



**NBP
ISLAMIC MAHANA AMDANI
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

Al Baraka Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



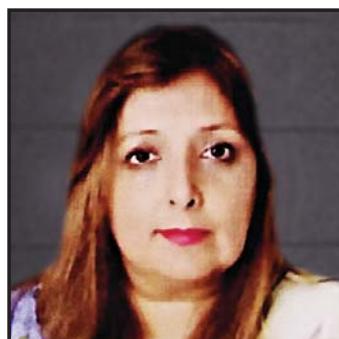
Mr. Tauqeer Mazhar
Director



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 4th Annual Report of **NBP Islamic Mahana Amdani Fund** (NIMAF) for the year ended June 30, 2022.

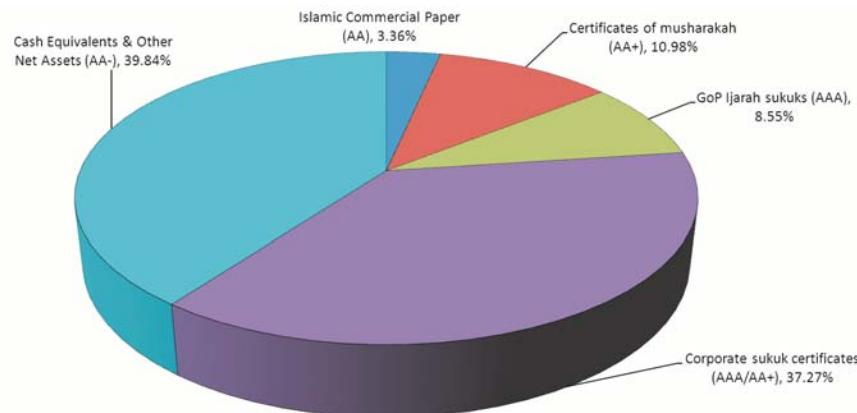
Fund's Performance

Trading activity in corporate sukuks further reduced as cumulative traded value stood at Rs. 4 billion compared to Rs. 16 billion in FY21. However, the fresh issuance of Shariah Compliant commercial papers helped the undersupplied market for long-term Shariah Compliant debt instruments to some extent. 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.

NIMAF is categorized as a Shariah Compliant Income Fund. The Fund aims to provide monthly income to investors by investing in Shariah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The size of NBP Islamic Mahana Amdani Fund has decreased from Rs. 15,085 million to Rs. 10,365 million during the period, i.e., a decline of 31%. During the said period, the unit price of the Fund has increased from Rs. 9.2365 (Ex-Div) on June 30, 2021 to Rs. 10.0598 on June 30, 2022 thus posting a return of 8.9% as compared to its Benchmark return of 3.3% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 1,264.117 million during the year. After deducting total expenses of Rs. 176.330 million, the net income is Rs. 1,087.787 million. The asset allocation of NIMAF as on June 30, 2022 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 8.80% of the opening ex-NAV (8.84% of the par value) during the year ended June 30, 2022.

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021 provisioning against Sindh Workers' Welfare Fund by NBP Islamic Mahana Amdani Fund amounting to Rs. 69.05 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Mahana Amdani Fund by 0.5% 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 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 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
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	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.

ڈائریکٹر رپورٹ

NBP فنڈ میجمنٹ لمبند کے بورڈ آف ڈائریکٹرز NBP اسلامک ماہانہ آمدنی فنڈ (NIMAF) کی پچھی سالانہ رپورٹ برائے تینمئی سال 30 جون 2022 پیش کرتے ہوئے سرت محosoں کر رہے ہیں۔

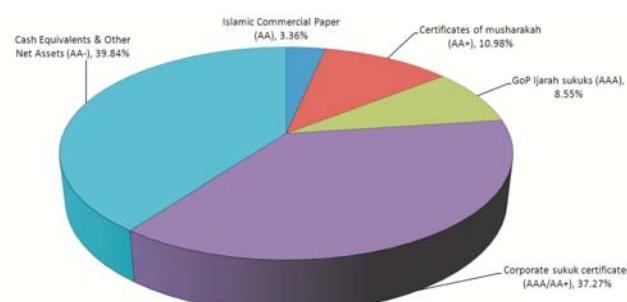
فنڈ کی کارکردگی

کارپوریٹ سکوک میں تجارتی سرگرمی مزید کم ہوئی کیونکہ مجموعی تجارت کی قیمت ماہی سال 21 میں 16 بلین روپے کے مقابلے 4 بلین روپے کے مقابلے میں تجارتی سرگرمی کم پلاٹ کر شل پیپر کے نئے اجراء سے طویل مدتی شریعہ کمپلائٹ قرض کے آلات کے لیے زیر سپاٹی مارکیٹ کو کچھ حد تک مدد ملی۔ تاہم، شریعہ کمپلائٹ کر شل پیپر کے تازہ اجراء سے طویل مدتی شرعی کمپلائٹ قرض کے آلات کے لیے کم فراہم کر دہ مارکیٹ کو کچھ حد تک مدد ملی۔ ماہی سال 22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) ماہی پالیسی اجلات منعقد کئے اور اہم ملکی سیاسی شوار و عالمی غیر یقینی صور تھال کی وجہ سے افراط ازر کے دباؤ کا مقابلہ کرنے، معافی استحکام کو قیمتی بنانے اور یہ ورنی اور قیمتوں کے استحکام کی حفاظت کے لیے، ڈسکاؤنٹ کی شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسرا ششماہی کے دوران، روس-یوکرین تنازع اور اشیاء کی بڑھتی ہوئی قیمتوں کی وجہ سے عالمی اقتصادی حالات خراب ہو گئے، جس نے دیباہ کے تام مرکزی بینکوں کو کم سالوں کی بلند افراط ازر اور چلنج آؤٹ لک کا سامنا کرنے پر مجبور کر دیا۔ ملکی سطح پر، افراط ازر میں بھی بڑھنے کا رجحان رہا جس کی وجہ سے (iii) غدائلی جزا کی قیمتوں میں تیزی سے اضافہ، (ii) روپیہ پر مسلسل دباؤ، (iv) یونیٹی ٹیف میں اضافہ، اور (v) ایڈھن کی سبستی کا ختم ہوتا۔ CPI کی پیمائش کر دیا افراط ازر جون-22 میں 21.3 یونیٹک پیٹنچ گئی جو گذشتہ سال کے اسی میں کے دوران 9.7 فیصد تھی۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زر مبالغہ کے مجموعی ذخیرے بھی ایک سال قل 17.3 ملین امریکی ڈالر کے مقابلے جون-22 کے آخر میں 9.8 ملین امریکی ڈالر تک کم ہو گئے۔ افراط ازر کا فقط نظر خراب ہو گیا اور یہ ورنی استحکام کے لیے خطرات بڑھ گئے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

