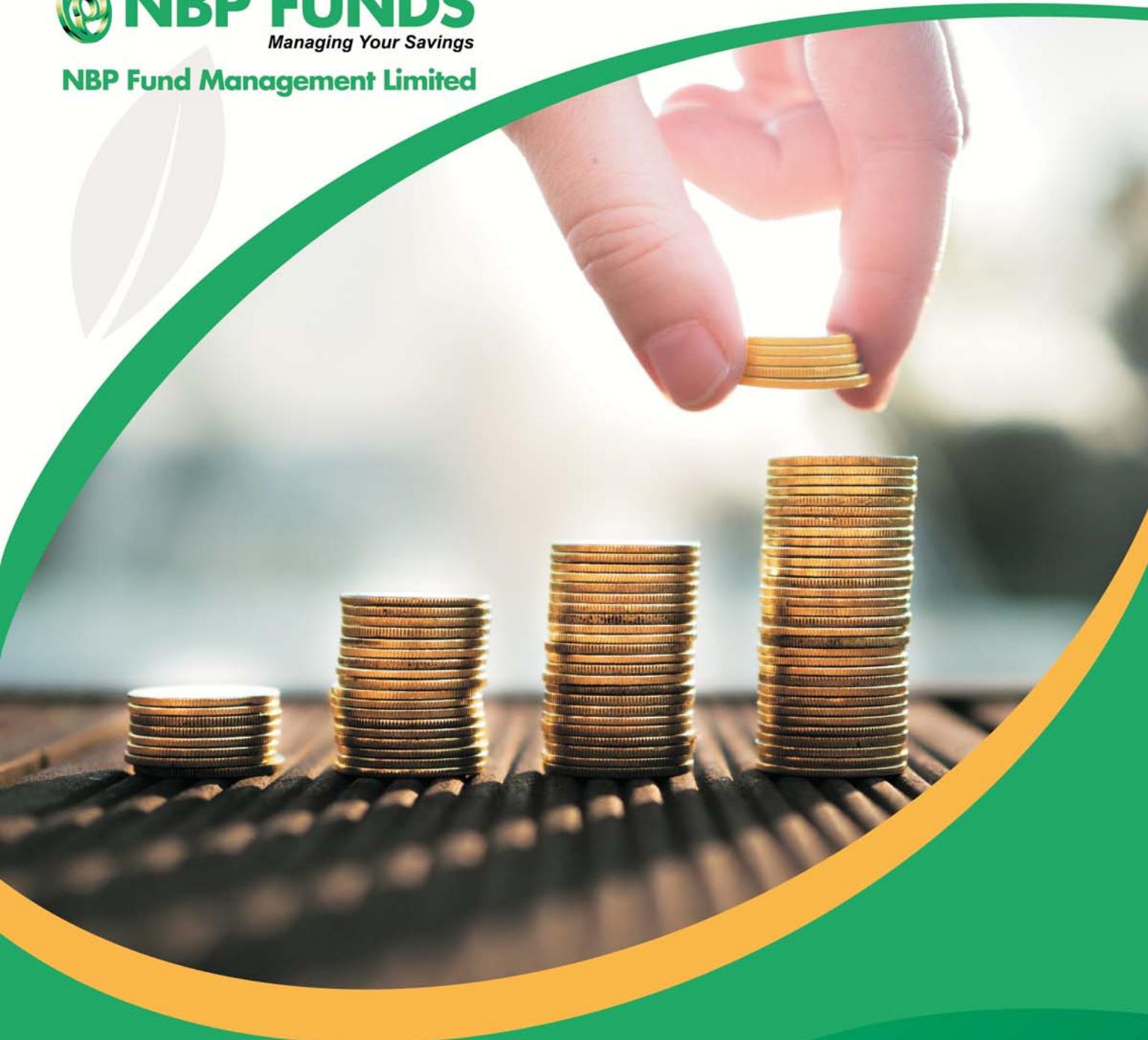




**NBP Fund Management Limited**



## **NBP SARMAYA IZAFAT 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

MCB Bank Limited	MCB Islamic Bank Limited
JS Bank Limited	Faysal Bank Limited
Meezan Bank Limited	Soneri Bank Limited
Habib Bank Limited	Dubai Islamic Bank Limited
United Bank Limited	Telenor Microfinance Bank Limited
Bank Alfalah Limited	Bank Islami Pakistan Limited
Bank Al Habib Limited	U Microfinance Bank Limited
Askari Bank Limited	The Bank of Punjab
Habib Metropolitan Bank Limited	First Microfinance Bank Limited
Allied Bank Limited	
National Bank of Pakistan	

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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



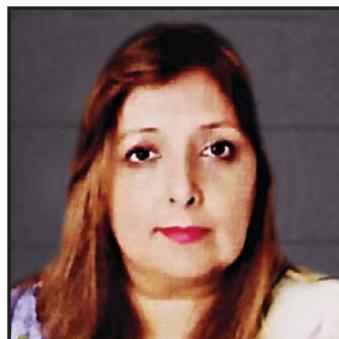
**Mr. Tauqeer Mazhar**  
Director



**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 twelfth Annual Report of **NBP Sarmaya Izafa Fund (NSIF)** for the year ended June 30, 2022.

### Fund's Performance

FY22 remained a disappointing year for the stock market, as the KSE-100 index fell by around 12.3% on a yearly basis. This comes after robust return in FY21 when index surged by a healthy 37.6% YoY. Throughout the year, the market remained quite volatile amid thin volumes, traded within a range and showing lack of investors' interest.

The subdued equity market performance was despite robust corporate profitability of listed companies, which for the first three quarters of FY22 stood at 25% and, even after the imposition of super tax, is expected to deliver double digit growth. Investors remained focused on external numbers, especially the burgeoning current account deficit (CAD) which rose sharply to USD 17.4 billion in FY22 (up from USD 2.8 billion in FY21). Strong aggregate domestic demand and ongoing commodity super-cycle amidst the conflict between Russia & Ukraine worsened the external trade numbers. Market participants also remained wary of impact of elevated commodity prices on inflation, which averaged around 12.1% in FY22, with June-22 monthly inflation at multi-year high of 21.3%. The international bond yields rose substantially during the period. To compress both external imbalances and rampant inflation, the central bank raised Policy Rates aggressively by a cumulative 6.75% in FY22. For the same reason, PKR also devalued by a whopping 30% during the year. The inordinate delay in resumption of IMF program remained another reason for nervousness in the market. The downgrade of Pakistan from MSCI Emerging Market to MSCI Frontier Market also took place during the year, necessitating rebalancing on part of foreign investors that resulted in sizeable foreign outflows, which further dented market performance. Lastly, there was heightened political uncertainty in the country as the ruling party lost its majority in the assembly and new coalition government was formed.

In terms of sector wise performance, Auto Assemblers, Chemicals, Commercial Banks, Fertilizers, Oil & Gas Exploration, and Power Generation & Distribution sectors outperformed the market. On the other hand, Auto Parts & Acc., Cable & Electrical Goods, Cements, Engineering, Food & Personal Care, Insurance, Oil & Gas Marketing, Pharmaceutical, Refinery, and Technology sectors lagged the market. On participants-wise market activity, Foreigners and Mutual Funds were the largest net sellers with outflows of around USD 298 million and USD 128 million, respectively. On the contrary, Individuals & Bank/DFIs increased their net holdings by around USD 157 million and USD 115 million, respectively.

The trading activity in corporate debt securities remained sluggish as the cumulative traded value stood at Rs. 10.2 billion. However, market witnessed fresh issuance of TFCs and Sukuks in the Power & Distribution and Banking sectors.

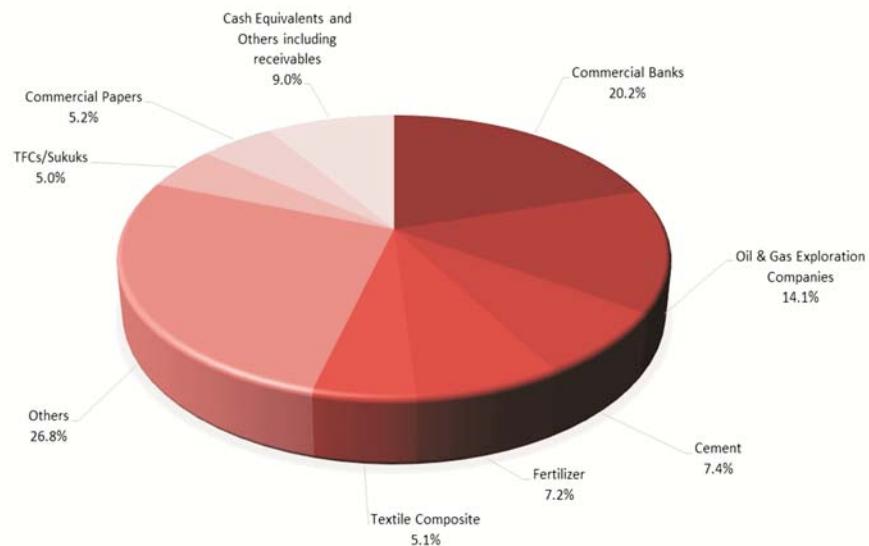
During FY22, State Bank of Pakistan (SBP) held eight (8) monetary Policy Meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. 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.

During the fiscal year, NBP Sarmaya Izafa Fund decreased by 8.3% versus 6.4% decreased in the benchmark. Thus, the Fund underperformed the benchmark by 1.9% during the year. NSIF underperformed during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, Cable & Electrical Goods and Glass & Ceramics sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Technology & Communication, Commercial Banks, and Refinery Companies, sectors that outperformed the market. Since its launch (August 20, 2010), the Fund has risen by 260.4%, versus the benchmark return of 157.6%, thus to date outperformance is 102.8%. This outperformance is net of management fee and all other expenses. The Fund size is 786 million as of June 30, 2022.

NBP Sarmaya Izafa Fund has incurred a loss of Rs. 20.38 million during the year. After deducting total expenses of Rs. 46.79 million, the total loss is Rs. 67.17 million. During the year, the unit price of NBP Sarmaya Izafa Fund has decreased from Rs.16.8895 (Ex-Div) on June 30, 2021 to Rs.15.4812 on June 30, 2022. The resultant per unit loss is Rs.1.4084 i.e. (8.34%).

