48      |
| <b>Khushhali Bank Limited - common directorship*</b>                         |                            |         |
| Profit on bank balance   | 9,407                      | 6,196   |
| Placement of TDR   | -                          | 165,000 |
| Markup on TDR  | -                          | 3,850   |

|   | 2022                       | 2021    |
|---|----------------------------|---------|
|   | ----- Rupees in '000 ----- |         |
| <b>National Bank of Pakistan - parent company</b>                     |                            |         |
| Purchase of Market Treasury Bills                                     | 422,002                    | -       |
| <b>NBP Financial Sector Income Fund</b>                               |                            |         |
| Purchase of Market Treasury Bills                                     | -                          | 900,375 |
| <b>Fauji Fertilizer Company Limited (Common directorship)</b>         |                            |         |
| Dividend reinvest units issued: 3 units (2021: 1 unit) **             | -                          | -       |
| Units issued: Nil units (2021: 33 units)                              | -                          | -       |
| <b>Telenor Microfinance Bank Limited (Common directorship)</b>        |                            |         |
| Profit on bank deposit  | -                          | 25      |
| <b>K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding</b> |                            |         |
| Dividend reinvest units issued: 72 units (2021: 1,884,891 units) *    | -                          | 11,607  |
| Units issued: 31,688,042 units (2021: 1,454,310 units)                | 312,825                    | 14,244  |
| Units redeemed: 26,344,207 units (2021: Nil units)                    | 281,717                    | -       |
| <b>21.7 Amounts / balances outstanding as at year end:</b>            |                            |         |
| <b>NBP Fund Management Limited - Management Company</b>               |                            |         |
| Remuneration of the Management Company                                | 1,458                      | 666     |
| Sindh Sales Tax on remuneration of the Management Company             | 190                        | 87      |
| Reimbursement of allocated expenses payable                           | 483                        | 475     |
| Reimbursement of selling and marketing expenses payable               | 3,091                      | 2,659   |
| Sales and transfer load payable                                       | 359                        | 610     |
| Sindh Sales Tax on sales and transfer load                            | 48                         | 79      |
| Federal Excise Duty on remuneration of the Management Company         | 2,808                      | 2,808   |
| ADC charges payable including Sindh Sales tax                         | 45                         | 26      |
| <b>Central Depository Company of Pakistan Limited (Trustee)</b>       |                            |         |
| Remuneration of the trustee   | 95                         | 92      |
| Sindh Sales Tax on remuneration of the trustee                        | 12                         | 12      |
| Settlement charges payable  | 27                         | 30      |
| Security deposit  | 100                        | 100     |
| <b>National Clearing Company of Pakistan</b>                          |                            |         |
| Security deposit  | 250                        | 250     |
| Settlement charges payable  | -                          | 13      |
| <b>National Bank of Pakistan - (parent of the Management Company)</b> |                            |         |
| Bank balance  | 216                        | 134     |
| <b>NBP Employees Pension Fund</b>                                     |                            |         |
| Units held in the fund: 87,369,695 units (2021: 80,072,905 units)     | 859,150                    | 785,323 |
| <b>Employees of the Management Company</b>                            |                            |         |
| Units held in the fund: 1,054,679 units (2021: 265,984 units)         | 10,371                     | 2,609   |
| <b>Portfolio managed by the Management Company</b>                    |                            |         |
| Units held in the fund: 725,726 units (2021: Nil units)               | 7,136                      | -       |
| <b>BankIslami Pakistan Limited (Common directorship)</b>              |                            |         |
| Bank balance  | 7,364                      | 644     |
| Profit receivable on bank balance                                     | 85                         | 3       |

|   | 2022                       | 2021    |
|---|----------------------------|---------|
|   | ----- Rupees in '000 ----- |         |
| <b>Khushhali Microfinance Bank Limited (Common directorship)</b>      |                            |         |
| Bank balance  | 2,682                      | 168,702 |
| Profit receivable on bank balance                                     | 412                        | 1,086   |
| <b>Fauji Fertilizer Company Limited (Common directorship)</b>         |                            |         |
| Units held: 37 units (2021: 34 units) **                              | -                          | -       |
| <b>Telenor Microfinance Bank Limited (Common directorship)</b>        |                            |         |
| Bank balance  | 6                          | 104     |
| Profit receivable on bank balance                                     | 18                         | 20      |
| <b>K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding</b> |                            |         |
| Units held in the fund: 28,937,884 units (2021: 23,584,650 units)     | 284,261                    | 231,309 |