NIMAF شریعت کے مطابق اکٹھ فنڈ کے طور پر درجہ بندی کیا جاتا ہے۔ فنڈ کا مقصد شرعی مطابقت پذیری مارکیٹ اور قرض کی آمد میں سرمایہ کاری کر کے سرمایہ کاروں کو ماہانہ آمدنی فراہم کرنا ہے۔ کم از کم اہل درجہ بندی-A، جیکہ فنڈ کو اسلامی بینکوں، اسلامی شاخوں اور ایتی بینکوں کی وثائق آسان فریہ ہی کرنے کے ساتھ سرمایہ کاری کرنے کی اجازت دی جاتی ہے۔ فنڈ شریعت کے مطابق Money Market Instruments اور Debt Securities Instruments میں سرمایہ کاری کرنے کی اجازت دیتا ہے جو-A+ یا اس سے بہتر ہو۔ فنڈ ایک یوٹیز میں سرمایہ کاری کرنے کا اختیار نہیں رکھتا۔ فنڈ کی اوسط میتوں گو منٹ سکریٹریز کے علاوہ 4 سال سے زائد نہیں ہے۔

موجودہ مدت کے دوران NBP اسلامک ماہانہ آمدنی فنڈ کا سائز 15,085 ملین روپے سے کم ہو کر 10,365 ملین روپے ہو گیا ہے یعنی 31% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے پیٹنچ کی قیمت 30 جون 2021 کو 9.2365 روپے (EX-Div) سے بڑھ کر 30 جون 2022 کو 10.0598 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے پیٹنچ مارک کے مقابلے میں 8.9% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 117.111 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 176.330 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 1,087.787 ملین روپے ہے۔ 30 جون 2022 کو این پی اسلامک ماہانہ آمدنی فنڈ کی ایس ایلوکشن ہب ڈیل ہے:



آمدنی کی تفصیل

میجنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والی مدت کے لئے اوپنگ ex-NAV کا 8.80% (بینادی قدر کا 8.84%) عبوری نقد ڈیویڈینڈ منظور کیا ہے۔

ٹکیسیشن

چونکہ نہ کروہ بالاتفاق منافع حقیقیہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محسول شدہ اور غیر محسول شدہ کمپنی لیکن منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پارکم ٹکنیک آرڈیننس 2001 کے دوسرے شیدول کے حصہ اول کی شق 99 کے تحت لیکن لاگونیں ہوتا ہے۔

سندھ ورکرز ٹیلینر فنڈ (SWWF)

13 اگست 2021 کو NBP اسلامک ماہانہ آمدنی فنڈ کی طرف سے سندھ ورکرز ٹیلینر فنڈ کی پروپرٹی نگار کے بعد مارسل نمبر 87772/70/2013 SRB/TP/70/2013 مورخہ 12 اگست 2021 کی رو سے سندھ ورکرز ٹیلینر فنڈ کی طرف سے موصولہ کلیرنگ لیکیشن پر میوپل فنڈز ایسوی ایشن آف پاکستان کو دی گئی 69.05 ملین روپے کی پروپرٹی نگار یورس کر دی گئی۔ پروپرٹی نگار کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک ماہانہ آمدنی فنڈ کے NAV میں 0.5% کا غیر معمولی اضافہ ہوا ہے۔ یاکے ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

آڈیٹر

موجودہ آڈیٹر، میسر زادے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریناٹر ہونگے ہیں اور اہل ہونے کی بنا پر انہوں نے خود کو 30 جون 2023 کو ختم ہونے والے سال میں دوبارہ تقرر کے لئے پیش کیا ہے۔

لیڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیٹھر 2017 ("CCG") کی پیروی میں ڈائریکٹر زامنہ

1. میجنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے تنائج، کیش فلوادر یونٹ ہولڈرز فنڈز میں تبدیلی کی مصنفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشاروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تجھیں مناسب اور معقول نظریات پر 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. ائٹرل نشوول کا نظام مختصر اور موثر طریقے سے نافذ ہے اور اس کی مسلسل مگرانی کی جاتی ہے۔
6. فنڈ کی روایں دوال رہنے کی صلاحیت کے بارے میں کوئی شکوہ و شہابت نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تھی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیتا اس سالانہ پورٹ میں شامل ہیں۔
9. یکسیوں، ڈیویٹری، محسولات اور چارجز کی مدد میں واجب الادا سرکاری اور ایگنیاں مالیاتی گوشاروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران میجنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ جلس متعقد ہوئے۔ تمام ڈائریکٹر زکی حاضری ان مالیاتی گوشاروں کے نوٹ 28 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی بیٹھن مالیاتی گوشاروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹر ز، ہی ای او، ہی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹ کی تمام محرید و فروخت ان مالیاتی گوشاروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبداران ان ایگر یکٹوڈا ڈائریکٹر ز کی نمائندگی کی حوصلہ فراہمی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطکوئی مnarاثی ائٹریٹس نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹر ز درجہ ذیل ارکان پر مشتمل ہیں

نام	کیگری
•1 جناب خالد منصور •2 جناب سعدaman اللہخان •3 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹر
ڈاکٹر احمدوجید (چیف ایگزیکیوٹیو فیسٹر)	ایگزیکیوٹیو ڈائریکٹر
•1 شیخ محمد عبدالواحد سلیمانی (چیئرمین) •2 جناب تو قیر مظہر •3 محترمہ مہناز سالار •4 جناب علی سیفی •5 جناب عمران ظفر	نان ایگزیکیوٹیو ڈائریکٹر

اٹھار تشر

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

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

من جانب بورڈ آف ڈائریکٹر
NBP نیشنل میجرٹ لیمیٹڈ

ڈائریکٹر

چیف ایگزیکیوٹیو فیسٹر

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 Islamic Mahana Amdani 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 Islamic Mahana Amdani Fund

NBP Islamic Mahana Amdani Fund (NIMAF) is an Open-End Shariah Compliant Income Fund.

Investment Objective of the Fund

To provide monthly income to investors by investing in Shariah Compliant money market and debt avenues.

Benchmark

6-month average deposit rates of three A rated Islamic Banks / Islamic windows of conventional banks as selected by MUFAP.