The asset allocation of NBP Sarmaya Izafa Fund as on June 30, 2022 is as follows:



## Income Distribution

Due to net loss for the year, no distribution has been made.

## Taxation

On account of net loss, no provision for taxation was made in the financial statements of the Fund.

## Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP Sarmaya Izafa Fund amounting to Rs. 25.78 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 Sarmaya Izafa Fund by 1.85% 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, retire 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 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 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 19 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 2. Mr. Saad Amanullah Khan 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) 2. Mr. Tauqeer Mazhar 3. Ms. Mehnaz Salar 4. Mr. Ali Saigol 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.

## ڈائریکٹریز رپورٹ

NBP فنڈ میجمنٹ لمبینڈ کے بورڈ آف ڈائریکٹریز NBP سرمایہ اضافہ فنڈ کی بارہویں سالانہ رپورٹ برائے تختہ سال 30 جون 2022 پیش کرتے ہوئے مسروت محسوس کر رہے ہیں۔

### فنڈ کی کارگردانی

مالی سال 22 اسٹاک مارکیٹ کے لیے ایک مایوس کن سال رہا، کیونکہ 100-KSE انڈیکس سالانہ 12.3% پتھریا۔ یہ مالی سال 21 میں انڈیکس میں 37.6% فیصد سالانہ مستحکم اضافہ کے بعد ہوا۔ پورے سال کے دوران، مارکیٹ کم جنم کے کافی اتار چڑھا کا شکار رہی، تجارت ایک حد کے اندر کی گئی اور سرمایہ کاروں کی لوچی میں کمی دکھائی دی۔

لندن کمپنیوں کے مستحکم کارپوریٹ منافع کے باوجود ایک یوئی مارکیٹ کی کارکردگی ناقص رہی، جو کہ مالی سال 22 کی پہلی تین سہ ماہیوں میں 25 فیصد کمپنیوں کے نفاذ کے بعد مدد و ہمدوں میں رہنے کی توقع ہے۔ سرمایہ کاروں کی توجہ یورپی اعداد پر مکروہ رہی، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) جو مالی سال 22 میں یورپی سے بڑھ کر 17.4 بلین امریکی ڈالر (FY21 میں 2.8 بلین امریکی ڈالر) ہو گیا۔ روس اور یوکرین کے درمیان تباہ کے باعث مضبوط جمیع ملکی طلب اور اجتناس کے جاری سپر سائکل نے یورپی تجارتی اعداد کو مزید خراب کر دیا۔ مارکیٹ کے شرکاء اجتناس کی افراط را اور زیادہ قیتوں کے اثرات سے بھی مختاط رہے، جو کہ مالی سال 22 میں اوسط تقریباً 12.1% فیصد سے جون-22 میں ماہانہ افراط از 21.3% 21 فیصد کی کیٹری سالہ بلند ترین سطح پر چلی۔ اس عرصے کے دوران میں الاقوامی بانڈ کے منافع میں خاطر خواہ اضافہ ہوا۔ دونوں، یورپی عدم توازن اور بڑھتی ہوئی افراط را کم کرنے کے لیے، مرکزی بینک نے مالی سال 22 میں جمیع طور پر پالیسی کی شرحوں میں 6.75% فیصد تک جارحانہ اضافہ کیا۔ اسی وجہ سے، پاکستانی روپیہ کی قدر میں بھی سال کے دوران 30% کی کمی ہوئی۔ آئین ایف پرogram کی دوبارہ بحالی ہونے میں غیر معمولی تاخیر مارکیٹ میں پریشانی کی دوسری اہم وجہ رہی۔ سال کے دوران MSCI ایبر ٹنک مارکیٹ سے فرنٹئر مارکیٹ میں پاکستان کی تجزیہ بھی ہوئی، جس سے غیر ملکی سرمایہ کاروں کی جانب سے دوبارہ توازن کی ضرورت پڑی جس کے نتیجے میں بڑے پیمانے پر غیر ملکی اخراج ہوا، جس نے مارکیٹ کی کارکردگی کو مزید نقصان پہنچایا۔ آخر، ملک میں سیاسی غیر لقینی صورتحال عروج پر پہنچ گئی کیونکہ حکمران جماعت اسیبلی میں اپنی اکثریت کو ٹوپنگی اور نیٹ ٹناؤٹ حکومت قائم ہوئی۔

شعبہ جات کا کارکردگی کے لحاظ سے، آٹو اسٹبلر، کمپیکٹر، کمپلیٹ، فریٹلائزر، آئکل ایڈ کیس ایکسپلوریشن، اور پاور جیز لیشن اور ڈسٹری یوشن سیٹھرز نے مارکیٹ سے بہتر کا کارکردگی کا مظاہرہ کیا۔ دوسری طرف، آٹو پارٹس ایڈ ایکسپریز، کیبل اور ایکسپریکل سامان، سیمٹ، انجینئریگ، خوارک ایڈ ذاتی نگہداشت، انسورنس، آئکل ایڈ گیس مارکیٹگ، فارماسیویکل، ریپاکنگ اور ٹکنالوژی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی اور میوجل فنڈز بالترتیب 298 میلین امریکی ڈالر اور 128 میلین امریکی ڈالر کے اخراج کے ساتھ سب سے زیادہ خاص فروخت کنندگان رہے۔ اس کے بعد، افراد اور بینک/DFIs نے اپنے خالص ہولڈنگز میں بالترتیب 157 میلین امریکی ڈالر اور 115 میلین امریکی ڈالر کا اضافہ کیا۔

کارپوریٹ ڈائیکٹریٹ سیکورٹیز میں تجارتی سرگرمیاں است رہیں کیونکہ جمیع تجارت 10.2 میلین روپے رہی۔ تاہم، مارکیٹ نے پاور ایڈ ڈسٹری یوشن اور بینک کے شعبوں میں TFCs اور سکوک کا نیا اجراء دیکھا۔

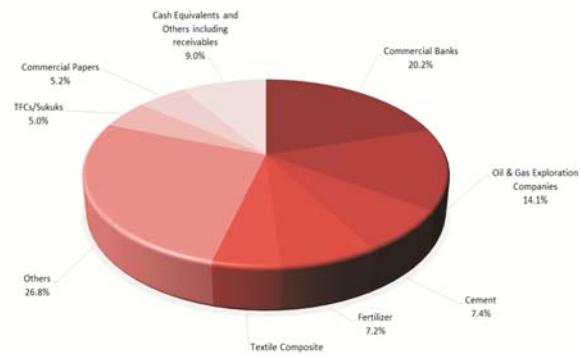
مالی سال 22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) مانیٹری پالیسی اجلاس منعقد کئے اور اہم ملکی سیاسی اجلاس متفقہ کئے اور اہم ملکی سیاسی اجلاس متفقہ کئے اور اہم ملکی سیاسی اجلاس متفقہ کے دباؤ کا مقابلہ کرنے، معاشی استحکام کو لقینی بنانے اور یورپی اور قیتوں کے استحکام کی حفاظت کے لیے، ڈسکاؤنٹ کی شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسری ششماہی کے دوران، روس-یوکرین تباہ کے باعث ایشیاء کی بڑھتی ہوئی قیتوں کی وجہ سے عالمی اقتصادی حالات خراب ہو گئے، جس نے دنیا بھر کے تمام مرکزی بینکوں کو کئی سالوں کی بلند افراط را وہنجنگ آؤٹ لک کا سامنا کرنے پر مجبور کر دیا۔ ملکی سطح پر، افراط را کھینچنے کا رجحان رہا جس کی وجہ سے اونٹانی اجزاء کی قیتوں میں یورپی سے اضافہ، (ا) روپیہ پر مسلسل دباؤ، (ii) پیٹلی ٹیف میں بینکی اسٹیٹ بینک کی سب سدھی کا ختم ہوتا۔ CPI کی پیٹلی کردا افراط را جو 21.3% فیصد تک پہنچنے کی جو گزشتہ سال کے اسی مہینے کے دوران 9.7% فیصد تھی۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زرہادله کے جمیع ذخائر بھی ایک سال قابل 17.3 میلین امریکی ڈالر کے مقابلے جو 22 کے آخر میں 9.8 میلین امریکی ڈالر کے مقابلے میں باہر چکا۔ افراط را کھینچنے نظر خراب ہو گیا اور یورپی استحکام کے لیے خطرات بڑھنے لگے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

اسٹیٹ بینک پاکستان نے چھیس (26) ٹی بل نیلا میوں کا انعقاد کیا، جس سے کل 17.1 ٹریلیون روپے کی وصولی ہوئی۔ حکومتی شرح منافع میں بھی حرکت، کمکھی گئی جس کے نتیجے میں ٹانوی مارکیٹ کی شرح منافع میں یورپی سے اضافہ ہوا، جس نے پالیسی ریٹریٹ سے اپنے اعلیٰ تغیری کو برقرار کھا۔ 3-ماہ، 6-ماہ اور 12-ماہ کی مدت کے لئے Bills-T کی شرح منافع میں بالترتیب 770، 762 اور 749 بیسز پاؤنس کا اضافہ ہوا۔

مالی سال کے دوران، NBP سرمایہ اضافہ فنڈ 6.4% نئے مارک کی کمی کے مقابلے میں 8.3% تک کم ہوا۔ لہذا مالی سال کے دوران فنڈ نے اپنے نئے مارک سے 1.9% کی ایکر کار کردوگی دکھائی۔ NSIF نے سال کے دوران ایکر کار کردوگی کا مظاہرہ کیا کیونکہ فنڈ نے سیمنٹ، انجینئرنگ، بیکسٹائل کمپوزٹ، کیبل اور الیکٹریکل گڈڑ اور شیشے اور سیر اکس کے شعبوں میں اہم اسٹاک کو زیادہ اہمیت دی جنہوں نے مارکیٹ میں ایکر کار کردوگی کا مظاہرہ کیا اور فریٹیا نئر، آئل اینڈ گیس ایکلپوریشن کمپنیوں، بیجنال او جی اور کیوں نکلیشن، کرشل بینک، اور ریفارمی کمپنیاں، وہ شعبے میں جنہوں نے مارکیٹ میں بہتر کار کردوگی کا مظاہرہ کیا، ان کے اہم اسٹاک کو ممکن اہمیت دی گئی۔ اپنے آغاز (20 اگست 2010) سے، فنڈ نے 157.6% نئے مارک منافع کے مقابلے میں 260.4% کا منافع کیا، چنانچہ فنڈ نے 102.8% کی بہتر کار کردوگی دیکھائی۔ یہ کار کردوگی انتظامی فیس اور دیگر تمام اخراجات کے بعد ناخالص ہے۔ فنڈ کا سائز 30 جون 2022 کو 786 ملین روپے ہے۔