\* Current period figures have not been presented as the person is not a related party / connected person as at June 30, 2022.

\*\* Nil due to rounding off.

| 22 | <b>CASH AND CASH EQUIVALENTS</b>                                | Note | 2022                             | 2021                               |
|----|---|------|----------------------------------|------------------------------------|
|    |   |      | ----- (Rupees in '000) -----     |                                    |
|    | Bank balances   | 4    | 1,651,129                        | 1,439,201                          |
|    | Government securities:  |      |                                  |                                    |
|    | - Market Treasury Bills (original maturity of 3 months or less) | 5.1  | -                          4,986 | 1,651,129                1,444,187 |

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

| 2022                         |                                      |       |
|------------------------------|--------------------------------------|-------|
| At amortised cost            | At fair value through profit or loss | Total |
| ----- (Rupees in '000) ----- |                                      |       |

### Financial assets

|                   |           |        |           |
|-------------------|-----------|--------|-----------|
| Bank balances     | 1,651,129 | -      | 1,651,129 |
| Investments       | -         | 72,300 | 72,300    |
| Profit receivable | 18,204    | -      | 18,204    |
| Deposits          | 450       | -      | 450       |

| 2022                                 |                   |       |
|--------------------------------------|-------------------|-------|
| At fair value through profit or loss | At amortised cost | Total |
| ----- (Rupees in '000) -----         |                   |       |

### Financial liabilities

|   |       |       |       |
|---|-------|-------|-------|
| Payable to NBP Fund Management Limited - the Management Company         | -     | 8,482 | 8,482 |
| Payable to Central Depository Company of Pakistan Limited - the Trustee | -     | 107   | 107   |
| Payable against redemption of units                                     | -     | 256   | 256   |
| Accrued expenses and other liabilities                                  | -     | 793   | 793   |
|   | <hr/> | <hr/> | <hr/> |
|   | -     | 9,638 | 9,638 |

|   | 2021              |                                      |                  |
|---|-------------------|--------------------------------------|------------------|
|   | At amortised cost | At fair value through profit or loss | Total            |
| <b>(Rupees in '000)</b>   |                   |                                      |                  |
| <b>Financial assets</b>   |                   |                                      |                  |
| Bank balances   | 1,439,201         | -                                    | 1,439,201        |
| Investments   | -                 | 4,986                                | 4,986            |
| Receivable against Margin Trading System (MTS)                          | 107,206           | -                                    | 107,206          |
| Profit receivable   | 8,407             | -                                    | 8,407            |
| Deposits  | 450               | -                                    | 450              |
|   | <b>1,555,264</b>  | <b>4,986</b>                         | <b>1,560,250</b> |
| <b>(Rupees in '000)</b>   |                   |                                      |                  |
| <b>Financial liabilities</b>  |                   |                                      |                  |
| Payable to NBP Fund Management Limited - the Management Company         | -                 | 7,410                                | 7,410            |
| Payable to Central Depository Company of Pakistan Limited - the Trustee | -                 | 104                                  | 104              |
| Payable against redemption of units                                     | -                 | 4,830                                | 4,830            |
| Accrued expenses and other liabilities                                  | -                 | 1,502                                | 1,502            |
|   | <b>-</b>          | <b>13,846</b>                        | <b>13,846</b>    |

## 24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund, the NBFC Regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 24.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of the changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

#### 24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 24.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result

of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks, and commercial papers. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that risk is managed within the acceptable limits.