Fund Performance Review

This is the 4th Annual report since the launch of the Fund on October 06, 2018. The Fund size decreased by 31% during the year and stands at Rs. 10.4 billion as of June 30, 2022. Since its inception, the Fund has earned an annualized return of 9.1% versus the benchmark return of 4.3%, thus registering an outperformance of 4.8% p.a. During FY22, the Fund posted a return of 8.9% as compared to the benchmark return of 3.3%; translating into an outperformance of 5.6% p.a. This outperformance is net of management fee and all other expenses.

NIMAF aims to provide monthly income to investors by investing in Shariah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches/windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

Trading activity in corporate sukuks further reduced as cumulative traded value stood at Rs. 4 billion compared to Rs. 16 billion in FY21. However, the fresh issuance of Shariah Compliant commercial papers helped the undersupplied market for long-term Shariah Compliant debt instruments to some extent. 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.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-22	30-Jun-21
Islamic Commercial Papers	3.36%	4.74%
Corporate Sukuk certificates	37.27%	18.24%
GOP Ijarah Sukuks	8.55%	10.91%
Term Deposit Receipts	-	21.88%
Certificate of Musharakah	10.98%	7.29%
Cash Equivalents & Other Assets	39.84%	36.94%
Total	100%	100%

Distribution for the Financial Year 2022

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 22	8.843%	10.9336	10.0493

Unit Holding Pattern of NBP Islamic Mahana Amdani Fund as on June 30, 2022

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1,046
1-1000	5,985
1001-5000	1,621
5001-10000	729
10001-50000	2,618
50001-100000	1,234
100001-500000	1,788
500001-1000000	201
1000001-5000000	103
5000001-10000000	9
10000001-100000000	5
Total	15,339

During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Mahana Amdani Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Mahana Amdani Fund amounting to Rs. 69.05 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Mahana Amdani Fund by 0.5% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Mahana Amdani Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 27, 2022**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 12, 2022/Safar 15, 1444

Alhamdulillah, the period from July 1, 2021 to June 30, 2022 was the Fourth year of the operations of NBP Islamic Mahana Amdani Fund (NIMAF). This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIMAF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIMAF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NIMAF for the year ended June 30, 2022 are not in compliance with Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and On Behalf of Meezan Bank Limited
Shari'ah Technical Services and Support Provider

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of NBP Islamic Mahana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Mahana Amdani 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>Net Asset Value (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. 5,027.270 million and Rs. 6,236.068 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"> • tested the design and operating effectiveness of the key controls for valuation of investments; • 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; • re-performed valuation to assess that investments are carried as per the valuation

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"> • obtained bank reconciliation statements and tested reconciling items on a sample basis.

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: AR202210061EfcoMBmPN

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	2022	2021
		-----Rupees in '000-----	
ASSETS			
Bank balances	4	5,027,270	7,268,163
Investments	5	6,236,068	9,512,849
Profit receivable	6	200,751	127,154
Deposits, prepayments and other receivables	7	3,008	2,994
Receivable against transfer of units		17,245	105,380
Preliminary expenses and floatation costs	8	254	455
Total assets		11,484,596	17,016,995
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	40,558	44,678
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	800	1,188
Payable to the Securities and Exchange Commission of Pakistan	11	2,577	3,714
Payable against redemption of units		28,963	22,890
Payable against purchase of investments		901,429	1,660,562
Accrued expenses and other liabilities	12	145,293	199,157
Total liabilities		1,119,620	1,932,189
NET ASSETS		10,364,976	15,084,806
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		10,364,976	15,084,806
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE			
	14	1,030,332,335	1,501,086,720
NET ASSET VALUE PER UNIT			
		10.0598	10.0493

The annexed notes from 1 to 31 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

	Note	2022	2021
		Rupees in '000	
Income			
Profit on bank balances		500,952	478,989
Income on term deposit receipts		22,394	287,620
Income on corporate sukuk certificates		453,285	388,758
Income on Islamic commercial papers		105,221	129,430
Income on bai muajjal receivable		11,108	34,638
Income on certificates of musharakah		107,741	76,130
(Loss) / gain on sale of investments - net		(7,899)	4,178
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.7	4,462	12,286
Total income		<u>1,197,264</u>	<u>1,412,029</u>
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	9.1	26,539	37,841
Sindh sales tax on remuneration of the Management Company	9.2	3,450	4,919
Reimbursement of allocated expenses	9.3	16,104	21,535
Reimbursement of selling and marketing expenses	9.4	112,648	129,981
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	9,662	13,926
Sindh sales tax on remuneration of the Trustee	10.2	1,256	1,810
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	2,577	3,714
Amortisation of preliminary expenses and floatation costs	8	201	201
Settlement and bank charges		619	1,771
Auditors' remuneration	15	688	574
Annual rating fee		214	193
Shariah advisory fee		1,873	2,349
Listing fee		27	28
Printing charges		93	183
Legal and professional charges		379	258
Total operating expenses		<u>176,330</u>	<u>219,283</u>
Net income from operating activities		<u>1,020,934</u>	<u>1,192,746</u>
Reversal of provision / (provision) against Sindh Workers' Welfare Fund	12.1	66,853	(23,855)
Net profit for the year before taxation		<u>1,087,787</u>	<u>1,168,891</u>
Taxation	17	-	-
Net profit for the year after taxation		<u>1,087,787</u>	<u>1,168,891</u>
Earnings per unit	18		
Allocation of net income for the year			
Net income for the year after taxation		1,087,787	1,168,891
Income already paid on units redeemed		(458,040)	(597,621)
		<u>629,747</u>	<u>571,270</u>
Accounting income available for distribution			
- Relating to capital gains		-	9,075
- Excluding capital gains		<u>629,747</u>	<u>562,195</u>
		<u>629,747</u>	<u>571,270</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2022	2021
	----- Rupees in '000 -----	
Net profit for the year after taxation	1,087,787	1,168,891
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,087,787	1,168,891