این بی پی سرمایہ اضافہ فنڈ کو سال کے دوران 20.38 ملین روپے کا مجموعی نقصان ہوا۔ 46.79 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص نقصان 17.17 ملین روپے ہے۔ سال کے دوران این بی پی سرمایہ اضافہ فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 16.8895 جون 2022 کو 15.4812 روپے (EX-Div) سے کم ہو کر 30 جون 2022 کو 1.4084 روپے یعنی 8.34% ہے۔

30 جون 2022 کو این بی پی سرمایہ اضافہ فنڈ کی ایسٹ ایلوکیشن درج ذیل میں:



آمدنی کی تفصیل  
سال کے خالص نقصان کی وجہ سے، کوئی تقسیم نہیں کی گئی۔

**ٹکسٹائل**  
خالص نقصان کی وجہ سے، فنڈ کے مالی بیانات میں ٹکسٹائل کا کوئی بندوبست نہیں کیا گیا

## سندھ و کرذہ و پلٹیز فنڈ (SWWF)

13 اگست 2021 کو NBP سرمایہ اضافہ فنڈ کی طرف سے سندھ و کرذہ و پلٹیز فنڈ کی پروپرٹی نگ کے بعد مارسل نمبر 8772/SRB/TP/70/2013 مورخ 12 اگست 2021 کی رو سے سندھ و یونیورسٹی کی طرف سے موصولہ ٹکسٹائل فنڈ زایسو ایشن آف پاکستان کو دی گئی 25.78 ملین روپے کی پروپرٹی نگ ریورس کر دی گئی۔ پروپرٹی کے باعث 13 اگست 2021 کو NBP سرمایہ اضافہ فنڈ کے NAV میں 1.85% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

**آڈیٹر**  
موجودہ آڈیٹر، میسرز اے ایف فرگون اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بنا پر 30 جون 2023 کو ختم ہونے والے سال کے دوبارہ تقریری کے لئے خود کو پیش کرتے ہیں۔

## لہڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیٹری 2017 ("CCG") کی پیروی میں ڈائریکٹریٹریٹس

- 1 مینجنمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے متعلق، کیش فلواؤر یونٹ ہولڈرز فنڈ ریز میں تیدیلی کی منصانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے لحاظے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشاروں کی تیاری میں اکاؤنٹ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تجھیے 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 ائمائل کسٹرول کا نظام مستخدم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل مگرمانی کی جاتی ہے۔

- فند کی روایاں رہنے کی صلاحیت کے بارے میں کوئی شکوہ و شہادت نہیں ہیں۔ 06
- کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تھی نہیں کی گئی۔ 07
- پر فارمنس ٹیبل / اہم مالیاتی ڈیتاں سالانہ رپورٹ میں شامل ہیں۔ 08
- نیکسول، ڈیویٹری ہمچواليات اور چارج ہری کی مدیں واجب الادا سرکاری ادا نیکیاں مالیاتی گوشاروں میں پوری طرح ظاہر کر دی گئی ہیں۔ 09
- اس مدت کے دوران میختجہ کمپنی کے بورڈ آف ڈائریکٹریز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹری کی حاضری ان مالیاتی گوشاروں کے نوٹ 27 میں ظاہر کی گئی ہے۔ 10
- لینٹ ہولڈنگ کا تفصیلی پیشہ ان مالیاتی گوشاروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔ 11
- ڈائریکٹریز، سی ای او، سی ایف اور کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فند کے پیش کی تمام خرید و فروخت ان مالیاتی گوشاروں کے نوٹ 19 میں ظاہر کی گئی ہے۔ 12
- کمپنی اپنے بورڈ آف ڈائریکٹریز میں غیر جانبدار نان ایگر یکٹوڈ ایکٹری کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطکوئی مداری اثر یافت نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹریز دوچھہ دیل ارکان پر مشتمل ہیں 13

نام	کیگری
جناب خالد منصور	01
جناب سعد امان اللہ خان	02
جناب ہمایوں بشیر	03
ڈاکٹر امجد وحید (چیف ایگریکٹو آفیسر)	ایگریکٹوڈ ایکٹر
شیخ محمد عبدالواحد سلیمانی (چیئرمین)	01
جناب اقبال مظہر	02
محترمہ مہناز سالار	03
جناب علی سیدیکی	04
جناب عمران ظفر	05

### امہار شکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے میختجہ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈر زکا شکر یاد کرتا ہے۔ یہ سیکورٹریز ایئٹریکٹیشن آف پاکستان اور اسیٹ بینٹ آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور ٹریئن کی طرف سے سخت محنت لگان اور عزم کے مظاہرے پر اپنا خراج تھیں بھی ریکارڈ پر لانا چاہتا ہے۔

من جانب بورڈ آف ڈائریکٹر  
میختجہ ڈائریکٹر  
**NBP**

ڈائریکٹر

چیف ایگریکٹو آفیسر

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 Sarmaya Izafa 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 Sarmaya Izafa Fund

NBP Sarmaya Izafa Fund (NSIF) is an Open-ended Asset Allocation Fund.

#### Investment Objective of the Fund

Objective of NSIF is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities.

#### Benchmark

Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE-30 Index Total Return.

#### Fund Performance Review

This is the Tweleveth annual report of the Fund. During the fiscal year, NBP Sarmaya Izafa Fund decreased by 8.3% versus 6.4% decreased in the benchmark. Thus, the Fund underperformed the benchmark by 1.9% during the year. Since its launch (August 20, 2010), the Fund has risen by 260.4%, versus the benchmark return of 157.6%, thus to date outperformance is 102.8%. This outperformance is net of management fee and all other expenses. During the year, the fund size of NSIF decreased by 46% to Rs. 786 mln.

NSIF underperformed during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, Cable & Electrical Goods and Glass & Ceramics sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Technology & Communication, Commercial Banks, and Refinery Companies, sectors that outperformed the market.

The chart below shows the performance of NSIF against the Benchmark for the year.

**NSIF Performance vs. Benchmark during FY22**



At the start of the year, NSIF was around 78.0% invested in equities. During the year, we altered the allocation of the Fund based on our view on the relative performance of different asset classes. Towards the end of the year, the allocation in equities was around 80.8%.

FY22 remained a disappointing year for the stock market, as the KSE-100 index fell by around 12.3% on a yearly basis. This comes after robust return in FY21 when index surged by a healthy 37.6% YoY. Throughout the year, the market remained quite volatile amid thin volumes, traded within a range and showing lack of investors' interest.

The subdued equity market performance was despite robust corporate profitability of listed companies, which for the first three quarters of FY22 stood at 25% and, even after the imposition of super tax, is expected to deliver double digit growth. Investors remained focused on external numbers, especially the burgeoning current account deficit (CAD) which rose sharply to USD 17.4 billion in FY22 (up from USD 2.8 billion in FY21). Strong aggregate domestic demand and ongoing commodity super-cycle amidst the conflict between Russia & Ukraine worsened the external trade numbers. Market participants also remained wary of impact of elevated commodity prices on inflation, which averaged around 12.1% in FY22, with June-22 monthly inflation at multi-year high of 21.3%. The international bond yields rose substantially during the period. To compress both external imbalances and rampant inflation, the central bank raised Policy Rates aggressively by a cumulative 6.75% in FY22. For the same reason, PKR also devalued by a whopping 30% during the year. The inordinate delay in resumption of IMF program remained another reason for nervousness in the market. The downgrade of Pakistan from MSCI Emerging Market to MSCI Frontier Market also took place during the year, necessitating rebalancing on part of foreign investors that resulted in sizeable foreign outflows, which further dented market performance. Lastly, there was heightened political uncertainty in the country as the ruling party lost its majority in the assembly and new coalition government was formed.

In terms of sector wise performance, Auto Assemblers, Chemicals, Commercial Banks, Fertilizers, Oil & Gas Exploration, and Power Generation & Distribution sectors outperformed the market. On the other hand, Auto Parts & Acc., Cable & Electrical Goods, Cements, Engineering, Food & Personal Care, Insurance, Oil & Gas Marketing, Pharmaceutical, Refinery, and Technology sectors lagged the market. On participants-wise market activity, Foreigners and Mutual Funds were the largest net sellers with outflows of around USD 298 million and USD 128 million, respectively. On the contrary, Individuals & Bank/DFIs increased their net holdings by around USD 157 million and USD 115 million, respectively.

The trading activity in corporate debt securities remained sluggish as the cumulative traded value stood at Rs. 10.2 billion. However, market witnessed fresh issuance of TFCs and Sukuks in the Power & Distribution and Banking sectors.

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.

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP Sarmaya Izafa Fund amounting to Rs. 25.78 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 Sarmaya Izafa Fund by 1.85% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Particulars	30-Jun-22	30-Jun-21
Equities / Stocks	80.8%	78.0%
TFCs / Sukuks	5.0%	5.2%
Commercial Papers	5.2%	-
Cash Equivalents	11.3%	19.8%
Other Net Liabilities	(2.3%)	(3.0%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Distribution for the Financial Year 2022**

Due to net loss for the year, no distribution has been made.