**a) Sensitivity analysis for variable rate instruments**

The Fund is exposed to cash flow interest rate risk for balances in savings accounts on which interest rate range between 12.00% to 17.00% per annum. A reasonably possible change of 100 basis points in interest rates on the last repricing date would have increased / decreased the net income for the year and the net assets of the Fund by Rs 16.511 million (2021: Rs 14.378 million). The analysis assumes that all other variables remain constant.

**b) Sensitivity analysis for fixed rate instruments**

The Fund's fixed rate risk arises from investment in commercial papers. In case of 100 basis points increase / decrease in rates on June 30, 2022, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 0.723 million (2021: Rs 0.050 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

| Effective profit rate (%)    | 2022                        |   |                    |                                 | Total |  |
|------------------------------|-----------------------------|---|--------------------|---------------------------------|-------|--|
|                              | Exposed to profit rate risk |   |                    | Not exposed to profit rate risk |       |  |
|                              | Up to three months          | More than three months and up to one year | More than one year |                                 |       |  |
| ----- (Rupees in '000) ----- |                             |   |                    |                                 |       |  |

**On balance sheet financial instruments**

**Financial assets**

|                   |               |           |   |        |        |           |
|-------------------|---------------|-----------|---|--------|--------|-----------|
| Bank balances     | 12.00 - 17.00 | 1,651,129 | - | -      | -      | 1,651,129 |
| Investments       | 14.85         | 72,300    | - | -      | -      | 72,300    |
| Profit receivable | -             | -         | - | 18,204 | 18,204 |           |
| Deposits          | -             | -         | - | 450    | 450    |           |
|                   |               | 1,723,429 | - | -      | 18,654 | 1,742,083 |

**Financial liabilities**

|   |   |   |   |       |       |
|---|---|---|---|-------|-------|
| Payable to NBP Fund Management Limited - the Management Company         | - | - | - | 8,482 | 8,482 |
| Payable to Central Depository Company of Pakistan Limited - the Trustee | - | - | - | 107   | 107   |
| Payable against redemption of units                                     | - | - | - | 256   | 256   |
| Accrued expenses and other liabilities                                  | - | - | - | 793   | 793   |
|   | - | - | - | 9,638 | 9,638 |

**On-balance sheet gap**

|           |   |   |       |           |
|-----------|---|---|-------|-----------|
| 1,723,429 | - | - | 9,016 | 1,732,445 |
|-----------|---|---|-------|-----------|

**Total interest rate sensitivity gap**

|           |   |   |       |           |
|-----------|---|---|-------|-----------|
| 1,723,429 | - | - | 9,016 | 1,732,445 |
|-----------|---|---|-------|-----------|

**Cumulative interest rate sensitivity gap**

|           |           |           |
|-----------|-----------|-----------|
| 1,723,429 | 1,723,429 | 1,723,429 |
|-----------|-----------|-----------|