The annexed notes from 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

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	15,016,569	68,237	15,084,806	20,258,361	54,913	20,313,274
Issuance of 1,340,538,100 units (2021: 2,941,967,724 units)						
- Capital value (at ex-net asset value per unit)	13,471,470	-	13,471,470	29,538,239	-	29,538,239
- Element of income	540,496	-	540,496	790,022	-	790,022
Total proceeds on issuance of units	14,011,966	-	14,011,966	30,328,261	-	30,328,261
Redemption of 1,811,292,485 units (2021: 3,464,062,382 units)						
- Capital value (at ex-net asset value per unit)	(18,202,222)	-	(18,202,222)	(34,780,226)	-	(34,780,226)
- Element of loss	(332,380)	(458,040)	(790,420)	(418,267)	(597,621)	(1,015,888)
Total payments on redemption of units	(18,534,602)	(458,040)	(18,992,642)	(35,198,493)	(597,621)	(35,796,114)
Total comprehensive income for the year	-	1,087,787	1,087,787	-	1,168,891	1,168,891
Distribution for the year ended June 30, 2022 @ Re 0.8843 per unit declared on June 28, 2022						
	(207,684)	(619,257)	(826,941)	-	-	-
Distribution for the year ended June 30, 2021 @ Re 0.6431 per unit declared on June 25, 2021						
	-	-	-	(371,560)	(557,946)	(929,506)
	(207,684)	(619,257)	(826,941)	(371,560)	(557,946)	(929,506)
Net assets at the end of the year	10,286,249	78,727	10,364,976	15,016,569	68,237	15,084,806
Undistributed income brought forward						
- Realised income	55,951			91,428		
- Unrealised income / (loss)	12,286			(36,515)		
	68,237			54,913		
Accounting income available for distribution:						
- Relating to capital gains	-			9,075		
- Excluding capital gains	629,747			562,195		
	629,747			571,270		
Total distribution during the year		(619,257)			(557,946)	
Undistributed income carried forward		78,727			68,237	
Undistributed income carried forward						
- Realised income	74,265			55,951		
- Unrealised income	4,462			12,286		
	78,727			68,237		
				(Rupees)		(Rupees)
Net assets value per unit at the beginning of the year		10.0493			10.0403	
Net assets value per unit at the end of the year		10.0598			10.0493	

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year before taxation		1,087,787	1,168,891
Adjustments for:			
Profit on bank balances		(500,952)	(478,989)
Income on term deposit receipts		(22,394)	(287,620)
Income on corporate sukuk certificates		(453,285)	(388,758)
Income on Islamic commercial papers		(105,221)	(129,430)
Income on bai muajjal receivable		(11,108)	(34,638)
Income on certificates of musharakah		(107,741)	(76,130)
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		(4,462)	(12,286)
(Reversal of provision) / provision against Sindh Workers' Welfare Fund		(66,853)	23,855
Amortisation of preliminary expenses and floatation costs	8	201	201
		(1,271,815)	(1,383,795)
Decrease / (increase) in assets			
Investments		360,150	2,440,587
Deposits, prepayments and other receivables		(14)	(15)
		360,136	2,440,572
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - the Management Company		(4,120)	(16,118)
Payable to Central Depository Company of Pakistan Limited - the Trustee		(388)	(380)
Payable to the Securities and Exchange Commission of Pakistan		(1,137)	(74)
Accrued expenses and other liabilities		12,989	(74,721)
		7,344	(91,293)
Profit received on bank balances, sukuk certificates, term deposit receipts, bai muajjal receivable and certificates of musharakah		1,127,104	1,425,641
Net cash generated from operating activities		<u>1,310,556</u>	<u>3,560,016</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units - net of refund of element		13,892,417	29,898,446
Net payments against redemption of units		(18,986,569)	(35,894,795)
Distribution paid		(619,257)	(557,946)
Net cash used in financing activities		<u>(5,713,409)</u>	<u>(6,554,295)</u>
Net decrease in cash and cash equivalents		<u>(4,402,853)</u>	<u>(2,994,279)</u>
Cash and cash equivalents at the beginning of the year		<u>10,568,163</u>	<u>13,562,442</u>
Cash and cash equivalents at the end of the year	20	<u><u>6,165,310</u></u>	<u><u>10,568,163</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

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

1 **LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** NBP Islamic Mahana Amdani Fund (the Fund) is an open end mutual fund constituted under a Trust Deed entered between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 07, 2018.

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

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

- 1.3** The Fund has been categorised as an open ended 'Shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the 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 under pre - IPO at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from October 07, 2018 and are transferable and redeemable by surrendering them to the Fund.

- 1.4** The objective of the Fund is to earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant money market and debt securities.

- 1.5** The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 on June 22, 2022 (2021: AM1 on June 23, 2021). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has upgraded the stability rating of the Fund to A+(f) on April 19, 2022 (2021: A(f) on April 16, 2021).

- 1.6** 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

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

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for SWWF (note 12.1) and provision for taxation (note 3.13 and 17).

2.5 Basis of measurement

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 Cash and cash equivalents

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

3.3 Financial assets

3.3.1 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.

3.3.2 Classification and subsequent measurement

3.3.2.1 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. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

3.3.3 Impairment

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

3.3.4 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 is 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.

As allowed by the SECP, the Management Company may make provision against debt securities one and above the minimum provision requirement prescribed by the SECP in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been replaced on the Management Company's website as required by the SECP's Circular.

3.3.5 Regular way contracts

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

3.3.6 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.

3.4 Financial liabilities

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

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

3.5 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.

3.6 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.

3.7 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.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application 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 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.

3.9 Distributions to unit holders

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

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

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

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

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date on 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 year in which these arise.
- Profit on bank balances, term deposit receipts and certificates of musharakah is recognised on an accrual basis.
- Income from investments in sukuk certificates and Islamic commercial papers is recognised on an accrual basis using effective interest rate method.

3.12 Expenses

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

3.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

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 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

3.14 Earnings / (loss) 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 earnings per unit is not practicable as disclosed in note 18.

3.15 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.

3.16 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

4	BANK BALANCES	Note	2022	2021
			----- (Rupees in '000) -----	
	Balances with banks in:			
	Savings accounts	4.1	4,981,707	7,217,975
	Current accounts		45,563	50,188
			<u>5,027,270</u>	<u>7,268,163</u>

- 4.1 These include a balance of Rs 28.089 million (2021: Rs 26.867 million) maintained with BankIslami Pakistan Limited (a related party) and balances of Rs 8.970 million (2021: Rs. 3.236 million) with National Bank of Pakistan (a related party) that carry profit at the rate of 15.25% (2021: 6.8%) per annum and 12.25% (2021: 4.50%) per annum respectively. Other savings accounts of the Fund carry profit rates ranging from 6.50% to 16.00% (2021: 4.50% to 7.40%) per annum.