**Unit Holding Pattern**

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	121
1-1000	385
1001-5000	132
5001-10000	89
10001-50000	169
50001-100000	73
100001-500000	67
5000001-10000000	7
10000001-50000000	6
50000001-100000000	1
<b>Total</b>	<b>1050</b>

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Sarmaya Izafa Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Sarmaya Izafa 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:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Net Asset Value</b> (Refer notes 4 and 5 to the annexed financial statements)</p> <p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2022 amounted to Rs. 88.796 million and Rs. 714.591 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments 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.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>• obtained independent confirmations for verifying the existence of the investment portfolio and 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;</li> <li>• re-performed valuation to assess that investments are carried as per the valuation</li> </ul>

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<p>methodology specified in the accounting policies; and</p> <ul style="list-style-type: none"> <li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

## 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 **Norman Abbas Sheikh**.

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

UDIN: AR202210061gOWHjP5aL

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

		2022	2021
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank balances	4	88,796	291,618
Investments	5	714,591	1,209,780
Profit and dividend receivable	6	1,023	1,177
Receivable against sale of investments		10,150	-
Receivable against issuance of units		-	8,908
Advance against IPO subscription		-	8,275
Deposits, prepayments and other receivables	7	3,452	3,415
<b>Total assets</b>		<b>818,012</b>	<b>1,523,173</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	8	25,407	29,617
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	157	230
Payable to the Securities and Exchange Commission of Pakistan	10	224	287
Payable against redemption of units		5,543	302
Payable against purchase of investments		-	5,955
Accrued expenses and other liabilities	11	1,093	32,735
<b>Total liabilities</b>		<b>32,424</b>	<b>69,126</b>
<b>NET ASSETS</b>		<b>785,588</b>	<b>1,454,047</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>785,588</b>	<b>1,454,047</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		-----Number of units-----
<b>NUMBER OF UNITS IN ISSUE</b>	13	<b>50,744,805</b>	<b>86,091,518</b>
<b>NET ASSET VALUE PER UNIT</b>	14	<b>15.4812</b>	<b>16.8895</b>

The annexed notes from 1 to 29 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	2021
	Note	Rupees in '000
<b>INCOME</b>		
Profit on bank balances	9,553	14,694
Income on corporate sukuk certificates	6,710	5,373
Income on government securities	3,252	26,005
Income on commercial papers	1,210	-
Dividend income	72,653	43,320
(Loss) / gain on sale of investments - net	(15,762)	40,799
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.5	(123,547)
<b>Total (loss) / income</b>	<b>(139,309)</b>	<b>218,811</b>
	<b>(45,931)</b>	<b>308,203</b>
<b>EXPENSES</b>		
Remuneration of NBP Fund Management Limited - Management Company	8.1	18,632
Sindh Sales Tax on remuneration of the Management Company	8.2	2,422
Reimbursement of allocated expenses	8.4	2,187
Reimbursement of selling and marketing expenses	8.5	18,163
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,080
Sindh Sales Tax on remuneration of the Trustee	9.2	270
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	224
Securities transaction costs		727
Settlement and bank charges		501
Auditors' remuneration	15	864
Legal and professional charges		344
Annual rating fee		253
Annual listing fee		27
Printing charges		97
<b>Total expenses</b>		46,791
		55,362
<b>Net (loss) / income from operating activities</b>		<b>(92,722)</b>
Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net	11.1	25,552
<b>Net (loss) / income for the year before taxation</b>		<b>(67,170)</b>
Taxation	17	-
<b>Net (loss) / income for the year</b>		<b>(67,170)</b>
<b>Allocation of net income for the year</b>		
Net income for the year after taxation		-
Income already paid on units redeemed		-
		247,784
		(65,997)
		181,787
<b>Accounting income available for distribution</b>		
- Relating to capital gains		-
- Excluding capital gains		-
		160,543
		21,244
		181,787

The annexed notes from 1 to 29 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

	<b>2022</b>	<b>2021</b>
	----- <b>Rupees in '000</b>	-----
<b>Net (loss) / income for the year</b>	<b>(67,170)</b>	247,784
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b><u>(67,170)</u></b>	<b><u>247,784</u></b>

The annexed notes from 1 to 29 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	743,335	710,712	1,454,047	689,515	568,927	1,258,442
Issue of 17,201,508 units (2021: 54,918,949 units)						
- Capital value (at ex-net asset value per unit)	290,525	-	290,525	803,146	-	803,146
- Element of (loss) / income	(2,716)	-	(2,716)	116,524	-	116,524
Total proceeds on issue of units	287,809	-	287,809	919,670	-	919,670
Redemption 52,548,221 of units (2021: 54,879,337 units)						
- Capital value (at ex-net asset value per unit)	(887,513)	-	(887,513)	(802,566)	-	(802,566)
- Element of loss	(1,585)	-	(1,585)	(53,300)	(65,997)	(119,297)
Total payments on redemption of units	(889,098)	-	(889,098)	(855,866)	(65,997)	(921,863)
Total comprehensive (loss) / income for the year	-	(67,170)	(67,170)	-	247,784	247,784
Cash distribution during the year ended June 30, 2021						
- @ Re. 0.6034 per unit (Date of declaration: June 25, 2021)	-	-	-	(9,984)	(40,002)	(49,986)
<b>Net assets at end of the year</b>	<b>142,046</b>	<b>643,542</b>	<b>785,588</b>	<b>743,335</b>	<b>710,712</b>	<b>1,454,047</b>
Undistributed income brought forward						
- Realised	532,700			561,179		
- Unrealised	178,012			7,748		
	<b>710,712</b>			<b>568,927</b>		
Accounting income available for distribution						
- Relating to capital gain	-			160,543		
- Excluding capital gains	-			21,244		
	<b>-</b>			<b>181,787</b>		
Total comprehensive loss during the year		(67,170)				-
Distribution during the year		-			(40,002)	
<b>Undistributed income carried forward</b>	<b>643,542</b>			<b>710,712</b>		
<b>Undistributed income carried forward</b>	<b>767,089</b>			<b>532,700</b>		
- Realised	(123,547)			178,012		
- Unrealised	<b>643,542</b>			<b>710,712</b>		
	<b>(Rupees)</b>			<b>(Rupees)</b>		
Net assets value per unit at the beginning of the year	<b>16.8895</b>			<b>14.6242</b>		
Net assets value per unit at the end of the year	<b>15.4812</b>			<b>16.8895</b>		

The annexed notes from 1 to 29 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

	2022	2021
	Note ----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / Income for the year before taxation	(67,170)	247,784
<b>Adjustments:</b>		
Profit on bank balances	(9,553)	(14,694)
Income on corporate sukuk certificates	(6,710)	(5,373)
Income on government securities	(3,252)	(26,005)
Income on commercial papers	(1,210)	-
Dividend income	(72,653)	(43,320)
(Reversal of provision) / Provision for Sindh Workers' Welfare Fund	(25,552)	5,057
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.5      123,547	(178,012)
	4,617	(262,347)
<b>Decrease / (increase) in assets</b>		
Investments - net	372,852	(322,197)
Advance against IPO subscription	8,275	(8,275)
Receivable against sale of investments	(10,150)	-
Deposits, prepayments and other receivables	(37)	(10)
	370,940	(330,482)
<b>(Decrease) / increase in liabilities</b>		
Payable to NBP Fund Management Limited - the Management Company	(4,210)	(2,060)
Payable to Central Depository Company of Pakistan Limited - the Trustee	(73)	20
Payable to the Securities and Exchange Commission of Pakistan	(63)	12
Payable against purchase of investments	(5,955)	(6,484)
Accrued expenses and other liabilities	(6,090)	(8,512)
	(16,391)	(8,512)
Profit received on bank balances, corporate sukuk certificates, government securities and commercial papers	19,704	47,784
Dividend received	72,618	43,303
	92,322	91,084
<b>Net cash generated / (used in) from operating activities</b>	384,318	(262,473)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received against issuance of units - net of refund of element	296,717	910,365
Amounts paid against redemption of units	(883,857)	(935,417)
Distributions pay-out	-	(40,002)
<b>Net cash used in financing activities</b>	(587,140)	(65,054)
<b>Net decrease in cash and cash equivalents during the year</b>	(202,822)	(327,527)
Cash and cash equivalents at the beginning of the year	291,618	619,145
<b>Cash and cash equivalents at the end of the year</b>	88,796	291,618

The annexed notes from 1 to 29 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**

## Director

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

### 1. LEGAL STATUS AND NATURE OF BUSINESS

NBP Sarmaya Izafa Fund (the fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 18, 2010 in accordance with the Non-Banking Finance Companies (Established 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 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended asset allocation scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 20, 2010 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to generate income by investing in debt and money market securities and to generate capital appreciation by investing in equity and equity related securities. The Fund also undertakes transactions under margin trading system.

The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of AM1 as at June 22, 2022 (2021: AM1 as at June 23, 2021) to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of "3-Star" to the Fund dated February 4, 2022 (2021: "3-Star" dated February 28, 2021).

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

### 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 VIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), 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 with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period 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 are, therefore, not disclosed in these financial statements.

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

The preparation of these financial statements in conformity with the accounting and reporting standards 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 these financial statements of the Fund relate to classification and valuation (notes 3.2 and 5), provision for Sindh Workers' Welfare Fund (note 11.1), provision for taxation (notes 3.13 and 17) and provision for Federal Excise Duty (note 8.3).

## **2.5 Accounting convention**

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

## **2.6 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupee, 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 unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash comprises current and savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### 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:

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

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 FVTPL. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

##### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement".

The dividend income for equity securities classified under FVOCI are to be recognised in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the Income Statement on derecognition.

#### 3.2.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances 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 forecasts 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 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.

### **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.

### **3.3.1 Classification and subsequent measurement**

Financial liabilities are classified and subsequently measured at amortised cost.

### **3.3.2 Derecognition**

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 Issue 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 of 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 application during business hours of that day. The redemption price is equal to the NAV as of 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 the 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 assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets 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 will be 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 period in which these arise.
- Income from investments in government securities, corporate sukuk certificates and commercial papers is recognised on an accrual basis using effective interest method.
- Profit on bank balances is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

### 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 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan 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.

### 3.13 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to 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 to the Income Tax Ordinance, 2001.

### 3.14 Earnings per unit

Earnings 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.