| Effective profit rate (%)   | 2021                        |   |                    |                                 | (Rupees in '000) |  |  |  |
|---|-----------------------------|---|--------------------|---------------------------------|------------------|--|--|--|
|   | Exposed to profit rate risk |   |                    | Not exposed to profit rate risk |                  |  |  |  |
|   | Up to three months          | More than three months and up to one year | More than one year |                                 |                  |  |  |  |
| <b>On balance sheet financial instruments</b>                           |                             |   |                    |                                 |                  |  |  |  |
| <b>Financial assets</b>   |                             |   |                    |                                 |                  |  |  |  |
| Bank balances   | 5.50 - 8.50                 | 1,437,760                                 | -                  | -                               | 1,441 1,439,201  |  |  |  |
| Investments   | 7.16                        | 4,986                                     | -                  | -                               | - 4,986          |  |  |  |
| Receivable against Margin Trading System                                | 8.25 - 11.97                | 107,206                                   | -                  | -                               | - 107,206        |  |  |  |
| Profit receivable   | -                           | -   | -                  | 8,407                           | 8,407            |  |  |  |
| Deposits  | -                           | -   | -                  | 450                             | 450              |  |  |  |
|   | 1,549,952                   | -   | -                  | 10,298                          | 1,560,250        |  |  |  |
| <b>Financial liabilities</b>  |                             |   |                    |                                 |                  |  |  |  |
| Payable to NBP Fund Management Limited - the Management Company         | -                           | -   | -                  | 7,410                           | 7,410            |  |  |  |
| Payable to Central Depository Company of Pakistan Limited - the Trustee | -                           | -   | -                  | 104                             | 104              |  |  |  |
| Payable against redemption of units                                     | -                           | -   | -                  | 4,830                           | 4,830            |  |  |  |
| Accrued expenses and other liabilities                                  | -                           | -   | -                  | 1,502                           | 1,502            |  |  |  |
|   | -                           | -   | -                  | 13,846                          | 13,846           |  |  |  |
| <b>On-balance sheet gap</b>   | <b>1,549,952</b>            | <b>-</b>                                  | <b>-</b>           | <b>(3,548)</b>                  | <b>1,546,404</b> |  |  |  |
| <b>Total interest rate sensitivity gap</b>                              | <b>1,549,952</b>            | <b>-</b>                                  | <b>-</b>           | <b>(3,548)</b>                  | <b>1,546,404</b> |  |  |  |
| <b>Cumulative interest rate sensitivity gap</b>                         | <b>1,549,952</b>            | <b>1,549,952</b>                          | <b>1,549,952</b>   |                                 |                  |  |  |  |

#### 24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not have any financial instruments which are subject to price risk.

#### 24.2 Credit risk

**24.2.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

|  | 2022   |                                 | 2021   |                                 |
|--|--|---------------------------------|--|---------------------------------|
|  | Balance as per statement of assets and liabilities | Maximum exposure to credit risk | Balance as per statement of assets and liabilities | Maximum exposure to credit risk |
| <b>Rupees in '000</b>                    |  |                                 |  |                                 |
| Bank balances                            | 1,651,129  | 1,651,129                       | 1,439,201  | 1,439,201                       |
| Investments                              | 72,300   | 72,300                          | 4,986  | -                               |
| Receivable against Margin Trading System | -  | -                               | 107,206  | -                               |
| Profit receivable                        | 18,204   | 18,204                          | 8,407  | 8,407                           |
| Deposits                                 | 450  | 450                             | 450  | 450                             |
|  | <b>1,742,083</b>                                   | <b>1,742,083</b>                | <b>1,560,250</b>                                   | <b>1,448,058</b>                |

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in government securities and margin trading system, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

## 24.2.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon and commercial papers. The credit rating profile of balances with banks and commercial papers is as follows:

| Rating                                  | % of financial assets exposed to credit risk |                     |
|---|--|---------------------|
|   | 2022   | 2021                |
| <b>Bank balances and accrued profit</b> |  |                     |
| AAA                                     | 0.31%  | 0.50%               |
| AA+                                     | 25.44%                                       | 71.63%              |
| AA-                                     | 50.14%                                       | 0.20%               |
| AA                                      | 0.17%  | 0.01%               |
| A+                                      | 5.63%  | 11.92%              |
| A-                                      | 0.20%  | 0.06%               |
| A                                       | 12.89%                                       | 14.98%              |
| <b>Commercial Paper</b>                 |  |                     |
| AA+                                     | 4.15%  | -                   |
|   | <hr/> <u>98.93%</u>                          | <hr/> <u>99.39%</u> |

## 24.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions at the option of the unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short term to ensure settlement, the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the liabilities that are payable on demand have been included in the maturity grouping of one month.

| 2022                  |   |  |  |                   |  |       |
|-----------------------|---|--|--|-------------------|--|-------|
| Within 1 month        | More than one month and upto three months | More than three months and upto one year | More than one year and upto five years | More than 5 years | Financial instruments with no fixed maturity | Total |
| <b>Rupees in '000</b> |   |  |  |                   |  |       |