5	INVESTMENTS	Note	2022	2021
			----- (Rupees in '000) -----	
At fair value through profit or loss				
	GoP Ijarah sukuks	5.1	886,293	1,645,614
	Corporate sukuk certificates	5.2	3,863,190	2,751,498
	Bai muajjal receivable	5.3	-	-
	Islamic commercial papers	5.4	348,545	715,535
	Term deposit receipts	5.5	-	3,300,000
	Certificates of musharakah	5.6	<u>1,138,040</u>	<u>1,100,202</u>
			<u>6,236,068</u>	<u>9,512,849</u>

5.1 GoP Ijarah sukus

Name of security	Profit payments / principal redemp-tions	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Sold / redeemed during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution) / appreciation	Percentage in relation to	
											total market value of investments	net assets of the Fund
Number of certificates												
GoP Ijarah Sukus - XX	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	8,655	25,745	31,965	2,435	236,134	236,098	(36)	3.79%	2.28%
GoP Ijarah Sukus - XXI	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	8,000	22,500	24,000	6,500	650,098	650,195	97	10.43%	6.27%
Total as at June 30, 2022								886,232	886,293	61	14.21%	8.55%
Total as at June 30, 2021								1,645,441	1,645,614	173	17.30%	10.91%

5.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

5.2 Corporate sukuk certificates

Name of security	Rating	Profit payments/ principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Sold / redeemed during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Percentage in relation to	
												total market value of investments	net assets of the Fund
Number of certificates													

COMMERCIAL BANKS

Meezan Bank Limited Sukuk IV (traded) (Face value of Rs 1,00,000 per certificate)	AAA, VIS	Semi-annually	December 16, 2031	6 months KIBOR plus base rate of 0.35%	-	170	-	170	172,975	175,950	2,975	2.82%	1.70%
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POWER GENERATION AND DISTRIBUTION

Hub Power Holdings Limited Sukuk (non-traded) (Face value of Rs 100,000 per certificate) [note 5.2.1]	AA+, PACRA	Semi-annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	5,700	-	-	5,700	553,058	553,058	-	8.87%	5.34%	
K-Electric short-term sukuk - 1 (non-traded) (Face value of Rs 1,00,000 per certificate)	AA, PACRA	Semi-annually	August 04, 2022	6 months KIBOR plus base rate of 0.85%	-	225	-	225	225,000	225,000	-	3.61%	2.17%	
K-Electric short-term sukuk - 2 (non-traded) (Face value of Rs 1,00,000 per certificate)	AA, PACRA	Semi-annually	August 15, 2022	6 months KIBOR plus base rate of 0.85%	-	200	-	200	200,000	200,000	-	3.21%	1.93%	
K-Electric short-term sukuk - 6 (non-traded) (Face value of Rs 1,00,000 per certificate)	AA, PACRA	Semi-annually	October 27, 2022	6 months KIBOR plus base rate of 0.70%	-	460	-	460	460,000	460,000	-	7.38%	4.44%	
The Hub Power Company Limited Sukuk - (non-traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-annually	March 19, 2024	1 year KIBOR plus base rate of 1.90%	6,500	-	-	6,500	665,600	665,802	202	10.68%	6.42%	
Pakistan Energy Sukuk-II - (traded) (Face value of Rs 5,000 per certificate)	Unrated	Semi-annually / At maturity	May 21, 2030	6 months KIBOR plus base rate of 0.10%	230,000	-	-	230,000	1,159,200	1,158,050	(1,150)	18.57%	11.18%	
K-Electric Limited - Sukuk - (traded) (Face value of Rs 5,000 per certificate)	AA+, VIS	Quarterly	August 03, 2027	3 months KIBOR plus base rate of 1.7%	83,300	-	-	83,300	422,956	425,330	2,374	6.83%	4.10%	
Total as at June 30, 2022										3,858,789	3,863,190	4,401	61.96%	37.27%
Total as at June 30, 2021										2,739,385	2,751,498	12,113	28.94%	18.23%

5.2.1 Sukuk certificates of Hub Power Holdings Limited are carried at their carrying amount as they are not valued by MUFAP / at PKISRV.

5.3 Bai muajjal receivable

Name of counterparty	Rating	Maturity date	Profit rate	Total transaction price	Deferred income	Accrued profit	Carrying value	Percentage in relation to	
								total market value of investments	net assets of the Fund
				(Rupees in '000)					
Samba Bank Limited	AA, VIS	September 28, 2021	7.10%	248,245	2,270	-	-	-	-
Samba Bank Limited	AA, VIS	September 28, 2021	7.10%	248,195	2,317	-	-	-	-
Pak Kuwait Investment Company Limited	AAA, PACRA	March 18, 2022	10.06%	788,629	6,521	-	-	-	-
Total as at June 30, 2022				1,285,069	11,108	-	-	-	-
Total as at June 30, 2021						-	-	-	-

5.4 Islamic commercial papers

Name of investee company	Rating	As at July 1, 2021	Purchased during the year	Sold / Matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Percentage in relation to			
									total market value of investments	net assets of the Fund		
					(Rupees in '000)							
POWER GENERATION AND DISTRIBUTION												
K-Electric Limited ICP-16	A-1+, PACRA	280,000	500,000	780,000	-	-	-	-	-	-		
K-Electric Limited ICP-17	A-1+, VIS	450,000	-	450,000	-	-	-	-	-	-		
K-Electric Limited ICP 20	A-1+, VIS	-	550,000	550,000	-	-	-	-	-	-		
K-Electric Limited ICP 22	AA, PACRA	-	300,000	300,000	-	-	-	-	-	-		
Lucky Electric Power Company Limited	AA-, PACRA	-	730,000	730,000	-	-	-	-	-	-		
Lucky Electric Power Company Limited	AA-, PACRA	-	200,000	-	200,000	199,265	199,265	-	3.20%	1.92%		
ENGINEERING												
Mughal Iron & Steel Industries Limited	A-, VIS	-	150,000	-	150,000	149,280	149,280	-	2.39%	1.44%		
Total as at June 30, 2022						348,545	348,545	-	5.59%	3.37%		
Total as at June 30, 2021						715,535	715,535	-	7.52%	4.74%		

5.4.1 These carry yield ranging from 9.58% to 12.97% (2021: 8.42% to 8.48%) per annum and are due to mature latest by July 21, 2022.