		2022	2021
		Note -----Rupees in '000-----	
<b>4</b>	<b>BANK BALANCES</b>		
	- Savings accounts	4.1 <b>88,488</b>	287,867
	- Current accounts	4.2 <b>308</b>	3,751
		<b>88,796</b>	<b>291,618</b>

- 4.1** These include balances of Rs. 0.154 million (2021: Rs 0.088), Rs 0.356 million (2021: Rs 1.995 million), Rs 0.003 million (2021: Rs 0.003) and Rs 2.423 million (2021: Rs 0.013) maintained with National Bank of Pakistan, Bank Islami Pakistan Limited, Telenor Microfinance Bank Limited and Khushhali Bank Limited (related parties) respectively that carry profit at the rate of 12.25% (2021: 5%) per annum, 14.5% (2021: 6.25%) per annum, 16% (2021: 5.5%) per annum and 17% (2021: 8.5%) per annum respectively. Other savings accounts of the Fund carry profit at the rates ranging from 13.50% to 16.60% per annum (2021: 5% to 7.75% per annum).
- 4.2** These include a balance of Rs. 0.308 million (2021: Rs. 1.560 million), maintained with National Bank of Pakistan (a related party).

		2022	2021
		Note -----Rupees in '000-----	
<b>5</b>	<b>INVESTMENTS</b>		
<b>At fair value through profit or loss</b>			
	Listed equity securities	5.1 <b>634,649</b>	1,133,695
	Government securities - Market Treasury Bills	5.2      -	-
	Corporate sukuk certificates	5.3 <b>39,454</b>	76,085
	Commercial papers	5.4 <b>40,488</b>	-
		<b>714,591</b>	<b>1,209,780</b>

## 5.1 Listed equity securities

Shares of listed companies - fully paid up ordinary shares with a face value of Rs 10 each unless otherwise stated.

Name of the Investee Company	Number of shares held					Market value as at June 30, 2022	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
	As at July 1, 2021	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2022		Total market value of Investments	Net assets of the Fund	
(Rupees in 000)								----- % -----	
<b>Oil and gas marketing companies</b>									
Pakistan State Oil Company Limited (note 5.1.2)	168,708	-	-	33,494	135,214	23,235	3.25%	2.96%	0.03%
Hascol Petroleum Limited * (note 5.1.2)	1,861	-	-	-	1,861	8	-	-	
Attock Petroleum Limited	22,500	-	-	1,700	20,800	6,683	0.94%	0.85%	0.02%
Sui Northern Gas Pipelines Limited	29,700	-	-	29,700	-	-	-	-	
						29,926	4.19%	3.81%	
<b>Oil and gas exploration companies</b>									
Oil & Gas Development Company Limited	511,800	23,000	-	128,500	406,300	31,964	4.47%	4.07%	0.01%
Pakistan Oilfields Limited	37,620	1,800	-	21,824	17,596	7,141	1.00%	0.91%	0.01%
Pakistan Petroleum Limited	546,369	9,600	-	162,800	393,169	26,543	3.71%	3.38%	0.01%
Mari Petroleum Company Limited	34,110	-	-	7,980	26,130	45,460	6.36%	5.79%	0.02%
						111,108	15.54%	14.15%	
<b>Fertilizer</b>									
Engro Corporation Limited	141,470	-	-	53,300	88,170	22,668	3.17%	2.89%	0.02%
Fauji Fertilizer Bin Qasim Limited	473,500	110,000	-	151,000	432,500	8,754	1.23%	1.11%	0.03%
Engro Fertilizers Limited	19,000	-	-	19,000	-	-	-	-	
Fauji Fertilizer Company Limited - a related party	306,800	38,500	-	115,800	229,500	25,295	3.54%	3.22%	0.02%
						56,717	7.94%	7.22%	
<b>Engineering</b>									
Mughal Iron and Steel Industries Limited	279,560	25,000	41,934	14,300	332,194	19,148	2.68%	2.44%	0.10%
International Steels Limited - a related party	26,899	-	-	26,899	-	-	-	-	
Agha Steel Industries Limited	352,500	-	2,825	355,325	-	-	-	-	
Aisha Steel Mills Limited	55,000	-	-	55,000	-	-	-	-	
Amreli Steels Limited	161,500	-	-	161,500	-	-	-	-	
International Industries Limited	4,100	-	-	4,100	-	-	-	-	
						19,148	2.68%	2.44%	
<b>Cement</b>									
Kohat Cement Company Limited	176,950	5,200	-	13,000	169,150	22,011	3.08%	2.80%	0.08%
Fauji Cement Company Limited	754,500	294,000	-	339,500	709,000	10,047	1.41%	1.28%	0.03%
Maple Leaf Cement Factory Limited	218,000	145,200	-	248,100	115,100	3,148	0.44%	0.40%	0.01%
D.G. Khan Cement Company Limited	127,000	-	-	127,000	-	-	-	-	
Lucky Cement Limited	90,800	-	-	42,907	47,893	21,985	3.08%	2.80%	0.01%
Cherat Cement Company Limited	38,300	22,000	-	60,300	-	-	-	-	
Attock Cement Pakistan Limited	-	12,400	-	-	12,400	825	0.12%	0.11%	0.01%
						58,016	8.13%	7.39%	

Name of the Investee Company	Number of shares held					Market value as at June 30, 2022	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company		
	As at July 1, 2021	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2022		Total market value of Investments	Net assets of the Fund			
(Rupees in 000)											
<b>Paper &amp; board</b>											
Packages Limited	6,200	-	-	6,200	-	-	-	-	-		
Century Paper & Board Mills Limited	103,900	-	12,285	116,185	-	-	-	-	-		
Roshan Packages Limited	95,000	-	-	-	95,000	1,412	0.20%	0.18%	0.07%		
						1,412	0.20%	0.18%			
<b>Automobile assembler</b>											
Millat Tractors Limited	23,625	-	8,521	24,710	7,436	6,489	0.91%	0.83%	0.01%		
Honda Atlas Cars (Pakistan) Limited *	3,800	8,500	-	7,540	4,760	927	0.13%	0.12%	-		
Indus Motor Company Limited	969	-	-	969	-	-	-	-	-		
Pak Suzuki Motors Company Limited	26,500	-	-	26,500	-	-	-	-			
						7,416	1.04%	0.95%			
<b>Cable &amp; electrical goods</b>											
Pak Elektron Limited	284,000	314,760	-	284,000	314,760	5,002	0.70%	0.64%	0.04%		
						5,002	0.70%	0.64%			
<b>Transport</b>											
Pakistan International Bulk Terminal Limited	71,000	150,000	-	-	221,000	1,330	0.19%	0.17%	0.01%		
						1,330	0.19%	0.17%			
<b>Technology &amp; communication</b>											
Systems Limited	67,925	-	55,325	22,071	101,179	33,375	4.67%	4.25%	0.04%		
TPL Trakker Limited	323,500	-	-	323,500	-	-	-	-	-		
Avanceon Limited	21,000	-	-	21,000	-	-	-	-			
						33,375	4.67%	4.25%			
<b>Textile composite</b>											
Nishat Mills Limited	235,000	4,800	-	123,900	115,900	8,566	1.20%	1.09%	0.03%		
Interloop Limited	192,677	-	5,180	78,600	119,257	7,275	1.02%	0.93%	0.01%		
Kohinoor Textile Mills Limited (note 5.1.2)	255,194	24,000	-	53,000	226,194	11,310	1.58%	1.44%	0.08%		
Gul Ahmed Textile Mills Limited - a related party	268,272	19,800	-	40,500	247,572	8,370	1.17%	1.07%	0.04%		
Nishat (Churian) Limited	254,500	-	-	162,000	92,500	4,143	0.58%	0.53%	0.04%		
Crescent Textile Mills Limited *	1,500	-	375	-	1,875	34	-	-	-		
						39,698	5.55%	5.06%			
<b>Pharmaceuticals</b>											
The Searle Company Limited	62,173	5,500	17,121	22,863	61,931	6,752	0.94%	0.86%	0.02%		
AGP Limited	105,000	5,500	-	76,900	33,600	2,944	0.41%	0.37%	0.01%		
Highnoon Laboratories Limited	9,079	-	908	-	9,987	5,292	0.74%	0.67%	0.02%		
Citi Pharma Limited	-	203,368	17,437	167,500	53,305	1,735	0.24%	0.22%	0.02%		
Glaxo SmithKline Healthcare Pakistan Limited *	3,500	-	-	1,500	2,000	477	0.07%	0.06%	-		
IBL HealthCare Limited	27,500	-	4,000	26,500	5,000	260	0.04%	0.03%	0.01%		
						17,460	2.44%	2.21%			

Name of the Investee Company	Number of shares held					Market value as at June 30, 2022	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company	
	As at July 1, 2021	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2022		Total market value of Investments	Net assets of the Fund		
(Rupees in 000)								----- % -----		
<b>Power generation &amp; distribution</b>										
The Hub Power Company Limited	620,079	-	-	189,500	430,579	29,353	4.11%	3.74%	0.03%	
Lalpir Power Limited	336,000	-	-	159,000	177,000	2,257	0.32%	0.29%	0.05%	
Pakgen Power Limited	200,500	-	-	84,000	116,500	2,154	0.30%	0.27%	0.03%	
Saif Power Limited	93,000	-	-	93,000	-	-	-	-	-	
						33,764	4.73%	4.30%		
<b>Commercial banks</b>										
Allied Bank Limited *	37,200	-	-	-	37,200	2,567	0.36%	0.33%	-	
Bank Al-Falah Limited	1,051,950	76,000	-	-	1,127,950	36,094	5.05%	4.59%	0.06%	
Bank Al Habib Limited	468,650	-	-	-	468,650	27,210	3.81%	3.46%	0.04%	
Faysal Bank Limited (note 5.1.2)	251,145	104,000	-	-	355,145	8,190	1.15%	1.04%	0.02%	
Habib Bank Limited	483,167	-	-	40,500	442,667	40,433	5.66%	5.15%	0.03%	
MCB Bank Limited *	92,800	-	-	49,400	43,400	5,337	0.75%	0.68%	-	
United Bank Limited	284,503	33,000	-	7,200	310,303	35,105	4.91%	4.47%	0.03%	
Habib Metropolitan Bank Limited	62,000	-	-	-	62,000	2,421	0.34%	0.31%	0.01%	
Meezan Bank Limited *	35,500	-	5,325	28,000	12,825	1,449	0.20%	0.18%	-	
						158,806	22.23%	20.21%		
<b>Chemical</b>										
Engro Polymer & Chemicals Limited	755,857	13,500	-	497,655	271,702	21,636	3.03%	2.75%	0.03%	
Lotte Chemical Pakistan Limited	965,000	60,000	-	641,500	383,500	9,058	1.27%	1.15%	0.03%	
						30,694	4.30%	3.90%		
<b>Glass and ceramics</b>										
Tariq Glass Industries Limited	167,125	-	-	71,200	95,925	9,958	1.39%	1.27%	0.07%	
Shabbir Tiles and Ceramics Limited	734,500	25,000	-	4,500	755,000	11,046	1.55%	1.41%	0.63%	
						21,004	2.94%	2.68%		
<b>Insurance</b>										
Adamjee Insurance Company Limited	121,000	-	-	121,000	-	-	-	-	-	
IGI Holdings Limited	50,000	-	-	50,000	-	-	-	-	-	
						-	-	-	-	
<b>Automobile parts &amp; accessories</b>										
Baluchistan Wheels Limited *	7,500	-	-	7,000	500	38	0.01%	-	-	
Panther Tyres Limited	58,500	-	11,700	-	70,200	2,274	0.32%	0.29%	0.04%	
						2,312	0.33%	0.29%		
<b>Leather &amp; tanneries</b>										
Service Global Footwear Limited	63,806	-	-	63,806	-	-	-	-	-	
Service Industries Limited	16,400	-	-	4,300	12,100	4,268	0.60%	0.54%	0.03%	
						4,268	0.60%	0.54%		