#### Financial liabilities

Payable to NBP Fund Management Limited -  
the Management Company  
Payable to the Central Depository Company of  
Pakistan Limited - the Trustee  
Payable against redemption of units  
Accrued expenses and other liabilities

|              |          |          |          |          |          |              |
|--------------|----------|----------|----------|----------|----------|--------------|
| 8,482        | -        | -        | -        | -        | -        | 8,482        |
| 107          | -        | -        | -        | -        | -        | 107          |
| 256          | -        | -        | -        | -        | -        | 256          |
| 793          | -        | -        | -        | -        | -        | 793          |
| <b>9,638</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>9,638</b> |

| 2021                  |   |  |  |                   |  |       |
|-----------------------|---|--|--|-------------------|--|-------|
| Within 1 month        | More than one month and upto three months | More than three months and upto one year | More than one year and upto five years | More than 5 years | Financial instruments with no fixed maturity | Total |
| <b>Rupees in '000</b> |   |  |  |                   |  |       |

#### Financial liabilities

Payable to NBP Fund Management Limited -  
the Management Company  
Payable to the Central Depository Company of  
Pakistan Limited - the Trustee  
Payable against redemption of units  
Accrued expenses and other liabilities

|               |          |          |          |          |          |               |
|---------------|----------|----------|----------|----------|----------|---------------|
| 7,410         | -        | -        | -        | -        | -        | 7,410         |
| 104           | -        | -        | -        | -        | -        | 104           |
| 4,830         | -        | -        | -        | -        | -        | 4,830         |
| 1,502         | -        | -        | -        | -        | -        | 1,502         |
| <b>13,846</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>13,846</b> |

## 25 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 on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

## 25.1 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).

As at June 30, 2022 and June 30, 2021, the Fund held the following financial instruments measured at fair values:

|  | 2022    |         |         |        |
|--|---------|---------|---------|--------|
|  | Level 1 | Level 2 | Level 3 | Total  |
| <b>ASSETS</b>  |         |         |         |        |
| <b>Financial assets - at fair value through profit or loss</b> |         |         |         |        |
| Commercial papers*   | -       | 72,300  | -       | 72,300 |
| <b>ASSETS</b>  |         |         |         |        |
| <b>Financial assets - at fair value through profit or loss</b> |         |         |         |        |
| Government securities - Market Treasury Bills                  | -       | 4,986   | -       | 4,986  |
|  | -       | 4,986   | -       | 4,986  |

\*The valuation of commercial papers has been done based on amortisation to their fair value as per the guidelines given in circular 33 of 2012 issued by the SECP as the residual maturity of these investments is less than six months and are placed with counter parties which have high credit rating.

## 26 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 27 UNIT HOLDING PATTERN OF THE FUND

| Category                           | 2022                   |                   |                     | 2021                   |                   |                     |
|------------------------------------|------------------------|-------------------|---------------------|------------------------|-------------------|---------------------|
|                                    | Number of unit holders | Investment amount | Percentage of total | Number of unit holders | Investment amount | Percentage of total |
| (Rupees in '000)                   |                        |                   |                     |                        |                   | (Rupees in '000)    |
| Individuals                        | 1,365                  | 436,375           | 25.25%              | 1,338                  | 378,260           | 24.69%              |
| Associated companies and directors | 1                      | 859,150           | 49.71%              | 1                      | 785,323           | 51.26%              |
| Retirement funds                   | 5                      | 148,269           | 8.58%               | 6                      | 367,285           | 23.98%              |
| Public Limited Companies*          | 2                      | -                 | -                   | 3                      | -                 | -                   |
| Others                             | 6                      | 284,561           | 16.46%              | 6                      | 1,137             | 0.07%               |
|                                    | <b>1,379</b>           | <b>1,728,355</b>  | <b>100.00%</b>      | <b>1,354</b>           | <b>1,532,005</b>  | <b>100.00%</b>      |