5.5 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Percentage in relation to	
											total market value of investments	net assets of the Fund
					(Rupees in '000)							
COMMERCIAL BANKS												
United Bank Limited - Islamic Banking	AAA, VIS	July 17, 2021	6.90%	2,600,000	-	2,600,000	-	-	-	-	-	-
Bank Islami Pakistan Limited - a related party	A+, PACRA	July 29, 2021	7.30%	700,000	-	700,000	-	-	-	-	-	-
Bank Islami Pakistan Limited - a related party	A+, PACRA	August 27, 2021	7.00%	-	700,000	700,000	-	-	-	-	-	-
Bank Islami Pakistan Limited - a related party	A+, PACRA	October 27, 2021	7.45%	-	500,000	500,000	-	-	-	-	-	-
Bank Islami Pakistan Limited - a related party	A+, PACRA	November 30, 2021	7.80%	-	503,062	503,062	-	-	-	-	-	-
Total as at June 30, 2022												
Total as at June 30, 2021											31.97%	21.88%

5.6 Certificates of musharakah

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2021	Placed during the year	Matured during the year	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Percentage in relation to	
										%	%
MODARABA											
First Habib Modaraba	AA+, PACRA	October 28, 2021	7.30%	554,699	-	554,699	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	July 26, 2021	7.25%	545,503	-	545,503	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	January 26, 2022	7.30%	-	500,000	500,000	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	April 28, 2022	7.70%	-	575,104	575,104	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	April 26, 2022	10.75%	-	520,294	520,294	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	July 26, 2022	13.40%	-	534,726	-	534,726	534,726	-	8.57%	5.16%
First Habib Modaraba	AA+, PACRA	July 28, 2022	13.40%	-	603,314	-	603,314	603,314	-	9.68%	5.82%
Total as at June 30, 2022				1,100,202	2,733,438	2,695,600	1,138,040	1,138,040	-	18.25%	10.98%
Total as at June 30, 2021							1,100,202	1,100,202	-	11.56%	7.30%

5.7	Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	2022	2021
			----- (Rupees in '000) -----	----- (Rupees in '000) -----
	Market value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	6,236,068	9,512,849
	Carrying value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	(6,231,606)	(9,500,563)

5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	6,236,068	9,512,849
	(6,231,606)	(9,500,563)
	4,462	12,286

6 PROFIT RECEIVABLE

Profit receivable on:		
Bank balances	59,148	45,880
Corporate sukuk certificates	97,615	34,880
GoP Ijarah sukuks	15,197	15,121
Bai muajjal receivable	-	-
Certificates of musharakah	28,791	24,112
Term deposit receipts	-	7,161

200,751 **127,154**

7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	7.1	2,787	2,787
Prepaid mutual fund rating fee		118	104
Security deposit with Central Depository Company			
of Pakistan Limited *		103	103

3,008 **2,994**

* related party balance

- 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. However, withholding taxes on profit on bank balances and debt securities paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The taxes withheld on profit on bank balances and debt securities as at June 30, 2022 amount to Rs 2.787 million (2021: 2.787 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 the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit on bank balances and debt securities have been shown as other receivables as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will likely be refunded.

8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2022	2021
			-----(Rupees in '000)-----	
	At the beginning of the year		455	656
	Less: amortisation during the year	8.1	(201)	(201)
	At the end of the year		<u>254</u>	<u>455</u>

- 8.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2022	2021
			-----(Rupees in '000)-----	
	Remuneration payable to the Management Company	9.1	1,906	2,803
	Sindh sales tax payable on remuneration of the Management Company	9.2	248	364
	Reimbursement of allocated expenses payable	9.3	3,635	5,321
	Reimbursement of selling and marketing expenses payable	9.4	29,299	29,795
	Sales load payable to management company		3,224	4,861
	Sindh sales tax payable on sales load		430	644
	Transfer load payable		18	33
	ADC charges payable including Sindh sales tax		1,718	777
	Other payable to the Management Company		<u>80</u>	<u>80</u>
			<u>40,558</u>	<u>44,678</u>

- 9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at 1.5% of net income of the Fund subject to floor and capping of 0.2% and 1.5% per annum of average annual net assets respectively. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** During the year, an amount of Rs 3.450 million (2021: Rs 4.919 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%).
- 9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

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

- 9.4 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 of the average annual net assets of the Fund during the year:

Rate applicable from July 1, 2021 to August 15, 2021	Rate applicable from August 16, 2021 to November 11, 2021	Rate applicable from November 12, 2021 to March 06, 2022	Rate applicable from March 07, 2022 to May 08, 2022	Rate applicable from May 09, 2022 to June 30, 2022	Rate applicable from July 1, 2020 to June 30, 2021
0.7% of average annual net assets	0.8% of average annual net assets	0.9% of average annual net assets	0.95% of average annual net assets	1.05% of average annual net assets	0.7% of average annual net assets

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2022	2021
			-----(Rupees in '000)-----	-----(Rupees in '000)-----
	Trustee fee payable	10.1	708	1,051
	Sindh sales tax payable on trustee fee	10.2	92	137
			<u>800</u>	<u>1,188</u>

- 10.1 The Trustee is entitled to monthly remuneration of 0.075% (2021: 0.075%) per annum of net assets for services rendered to the Fund under the provisions of the Trust Deed.
- 10.2 During the year, an amount of Rs 1.256 million (2021: Rs 1.810 million) was charged on account of Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%).

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022	2021
			-----(Rupees in '000)-----	-----(Rupees in '000)-----
	Annual fee payable	11.1	<u>2,577</u>	<u>3,714</u>

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

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
			-----(Rupees in '000)-----	-----(Rupees in '000)-----
	Auditors' remuneration		456	438
	Legal fees payable		194	116
	Settlement and bank charges payable		115	70
	Brokerage payable		31	5
	Printing charges payable		66	86
	Provision for Sindh Workers' Welfare Fund	12.1	-	66,854
	Shariah advisory fee payable		1,883	2,376
	Withholding tax payable		137,298	128,698
	Other payable		<u>5,250</u>	<u>514</u>
			<u>145,293</u>	<u>199,157</u>

- 12.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of

SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs 66.854 million recognised in the financial statements of the funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 13, 2021. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

13 CONTINGENCIES AND COMMITMENTS

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

	2022	2021
	-----Number of units-----	
14 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	1,501,086,720	2,023,181,378
Units issued during the year	1,340,538,100	2,941,967,724
Less: units redeemed during the year	<u>(1,811,292,485)</u>	<u>(3,464,062,382)</u>
Total units in issue at the end of the year	<u>1,030,332,335</u>	<u>1,501,086,720</u>

	2022	2021
	-----Rupees in '000-----	
15 AUDITORS' REMUNERATION		
Annual audit fee	380	308
Half yearly review	150	130
Other certification	88	80
Out of pocket expenses	<u>70</u>	<u>56</u>
	<u>688</u>	<u>574</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.37% (2021: 1.31%) which includes 0.06% (2021: 0.18%) representing government levies on the Fund such as provision against SWWF, sales taxes, annual fee to the SECP, etc. The TER excluding government levies is 1.31% (2021: 1.13%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as Shariah compliant income 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 percent 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 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable

thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the year.