Name of the Investee Company	Number of shares held					Market value as at June 30, 2022	Market value as a percentage of Total market value of Investments	Holding as a percentage of Net assets of the Fund	Holding as a percentage of paid-up capital of investee company
	As at July 1, 2021	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2022				
(Rupees in 000)									
<b>Food &amp; personal care products</b>									
Shezan International Limited	12,500	-	1,250	-	13,750	2,338	0.33%	0.30%	0.14%
Unity Foods Limited	140,500	-	-	140,500	-	-	-	-	-
						2,338	0.33%	0.30%	
<b>Miscellaneous</b>									
Synthetic Products Enterprises Limited**	28,080	-	32,572	-	60,652	855	0.12%	0.11%	0.06%
Pakistan Aluminium Beverage Cans Limited	-	142,688	-	142,688	-	-	-	-	
						855	0.12%	0.11%	
<b>Total</b>						634,649	88.85%	80.80%	
Carrying value as at June 30, 2022						759,153			
Market value as at June 30, 2021						1,133,695			
Carrying value as at June 30, 2021						955,696			

\* Nil figure due to rounding off

\*\* During the year, Synthetic Products Enterprises Limited subdivided their paid up capital as a result of which the face value per share has decreased from Rs. 10 to Rs. 5 per share

- 5.1.1** Investments include shares with a market value of Rs 24.345 million (2021: Rs. 27.878 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 5.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable Sindh High Court (SHC) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh had issued notices to the relevant parties

and had ordered that no third party interest on bonus shares issued to the Fund in lieu of its investments be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 which required every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at June 30, 2022, the following bonus shares of the Fund have been withheld at the time of declaration of bonus shares:

Name of the Investee Company	2022		2021	
	Bonus shares		Bonus shares	
	Number of shares	Market value (Rupees in 000)	Number of shares	Market value (Rupees in 000)
Faysal Bank Limited	46,145	1,064	46,145	783
Hascol Petroleum Limited	1,861	8	1,861	17
Kohinoor Textile Mills Limited	5,348	267	5,348	402
Pakistan State Oil Company Limited	1,999	344	1,999	448
	<b>55,353</b>	<b>1,683</b>	<b>55,353</b>	<b>1,650</b>

## 5.2 Government securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at June 30, 2022	Market value as a percentage of	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022		total investments of the Fund	net assets of the Fund
----- (Rupees in 000) -----								----- (%) -----
July 2, 2021	3	-	120,000	120,000	-	-	-	-
June 3, 2021	3	-	55,000	55,000	-	-	-	-
May 20, 2021	3	-	180,000	180,000	-	-	-	-
April 22, 2021	6	-	75,000	75,000	-	-	-	-
October 21, 2021	3	-	125,000	125,000	-	-	-	-
November 4, 2021	3	-	165,000	165,000	-	-	-	-
<b>Total</b>		<b>-</b>	<b>720,000</b>	<b>720,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Carrying value as at June 30, 2022						-		
Market value as at June 30, 2021						-		
Carrying value as at June 30, 2021						-		

## 5.3 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemp-tions	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Matured / disposed off during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in relation to
					Number of certificates			(Rupees in 000)	%	
<b>Power generation and distribution</b>										
The Hub Power Company Limited (traded) (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Quarterly plus base rate of 1.9%	August 22, 2023	03 Months KIBOR	500	-	-	500	39,454	5.52% 5.02%
<b>Engineering</b>										
Mughal Iron & Steel Industries Limited Sukuk Certificates - I (Face value of Rs. 1,000,000 per certificate)	A+, VIS	Quarterly plus base rate of 1.3%	March 02, 2026	03 Months KIBOR	25	-	25	-	-	-
<b>Total</b>										<u>39,454</u> 5.52% 5.02%
Carrying value as at June 30, 2022										<u>38,497</u>
Market value as at June 30, 2021										<u>76,085</u>
Carrying value as at June 30, 2021										<u>76,072</u>

## 5.4 Commercial papers

Name of investee company	Rating	Number of certificates				As at June 30, 2022			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	Carrying value	Market value	Unrealised appreciation / (diminution)	Total investments	Net assets	
<b>(Rupees in 000)</b>										<b>(%)</b>	
<b>Power generation and distribution</b>											
China Power Hub Generation Company CP 101	AA+, PACRA	-	42,000	-	42,000	40,488	40,488	-	5.67%	5.15%	
<b>Total as at June 30, 2022</b>										<u>40,488</u> 5.67% 5.15%	
<b>Total as at June 30, 2021</b>										<u>-</u> - - -	

5.4.1 This carries yield of 14.85% and due to mature on October 9, 2022.

5.5	Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	Note	2022	2021
			-----(Rupees in '000)-----	-----(Rupees in '000)-----
	Market value of investments		5.1, 5.2, 5.3 & 5.4	714,591 1,209,780
	Less: carrying value of investments		5.1, 5.2, 5.3 & 5.4	838,138 1,031,768
				<u>(123,547)</u> <u>178,012</u>

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

**6 PROFIT AND DIVIDEND RECEIVABLE**

Profit receivable on bank balances	290	473
Profit receivable on sukuk certificates	681	687
Dividend receivable	52	17
	<u><u>1,023</u></u>	<u><u>1,177</u></u>

**7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Security deposit with Central Depository Company of Pakistan Limited*	100	100
Security deposit with National Clearing Company of Pakistan Limited*	2,750	2,750
Prepaid annual rating fee	170	133
Advance tax	7.1	432
	<u><u>3,452</u></u>	<u><u>3,415</u></u>

\* related party balances

**7.1** 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 and 150. However, withholding taxes on profit on bank balances, dividends and debt to the Fund have been deducted by various withholding agents based on the interpretation issued by 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, dividends and debt securities amount to Rs 0.432 million (2021: Rs 0.432 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) 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 SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC. Pending resolution of the matter, the amount of withholding taxes so deducted 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 be refunded.

**8 PAYABLE TO NBP FUND MANAGEMENT LIMITED  
- MANAGEMENT COMPANY**

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

Remuneration of the Management Company	8.1	1,343	1,823
Sindh Sales Tax on remuneration of the Management Company	8.2	175	237
Federal excise duty on remuneration of the Management Company	8.3	16,000	16,000
Federal excise duty on sales load	8.3	3,733	3,733
Reimbursement of allocated expenses payable	8.4	436	540
Reimbursement of selling and marketing expenses payable	8.5	2,835	6,303
Sales load and transfer load payable		767	852
Sindh Sales Tax on sales load payable		100	111
ADC charges payable including Sindh Sales Tax		18	18
		<u><u>25,407</u></u>	<u><u>29,617</u></u>

**8.1** 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 remuneration under the following rates:

Rate applicable from July 1, 2021 to February 1, 2022	Rate applicable from February 2, 2022 to June 30, 2022	Rate applicable from July 1, 2020 to June 30, 2021
1.5% of average daily net assets	2% of average daily net assets	1.5% of average daily net assets

The remuneration is payable to the Management Company in arrears.

- 8.2** During the period, an amount of Rs. 2.422 million (2021: Rs. 2.796 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (2021: 13%).
- 8.3** 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 Honourable High Court of Sindh (HCS) 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 19.733 million (2021: Rs 19.733 million) is being retained in these 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. 0.39 (2021: Re. 0.23) per unit.

- 8.4** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses for 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 September 19, 2021	Rate applicable from September 20, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to June 30, 2021
0.15% of average annual net assets	0.2% of average annual net assets	0.1% of average annual net assets	0.15% of average annual net assets

- 8.5** 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 following rates:

Rate applicable from July 1, 2021 to September 19, 2021	Rate applicable from September 20, 2021 to February 1, 2022	Rate applicable from February 2, 2022 to June 30, 2022	Rate applicable from July 1, 2020 to January 25, 2021	Rate applicable from January 26, 2021 to June 30, 2021
1.75% of average daily net assets	1.8% of average daily net assets	1.3% of average daily net assets	1.5% of average daily net assets	1.75% of average daily net assets

9	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE</b>	Note	2022	2021
			-----(Rupees in '000)-----	
	Trustee fee payable	9.1	139	204
	Sindh Sales Tax payable on Trustee fee	9.2	18	26
			<u>157</u>	<u>230</u>

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed. During the year, the Trustee has revised its tariff as follows:

Net assets (Rs)	Fee
- upto Rs. 1,000 million	0.20% per annum of net assets.
- on an amount exceeding Rs. 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

- 9.2 During the year, an amount of Rs 0.270 million (2021: Rs 0.316 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%).

10	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	Note	2022	2021
			-----(Rupees in '000)-----	
	Annual fee payable	10.1	<u>224</u>	<u>287</u>

- 10.1 Under the provision of NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the fund.