## 28 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

| 2022   |                               | 2021                                   |                               |
|--|-------------------------------|--|-------------------------------|
| Name of broker                               | Percentage of commission paid | Name of broker                         | Percentage of commission paid |
| Bright Capital (Private) Limited             | 53.46%                        | Optimus Markets (Private) Limited      | 34.60%                        |
| Invest One Market Limited                    | 13.21%                        | Bright Capital (Private) Limited       | 32.70%                        |
| Currency Market Associates (Private) Limited | 13.21%                        | Continental Exchange (Private) Limited | 32.70%                        |
| BMA Capital Management Limited               | 20.12%                        |  |                               |

28.1 The Fund has traded with only the above mentioned 4 brokers during the year ended June 30, 2022 (2021: 3 brokers).

## 29 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

| Name                     | Designation                  | Qualification                                    | Overall experience |
|--------------------------|------------------------------|--|--------------------|
| Dr. Amjad Waheed         | Chief Executive Officer      | Doctorate in Business Administration / MBA / CFA | 34                 |
| Asim Wahab Khan          | Chief Investment Officer     | CFA  | 16                 |
| Salman Ahmed (note 29.1) | Head of Fixed Income         | CFA  | 17                 |
| Hassan Raza              | Head of Research             | ACCA / BSC / CFA                                 | 11                 |
| Usama Bin Razi           | Senor Manager - Fixed Income | BE, MBA  | 18                 |

29.1 The name of the Fund Manager is Salman Ahmed. Other funds being managed by the Fund Manager are as follows:

- NBP Financial Sector Income Fund
- NBP Government Securities Liquid Fund
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Money Market Fund
- NBP Islamic Savings Fund
- NBP Mahana Amdani Fund
- NBP Money Market Fund
- NBP Riba Free Savings Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Income Fund

## 30 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 81st, 82nd, 83rd, 84th, and 85th Board Meetings were held on July 07, 2021, September 16, 2021, October 29, 2021, February 23, 2022 and April 27, 2022, respectively. Information in respect of attendance by directors in the meetings is given below:

| Name of directors                   | Number of meetings |          |               | Meetings not attended |
|-------------------------------------|--------------------|----------|---------------|-----------------------|
|                                     | Held               | Attended | Leave granted |                       |
| Shaikh Muhammad Abdul Wahid Sethi   | 5                  | 5        | -             | -                     |
| Ali Saigol                          | 5                  | 5        | -             | -                     |
| Imran Zaffar                        | 5                  | 4        | 1             | 85th BOD Meeting      |
| Khalid Mansoor                      | 5                  | 4        | 1             | 82nd BOD Meeting      |
| Humayun Bashir                      | 5                  | 5        | -             | -                     |
| Saad Amanullah Khan                 | 5                  | 5        | -             | -                     |
| Dr. Amjad Waheed                    | 5                  | 5        | -             | -                     |
| Mehnaz Salar                        | 5                  | 5        | -             | -                     |
| Syed Hasan Irtiza Kazmi [note 30.1] | -                  | -        | -             | -                     |
| Tauqeer Mazhar [note 30.2]          | 4                  | 4        | -             | -                     |

- 30.1 Syed Hasan Irtiza Kazmi resigned as director on June 25, 2021.
- 30.2 Tauqeer Mazhar was appointed as director on the Board with effect from August 04, 2021.

## 31 GENERAL

- 31.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.
- 31.2 Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