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

18 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed 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 RELATED PARTIES / CONNECTED PERSONS

- 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 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. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, Trust deed and the NBFC Regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.
- 19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and 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** Details of the 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 NBP Fund Management Limited - the Management Company	26,539	37,841
Sindh sales tax on remuneration of the Management Company	3,450	4,919
Reimbursement of allocated expenses	16,104	21,535
Reimbursement of selling and marketing expenses	112,648	129,981
Amortisation of preliminary expenses and floatation costs	201	201
Sales and transfer load including sales tax	26,035	37,974
ADC charges including Sindh sales tax	2,642	1,877
Key management personnel of the Management Company		
Dividend re-investment of 195,103 units (2021: 115,475) units	1,961	1,160
Issuance of 20,640,923 (2021: 33,838,567) units	214,343	347,753
Redemption of 21,236,232 (2021: 33,851,280) units	222,667	350,390

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

Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary

Dividend re-investment of 69 (2021: 86) units*	-	-
Issuance of 109,059 (2021: 99,657) units	1,136	1,001
Redemption of 208,668 (2021: 70,248) units	2,176	720

Imran Zaffar - Director

Dividend re-investment of 158 (2021: 109) units	2	1
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Fauji Fertilizer Company Limited - common directorship

Dividend re-investment of 1 (2021: 1) unit*	-	-
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Portfolio managed by the Management Company

Dividend re-investment of 90 (2021: 348,693) units	-	3,502
Units issued / transferred in 1,294 (2021: 13,233,773) units	13	134,227
Units redeemed / transferred out 19,593,644 (2021: 32,204,216) units	205,115	330,763

Dr Amjad Waheed - Chief Executive Officer

Dividend re-investment of 42 units (2021: 20)*	-	-
Units issued / transferred in Nil (2021: 529) units	-	5

Khalid Mehmood - Chief Financial Officer

Units issued / transferred in 274,470 (2021: 186,306) units	2,800	1,900
Units redeemed / transferred out 274,470 (2021: 187,633) units	2,842	1,952

Central Depository Company of Pakistan Limited - the Trustee

Remuneration of the Trustee	9,662	13,926
Sindh sales tax on remuneration of the Trustee	1,256	1,810
Settlement charges	42	145

BankIslami Pakistan Limited - common directorship

Profit on bank balances	8,549	48,479
Income from term deposit receipts	14,530	122,138
Placement of term deposit receipts	1,703,062	20,523,500
Term deposit receipts matured during the year	2,403,062	20,823,500
Purchase of GoP Ijarah sukuks	-	1,293,776
Sale of GoP Ijarah sukuks	262,095	1,801,346

Hub Power Holdings Limited**

Purchase of sukuk certificates	-	470,014
Profit on sukuk certificates	-	3,061

The Hub Power Company Limited**

Purchase of sukuk certificates	-	1,227,210
Profit on sukuk certificates	-	99,332

Pakistan Stock Exchange Limited**

Listing fee paid	-	25
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National Bank of Pakistan - parent company

Profit on bank balances	121	330
Purchase of sukuk certificates	-	1,284,542

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

NBP Income Opportunity Fund

Purchase of sukuk certificates	88,362
	-

NBP Riba Free Savings Fund

Purchase of commercial paper	204,407
Purchase of sukuk certificates	1,125,418

NBP Islamic Savings Fund

Purchase of commercial paper	189,450
	-

NBP Active Allocation Riba Free Savings Fund

Purchase of commercial paper	6,936
	-

NBP Islamic Money Market Fund

Purchase of commercial paper	342,518
Purchase of sukuk certificates	519,788

19.7 Amounts / balances outstanding as at year end:
NBP Fund Management Limited - the Management Company

Remuneration payable to the Management Company	1,906	2,803
Sales load payable to management company	3,224	4,861
Transfer load payable	18	33
ADC charges payable including Sindh sales tax	1,718	777
Other payable to the Management Company	80	80
Sindh sales tax payable on remuneration of the Management Company	248	364
Sindh sales tax payable on sales load	430	644
Reimbursement of allocated expenses payable	3,635	5,321
Reimbursement of selling and marketing expenses payable	29,299	29,795

Key management personnel of the Management Company

Units held 5,524,230 (2021: 6,329,429) units	55,573	63,606
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Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary

Units held 1,676 (2021: 101,216) units	17	1,017
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Imran Zaffar - Director

Units held 2,270 (2021: 2,112) units	23	21
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Portfolio managed by the Management Company

Units held 1,384 (2021: 9,703,004) units	14	97,508
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Dr Amjad Waheed - Chief Executive Officer

Units held 591 units (2021: 549)	6	6
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Fauji Fertilizer Company Limited - common directorship

Units held 18 units (2020: 17) *	-	-
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Central Depository Company of Pakistan Limited - the Trustee

Remuneration payable to the Trustee	708	1,051
Sindh sales tax on remuneration of the Trustee	92	137
Security deposit	103	103
Settlement charges	16	24

	2022	2021
	-----(Rupees in '000)-----	
BankIslami Pakistan Limited - common directorship		
Bank balances	28,090	26,867
Investment in term deposit receipts	-	700,000
Profit receivable on term deposit receipts	-	280
Profit receivable on bank balances	209	13,874
Hub Power Holdings Limited**		
Sukuk certificates	-	503,742
Profit receivable on sukuk certificates	-	211
The Hub Power Company Limited**		
Sukuk certificates	-	665,600
Profit receivable on sukuk certificates	-	18,761
National Bank of Pakistan - parent company		
Bank balances	8,970	3,236
Profit receivable on bank balances	13	17

*Nil due to rounding off

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

- 19.8** Other balances due to / from related parties / connected persons are included in the respective notes to these financial statements.

	Note	2022	2021
		-----(Rupees in '000)-----	
20 CASH AND CASH EQUIVALENTS			
Bank balances	4	5,027,270	7,268,163
Term deposit receipts	5.5	-	3,300,000
Certificates of musharakah		<u>1,138,040</u>	<u>-</u>
		<u>6,165,310</u>	<u>10,568,163</u>

21 FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

Bank balances	-	5,027,270	5,027,270
Investments	6,236,068	-	6,236,068
Profit receivable	-	200,751	200,751
Deposits	-	103	103
Receivable against transfer of units	-	17,245	17,245
	<u>6,236,068</u>	<u>5,245,369</u>	<u>11,481,437</u>

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

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	40,558	40,558
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	800	800
Payable against redemption of units	-	28,963	28,963
Payable against purchase of investments	-	901,429	901,429
Accrued expenses and other liabilities	-	7,995	7,995
	-	979,745	979,745
	=====	=====	=====

----- 2021 -----		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		

Financial assets

Bank balances	-	7,268,163	7,268,163
Investments	9,512,849	-	9,512,849
Profit receivable	-	127,154	127,154
Deposits	-	103	103
Receivable against transfer of units	-	105,380	105,380
	9,512,849	7,500,800	17,013,649
	=====	=====	=====

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	44,678	44,678
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	1,188	1,188
Payable against redemption of units	-	22,890	22,890
Payable against purchase of investments	-	1,660,562	1,660,562
Accrued expenses and other liabilities	-	3,605	3,605
	-	1,732,923	1,732,923
	=====	=====	=====

22 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 the 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.