11	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	Note	2022	2021
			-----Rupees in '000-----	
	Provision for Sindh Workers' Welfare Fund	11.1	-	25,552
	Auditors' remuneration payable		<b>580</b>	604
	Brokerage charges payable		<b>33</b>	95
	Settlement charges payable		<b>90</b>	49
	Withholding tax payable		<b>84</b>	5,945
	Capital gain tax payable		<b>42</b>	270
	Legal and professional charges payable		<b>143</b>	122
	Printing charges payable		<b>47</b>	38
	Others		<b>74</b>	60
			<u><b>1,093</b></u>	<u><b>32,735</b></u>

- 11.1 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 Fund 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 has 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 have accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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. 25.552 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.

## 12 CONTINGENCIES AND COMMITMENTS

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

13	NUMBER OF UNITS IN ISSUE	2022	2021
		----- Number -----	-----
	Total units in issue at the beginning of the year	86,091,518	86,051,906
	Units issued during the year	17,201,508	54,918,949
	Less: units redeemed during the year	(52,548,221)	(54,879,337)
	Total units in issue at the end of the year	<u><u>50,744,805</u></u>	<u><u>86,091,518</u></u>

## 14 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.

15	AUDITORS' REMUNERATION	2022	2021
		-----Rupees in '000-----	-----
	Annual audit fee	484	440
	Half yearly review	193	175
	Other certification	110	100
	Out of pocket expenses	77	18
		<u><u>864</u></u>	<u><u>733</u></u>

## 16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2022 is 4.19% (June 30, 2021: 4.21%) which includes 0.26% (June 30, 2021: 0.59%) representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation scheme.

## 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss 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 as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

## 19 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 19.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 19.2** Transactions with connected persons / related parties 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. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 19.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 19.6** The details of transactions with related parties / connected persons during the year are as follows:

	2022	2021
	----- Rupees in '000 -----	

### NBP Fund Management Limited - the Management Company

Remuneration of the Management Company	18,632	21,509
Sindh Sales Tax on remuneration of the Management Company	2,422	2,796
Reimbursement of allocated expenses	2,187	1,931
Reimbursement of selling and marketing expenses	18,163	23,094
Sales load and Sindh Sales Tax on sales load	3,290	11,782
ADC charges including Sindh sales tax	12	38

	2022	2021
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	2,080	2,434
Sindh Sales Tax on remuneration of the Trustee	270	316
Settlement charges	61	161
<b>National Bank of Pakistan - Parent Company</b>		
Shares sold: Nil shares (2021: 102,500 shares)	-	3,874
<b>National Clearing Company of Pakistan - common directorship</b>		
NCCPL charges	239	117
<b>Pakistan Stock Exchange - common directorship*</b>		
Annual listing fee	-	25
<b>NBP Financial Sector Fund</b>		
Shares sold: 50,000 shares (2021: Nil shares)	7,236	9,526
<b>Employees of the Management Company</b>		
Units issued / transferred in: 259,676 units (2021: 504,346 units)	4,357	8,268
Units redeemed / transferred out: 407,618 units (2021: 352,977 units)	6,820	5,833
Dividend re-invest Nil units (2021: 1,633 units)	-	28
<b>Portfolios managed by the Management Company</b>		
Units issued / transferred in: 183,796 units (2021: 6,786,165 units)	3,098	112,557
Units redeemed / transferred out: 3,249,376 units (2021: 2,540,540 units)	55,143	43,003
Dividend re-invest Nil units (2021: 78,880 units)	-	1,343
Market treasury bills sold	-	73,464
<b>International Steels Limited - common directorship</b>		
Shares purchased: Nil shares (2021: 28,299)	-	2,420
Shares sold: 26,899 shares (2021: 86,700)	1,955	6,095
<b>Gul Ahmed Textile Mills Limited - common directorship</b>		
Shares purchased / bonus (right) : 19,800 shares (2021: 94,712)	691	2,299
Shares sold: 40,500 shares (2021: 265,000 shares)	2,006	9,268
Dividend income	-	224
<b>Fauji Fertilizer Company Limited - common directorship</b>		
Shares purchased: 38,500 shares (2021: 61,800 shares)	4,020	6,758
Shares sold: 115,800 shares (2021: 119,500 shares)	12,793	12,939
Dividend income	6,548	3,547
<b>The Hub Power Company Limited - common directorship*</b>		
Shares purchased: Nil shares (2021: 177,992 shares)	-	14,944
Shares sold: Nil shares (2021: 130,600 shares)	-	10,560
Profit on sukuk certificates	-	4,652
Dividend income	-	3,465
<b>BankIslami Pakistan Limited - common directorship</b>		
Profit on bank balance	92	96

	2022	2021
	----- Rupees in '000 -----	
<b>Telenor Microfinance Bank Limited - common directorship</b>		
Profit on bank balance	18	43
<b>Khushhali Bank Limited - common directorship</b>		
Profit on bank balance	2,500	43
<b>Ronak Iqbal Lakhani - unit holder with more than 10% holding</b>		
Dividend re-invest Nil units (2021: 289,774 units)	-	4,936
<b>Taurus Securities Limited - Subsidiary of parent of the Management Company</b>		
Brokerage expense	36	73
<b>19.7 Amounts outstanding as at year end are as follows:</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	1,343	1,823
Sindh Sales Tax on remuneration of the Management Company	175	237
Federal excise duty on sales load	3,733	3,733
Federal excise duty on remuneration of the Management Company	16,000	16,000
Reimbursement of allocated expenses payable	436	540
Reimbursement of selling and marketing expenses	2,835	6,303
Sales and transfer load payable	767	852
Sindh Sales Tax on sales load payable	100	111
ADC charges payable including Sindh Sales Tax	18	18
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	139	204
Sindh sales tax on remuneration of the Trustee	18	26
CDS charges payable	60	21
Security deposit	100	100
<b>National Clearing Company of Pakistan (Common directorship)</b>		
Security deposit	2,750	2,750
NCCPL charges payable	30	28
<b>National Bank of Pakistan Parent company</b>		
Bank balances	462	1,648
Shares held: Nil shares (2021: Nil shares)	-	-
<b>International Steels Limited (Common Directorship)</b>		
Shares held: Nil shares (2021: 26,899 shares)	-	2,513
<b>Gul Ahmed Textile Mills Limited (Common Directorship)</b>		
Shares held: 247,572 shares (2021: 268,272 shares)	8,370	13,609
<b>Fauji Fertilizer Company Limited (Common Directorship)</b>		
Shares held: 229,500 (2021: 306,800 shares)	25,295	32,551
<b>The Hub Power Company Limited (Common Directorship)*</b>		
Ordinary shares held: Nil (2021: 620,079) shares	-	49,402
Profit receivable on sukuk certificates	-	512
Investments in sukuk certificates	-	50,997

2022                    2021  
----- Rupees in '000 -----

**BankIslami Pakistan Limited (Common Directorship)**

Bank balances	356	1,995
Profit receivable on bank balances	-	54

**Employees of the Management Company**

Units held in the Fund: 33,849 units (2021: 177,816 units)	524	3,003
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**Portfolios managed by the Management Company**

Units held: 2,015,511 (2021: 5,081,091) units	31,202	85,817
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**Ronak Iqbal Lakhani - unit holder with more than 10% holding**

Units held: 9,913,583 (2021: 9,913,583) units	153,474	167,435
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**Telenor Microfinance Bank Limited - common directorship**

Bank balance - savings account	3	3
Profit receivable on bank balance	-	43

**Khushhali Bank Limited - common directorship**

Bank balance - savings account	2,423	13
Profit receivable on bank balance	1	56

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

**20 FINANCIAL INSTRUMENTS BY CATEGORY**

2022		
At amortised cost	At fair value through profit or loss	Total

**Financial assets**

Bank balances	88,796	-	88,796
Investments	-	714,591	714,591
Profit and dividend receivable	1,023	-	1,023
Receivable against sale of investments	10,150	-	10,150
Deposits	2,850	-	2,850
	<b>102,819</b>	<b>714,591</b>	<b>817,410</b>

**Financial liabilities**

Payable to NBP Fund Management Limited - the Management Company	25,407	-	25,407
Payable to Central Depository Company of Pakistan Limited - the Trustee	157	-	157
Payable against redemption of units	5,543	-	5,543
Accrued expenses and other liabilities	967	-	967
	<b>32,074</b>	<b>-</b>	<b>32,074</b>

	2021		
	At amortised cost	At fair value through profit or loss	Total
Rupees in '000			
<b>Financial assets</b>			
Bank balances	291,618	-	291,618
Investments	-	1,209,780	1,209,780
Profit and dividend receivable	1,177	-	1,177
Receivable against issuance of units	8,908	-	8,908
Advance against IPO subscription	8,275	-	8,275
Deposits	2,850	-	2,850
	<b>312,828</b>	<b>1,209,780</b>	<b>1,522,608</b>
<b>Financial Liabilities</b>			
Payable to NBP Fund Management Limited - the Management Company	29,617	-	29,617
Payable to Central Depository Company of Pakistan Limited - the Trustee	230	-	230
Payable against redemption of units	302	-	302
Payable against purchase of investments	5,955	-	5,955
Accrued expenses and other liabilities	968	-	968
	<b>37,072</b>	<b>-</b>	<b>37,072</b>

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. 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 and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the 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.

### 21.1 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 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.

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

#### (i) Yield / profit rate risk

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

## a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances and corporate sukuk certificates which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 1.28 million (2021: Rs 3.64 million).

## b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds commercial papers which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher/ lower by Rs 0.40 million (2021: Rs Nil).