## 32 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## PERFORMANCE TABLE

| Particulars  | For the year ended June 30, 2022 | For the year ended June 30, 2021 | For the year ended June 30, 2020 | For the year ended June 30, 2019 | For the year ended June 30, 2018 | For the year ended June 30, 2017 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net assets (Rs. '000')                                 | 1,728,355                        | 1,532,005                        | 1,694,570                        | 1,003,926                        | 803,721                          | 922,057                          |
| Net Income / (loss) (Rs. '000')                        | 135,958                          | 99,643                           | 129,128                          | 83,840                           | 46,846                           | 40,477                           |
| Net Asset Value per units (Rs.)                        | 9.8335                           | 9.8076                           | 9.7943                           | 9.7759                           | 10.2938                          | 9.7548                           |
| Offer price per unit                                   | 9.9414                           | 9.9168                           | 9.9050                           | 9.8864                           | 10.4102                          | 9.8650                           |
| Redemption price per unit                              | 9.8335                           | 9.8076                           | 9.7943                           | 9.7759                           | 10.2938                          | 9.7548                           |
| Ex - Highest offer price per unit (Rs.)                | 10.8226                          | 9.9168                           | 9.9050                           | 10.7662                          | 10.4101                          | 9.8650                           |
| Ex - Lowest offer price per unit (Rs.)                 | 9.0897                           | 9.3071                           | 8.7363                           | 9.8682                           | 9.865                            | 9.2727                           |
| Ex - Highest redemption price per unit (Rs.)           | 9.8335                           | 9.8076                           | 9.7943                           | 10.6459                          | 10.2938                          | 9.7548                           |
| Ex - Lowest redemption price per unit (Rs.)            | 8.9898                           | 9.2022                           | 8.7363                           | 9.7579                           | 9.7564                           | 9.1576                           |
| Fiscal Year Opening Ex NAV                             | 8.9882                           | 9.2006                           | 8.7337                           | 9.7548                           | 9.7548                           | 9.1577                           |
| Total return of the fund                               | 9.40%                            | 6.60%                            | 12.11%                           | 9.30%                            | 5.53%                            | 6.52%                            |
| Capital growth   | 0.29%                            | 0.14%                            | 0.18%                            | 0.16%                            | 0.00%                            | -0.21%                           |
| Income distribution as % of Ex-NAV                     | 9.12%                            | 6.45%                            | 11.94%                           | 9.14%                            | 5.53%                            | 6.73%                            |
| Income distribution as % of Par Value                  | 8.94%                            | 6.32%                            | 11.67%                           | 8.91%                            | 5.39%                            | 6.17%                            |
| Interim distribution per unit                          | 0.8941                           | 0.6320                           | 1.1669                           | 0.8911                           |                                  | 0.6167                           |
| Final distribution per unit                            |                                  |                                  |                                  |                                  | 0.539                            | -                                |
| Distribution dates                                     |                                  |                                  |                                  |                                  |                                  |                                  |
| Interim  | 24-Jun-22                        | 24-Jun-21                        | 24-Jun-20                        | 24-Jun-19                        |                                  | 19-Jun-17                        |
| Final  |                                  |                                  |                                  |                                  | 4-Jul-18                         |                                  |
| Average annual return (launch date 28-03-08)           |                                  |                                  |                                  |                                  |                                  |                                  |
| (Since inception to June 30, 2022)                     | 5.68%                            |                                  |                                  |                                  |                                  |                                  |
| (Since inception to June 30, 2021)                     |                                  | 5.40%                            |                                  |                                  |                                  |                                  |
| (Since inception to June 30, 2020)                     |                                  |                                  | 5.31%                            |                                  |                                  |                                  |
| (Since inception to June 30, 2019)                     |                                  |                                  |                                  | 4.70%                            |                                  |                                  |
| (Since inception to June 30, 2018)                     |                                  |                                  |                                  |                                  | 4.28%                            |                                  |
| (Since inception to June 30, 2017)                     |                                  |                                  |                                  |                                  |                                  | 4.14%                            |
| Portfolio Composition (Please see Fund Manager Report) |                                  |                                  |                                  |                                  |                                  |                                  |
| Weighted average portfolio duration                    | 4 Days                           | 4 Days                           | 12 Days                          |                                  |                                  | 40 Days                          |

*"Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up."*

## **Head Office**

7th Floor, Clifton Diamond Building, Block No.4,  
Scheme No.5, Clifton, Karachi.

**UAN:** 021-111-111-632

**Toll Free:** 0800-20002

**Sms:** INVEST to 9995

**Fax:** 021-35825335

**Email:** info@nbpfunds.com

**Website:** www.nbpfunds.com

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