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

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

### Financial assets

Bank balances	12.25% - 17%	88,488	-	-	308	88,796
Investments	13.50% - 16.50%	79,942	-	-	634,649	714,591
Profit and dividend receivable	-	-	-	-	1,023	1,023
Receivable against sale of investment	-	-	-	-	10,150	10,150
Deposits	-	-	-	-	2,850	2,850
		168,430	-	-	648,980	817,410

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	-	-	25,407	25,407
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	-	-	157	157
Payable against redemption of units	-	-	-	5,543	5,543
Accrued expenses and other liabilities	-	-	-	967	967
	-	-	-	32,074	32,074

### On-balance sheet gap

168,430	-	-	616,906	785,336
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### Total profit rate sensitivity gap

168,430	-	-
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### Cumulative profit rate sensitivity gap

168,430	168,430	168,430
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-----2021-----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
-----Rupees in '000-----					
<b>Financial assets</b>					
Bank balances	4.75% - 11.55%	287,867	-	-	3,751 291,618
Investments	8.69% - 10.04%	76,085	-	-	1,133,695 1,209,780
Profit and dividend receivable	-	-	-	-	1,177 1,177
Receivable against issuance of units	-	-	-	-	8,908 8,908
Advance against IPO subscription	-	-	-	-	8,275 8,275
Deposits	-	-	-	-	2,850 2,850
		363,952	-	-	1,158,656 1,522,608
<b>Financial liabilities</b>					
Payable to NBP Fund Management Limited - the Management Company	-	-	-	-	29,617 29,617
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	-	-	-	230 230
Payable against purchase of investments	-	-	-	-	5,955 5,955
Payable against redemption of units	-	-	-	-	302 302
Accrued expenses and other liabilities	-	-	-	-	968 968
		-	-	-	37,072 37,072
<b>On-balance sheet gap</b>		363,952	-	-	1,121,584 1,485,536
<b>Total profit rate sensitivity gap</b>		363,952	-	-	
<b>Cumulative profit rate sensitivity gap</b>		363,952	363,952	363,952	

## (ii) 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. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) 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 profit 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 respectively.

The Fund is exposed to equity price risk on investments held by the Fund and classified as at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets.

In case of 5% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive loss of the Fund for the year would increase / decrease by Rs. 31.732 million (2021: Rs. 56.685 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at 'fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

## 21.2 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 redemptions at the option of 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, 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.

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 dates. 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
Rupees in '000						

### 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

25,407	-	-	-	-	-	25,407
157	-	-	-	-	-	157
5,543	-	-	-	-	-	5,543
967	-	-	-	-	-	967
<b>32,074</b>	-	-	-	-	-	<b>32,074</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
Rupees in '000						

### Financial liabilities

Payable to NBP Fund Management Limited -

the Management Company

Payable to the Central Depository Company

of Pakistan Limited - the Trustee

Payable against purchase of investments

Payable against redemption of units

Accrued expenses and other liabilities

29,617	-	-	-	-	-	29,617
230	-	-	-	-	-	230
5,955	-	-	-	-	-	5,955
302	-	-	-	-	-	302
968	-	-	-	-	-	968
<b>37,072</b>	-	-	-	-	-	<b>37,072</b>

## 21.3 Credit risk

**21.3.1** 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
----- Rupees in '000 -----				
Bank balances	88,796	88,796	291,618	291,618
Investments	714,591	79,942	1,209,780	76,085
Profit and dividend receivable	1,023	1,023	1,177	1,177
Receivable against sale of investments	10,150	10,150		
Receivable against issuance of units	-	-	8,908	8,908
Advance against IPO subscription	-	-	8,275	8,275
Deposits	2,850	2,850	2,850	2,850
	<b>817,410</b>	<b>182,761</b>	<b>1,522,608</b>	<b>388,913</b>

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

## 21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, profit accrued thereon, and investments. The credit rating profile of balances with banks and investments are as follows:

	% of financial assets exposed to credit risk	
	2022	2021
<b>Bank rating</b>		
AAA	4%	3%
AA+	42%	63%
AA-	1%	8%
A+	-	-
<b>Corporate sukuk certificates rating</b>		
AA+	23%	13%
A+	-	6%
<b>Commercial paper rating</b>		
AA+	24%	-
	<b>94%</b>	<b>94%</b>

## 22 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

## 22.1 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, 2021 and June 30, 2020, the Fund held the following financial instruments measured at fair value.

### At fair value through profit or loss

Listed equity securities  
Corporate sukuk certificates  
Commercial papers\*

As at June 30, 2022			
Level 1	Level 2	Level 3	Total
Rupees in '000			
634,649	-	-	634,649
-	39,454	-	39,454
-	40,488	-	40,488
<b>634,649</b>	<b>79,942</b>	<b>-</b>	<b>714,591</b>

### At fair value through profit or loss

Listed equity securities  
Corporate sukuk certificates

As at June 30, 2021			
Level 1	Level 2	Level 3	Total
Rupees in '000			
1,133,695	-	-	1,133,695
-	76,085	-	76,085
<b>1,133,695</b>	<b>76,085</b>	<b>-</b>	<b>1,209,780</b>

\* 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.

## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' Fund is represented by redeemable units. These units are entitled to dividends 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, 2008 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 21, 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.

## 24 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	1,026	573,881	73.05	1,187	985,896	67.80
Retirement funds	18	192,725	24.53	23	282,050	19.40
Others	6	18,982	2.42	13	186,101	12.80
	<b>1,050</b>	<b>785,588</b>	<b>100</b>	<b>1,223</b>	<b>1,454,047</b>	<b>100</b>

## 25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Aba Ali Habib Securities (Pvt) Limited	1.98%	Arif Habib Securities Limited	6.29%
Arif Habib Securities Limited	6.90%	Taurus Securities Limited	6.19%
Multi Line Securities	6.31%	Insight Securities (Private) Limited	5.70%
Insight Securities (Pvt.) Limited	5.24%	Bma Capital Management Limited	5.41%
Topline Securities Limited	5.17%	Efg Hermes Pakistan Limited	5.16%
Taurus Securities Limited	5.06%	Foundation Securities	5.14%
Intermarket Securities	4.52%	Optimus Capital Management Limited	5.00%
D.J.M Securities (Pvt) Limited	3.87%	Alfalah Securities (Private) Limited	4.62%
Aqeel Karim Dehdi Securities ( Pvt) Limited	3.79%	J.S. Global Capital Limited	4.53%
EFG Hermes Pakistan Limited	3.74%	Topline Securities Limited	4.43%

## 26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	34
Sajjad Anwar	Chief Investment Officer	CFA / MBA	22
Asim Wahab Khan (note 26.1)	Deputy Chief Investment Officer	CFA	16
Muhammad Ali Bhabha	Head of Fixed Income	CFA / MBA / FRM / MS	27
Hassan Raza	Head of Research	ACCA / BSC / CFA	11

**26.1** The name of the Fund Manager is Asim Wahab Khan. Other funds managed by the Fund Manager are as follows:

- NBP Islamic Sarmaya Izafa Fund
- NBP Islamic Regular Income Fund
- NBP Islamic Energy Fund
- NBP Stock Fund
- NAFA Islamic Pension Fund
- NAFA Islamic Active Allocation Plan-I
- NAFA Islamic Active Allocation Plan-II
- NAFA Islamic Active Allocation Plan-III
- NAFA Islamic Active Allocation Plan-IV
- NAFA Islamic Active Allocation Plan-V
- NAFA Islamic Active Allocation Plan-VI
- NAFA Islamic Active Allocation Plan-VII
- NAFA Islamic Active Allocation Plan-VIII
- NBP Islamic Capital Preservation Plan-I
- NAFA Islamic Capital Preservation Plan-II
- NAFA Islamic Capital Preservation Plan-III
- NAFA Islamic Capital Preservation Plan-IV
- NAFA Islamic Capital Preservation Plan-V
- NAFA Islamic Capital Preservation Plan-VI
- NBP Balanced Fund
- NBP Stock Fund
- NBP Financial Sector Fund
- NBP Pakistan Growth Exchange Traded Fund
- NAFA Pension Fund

**27 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	-	-
Tauqeer Mazhar [note 27.1]	4	4	-	-
Mehnaz Salar	5	5	-	-
Ali Saigol	5	5	-	85th Meeting
Imran Zaffar	5	4	1	82nd Meeting
Khalid Mansoor	5	4	1	-
Saad Amanullah Khan	5	5	-	-
Humayun Bashir	5	5	-	-
Amjad Waheed	5	5	-	

**27.1** Mr. Tauqeer Mazhar opted as Director on the Board with effect from August 04, 2021

**27.2** Syed Hasan Irtiza Kazmi resigned from the Board with effect from June 25, 2021.

## 28 GENERAL

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

## 29 DATE OF AUTHORISATION FOR ISSUE

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

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

**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')	785,588	1,454,047	1,258,442	1,769,397	3,139,554	3,290,118
Net Income (Rs. '000')	(67,170)	247,784	99,307	(208,875)	(248,202)	756,388
Net Asset Value per units (Rs.)	15.4812	16.8895	14.6242	14.4623	15.8337	17.0467
Offer price per unit	16.0060	17.4621	15.1200	14.9522	16.3705	17.6246
Redemption price per unit	15.4812	16.8895	14.6242	14.4623	15.8337	17.0467
Ex - Highest offer price per unit (Rs.)	18.1943	17.9437	17.2273	16.8863	17.6826	18.7911
Ex - Lowest offer price per unit (Rs.)	15.8146	14.7238	12.6816	14.8811	15.2392	13.5968
Ex - Highest redemption price per unit (Rs.)	17.5977	17.3554	16.6625	16.3329	17.1028	18.1749
Ex - Lowest redemption price per unit (Rs.)	15.2961	14.2410	12.2658	14.3932	14.7395	13.1540
Fiscal Year Opening Ex Nav	16.8895	14.1273	13.5168	15.8337	16.9877	13.1234
Total return of the fund	-8.34%	19.55%	8.19%	-8.66%	-6.79%	29.90%
Capital growth	-8.34%	16.03%	1.20%	-8.66%	-6.79%	13.44%
Income distribution as % of Ex-NAV	-	3.52%	7.06%			16.46%
Income distribution as % of Par Value	-	6.03%	10.22%			21.60%
Interim distribution per unit	-	0.6034	1.0216			2.1599
Final distribution per unit	-	-	-			0.0552
<b>Distribution dates</b>						
Interim	-	25-June-2021	24-June-2020			21-June-2017
Final						15-Sep-17
Average annual return (launch date 20-08-2010)						
(Since inception to June 30, 2022)	11.41%					
(Since inception to June 30, 2021)		13.43%				
(Since inception to June 30, 2020)			12.82%			
(Since inception to June 30, 2019)				13.36%		
(Since inception to June 30, 2018)					16.52%	
(Since inception to June 30, 2017)						20.37%
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						

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

## PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Sarmaya Izafa Fund** duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. [www.nbpfunds.com](http://www.nbpfunds.com). A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

<b>NBP SARMAYA IZAF A FUND</b>			
<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
13	13	Nil	N/A
100%	100%	-	-

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