22.1 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: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instruments 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 bank balances, investment in sukuk certificates, GoP Ijarah sukuks, bai muajjal receivable, term deposit receipts, certificates of musharakah and Islamic 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 KIBOR based GoP Ijarah sukuks and corporate sukuk certificates, certificates of musharakah, term deposit receipts and bank balances which expose the Fund to cash flow profit 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 108.692 million (2021: Rs 160.153 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds Islamic 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 3.485 million (2021: Rs 7.155 million).

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

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

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

Effective profit rate (%)	2022				Rupees in '000	
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk		
	Up to three months	More than three months and up to one year	More than one year			
Financial assets						
Bank balances	6.50% - 16.00%	4,981,707	-	-	45,563 5,027,270	
Investments	9.58% - 16.35%	2,371,585	-	3,864,483	- 6,236,068	
Profit receivable	-	-	-	200,751	200,751	
Deposits	-	-	-	103	103	
Receivable against transfer of units	-	-	-	17,245	17,245	
		7,353,292	-	3,864,483	263,662 11,481,437	
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	-	-	-	40,558	40,558	
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	-	-	800	800	
Payable against redemption of units	-	-	-	28,963	28,963	
Payable against purchase of investments	-	-	-	901,429	901,429	
Accrued expenses and other liabilities	-	-	-	7,995	7,995	
		-	-	979,745	979,745	
On-balance sheet gap		7,353,292	-	3,864,483	(716,083)	
Total profit rate sensitivity gap		7,353,292	-	3,864,483		
Cumulative profit rate sensitivity gap		7,353,292	7,353,292	11,217,775		

Effective profit rate (%)	2021				Rupees in '000	
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk		
	Up to three months	More than three months and up to one year	More than one year			
Financial assets						
Bank balances	4.50% - 7.40%	7,217,975	-	-	50,188 7,268,163	
Investments	6.39% - 10.13%	5,209,255	3,799,852	503,742	- 9,512,849	
Profit receivable	-	-	-	127,154	127,154	
Deposits	-	-	-	103	103	
Receivable against transfer of units	-	-	-	105,380	105,380	
		12,427,230	3,799,852	503,742	282,825 17,013,649	
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company	-	-	-	44,678	44,678	
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	-	-	1,188	1,188	
Payable against redemption of units	-	-	-	22,890	22,890	
Payable against purchase of investments	-	-	-	1,660,562	1,660,562	
Accrued expenses and other liabilities	-	-	-	3,605	3,605	
		-	-	1,732,923	1,732,923	
On-balance sheet gap		12,427,230	3,799,852	503,742	(1,450,098)	
Total profit rate sensitivity gap		12,427,230	3,799,852	503,742		
Cumulative profit rate sensitivity gap		12,427,230	16,227,082	16,730,824		

(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 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.

The Fund does not have any instruments that expose it to price risk as of June 30, 2022.

22.2 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 or over the counter 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 subject to the maximum limit which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

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

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

2022						
Within one 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 Central Depository Company of
Pakistan Limited - the Trustee
Payable against redemption of units
Payable against purchase of investments
Accrued expenses and other liabilities

40,558	-	-	-	-	-	40,558
800	-	-	-	-	-	800
28,963	-	-	-	-	-	28,963
-	-	-	-	-	901,429	901,429
7,539	456	-	-	-	-	7,995
77,860	456	-	-	-	901,429	979,745

2021						
Within one 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	44,678	-	-	-	-	44,678
Payable to Central Depository Company of Pakistan Limited - the Trustee	1,188	-	-	-	-	1,188
Payable against redemption of units	22,890	-	-	-	-	22,890
Payable against purchase of investments	-	-	-	-	1,660,562	1,660,562
Accrued expenses and other liabilities	3,167	438	-	-	-	3,605
	71,923	438	-	-	1,660,562	1,732,923

22.3 Credit risk

22.3.1 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)			

Financial assets

Bank balances	5,027,270	5,027,270	7,268,163	7,268,163
Investments	6,236,068	5,349,775	9,512,849	7,867,235
Profit receivable	200,751	185,554	127,154	112,033
Deposits	103	103	103	103
Receivable against sale of units	17,245	17,245	105,380	105,380
	11,481,437	10,579,947	17,013,649	15,352,914

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

22.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, term deposit receipts, Islamic commercial papers, corporate sukuk certificates, certificates of musharakah and accrued profit thereon. The credit rating profile of bank balances and investments are as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
Bank balances		
AAA	16.29%	15.14%
AA+	0.00%	0.22%
AA	15.63%	0.04%
AA-	3.59%	13.41%
A+	11.99%	0.17%
A-	0.02%	0.00%
A	-	18.27%
BBB-	-	0.08%
Corporate sukuk certificates		
AAA	1.66%	-
AA+	15.54%	7.09%
AA	8.36%	-
Islamic commercial papers		
A-1+	-	4.66%
AA-	1.88%	-
A-	1.41%	-
Term deposit receipts		
AAA	-	16.93%
A+	-	4.56%
Certificates of musharakah		
AA+	10.75%	7.17%
	<hr/>	<hr/>
	87.13%	87.75%
	<hr/>	<hr/>

23 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.

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

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

Fair value hierarchy

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

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

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

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

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

At fair value through profit or loss

GOP Ijarah sukuks
Corporate sukuk certificates
Islamic commercial papers *
Term deposit receipts **
Certificates of musharakah **

----- 2022 -----		
Level 1	Level 2	Level 3
----- (Rupees in '000) -----		
-	886,293	-
-	3,863,190	-
-	348,545	-
-	-	-
-	1,138,040	-
-	6,236,068	-

At fair value through profit or loss

GoP Ijarah sukuks
Corporate sukuk certificates
Islamic commercial papers *
Term deposit receipts **
Certificates of musharakah **

----- 2021 -----		
Level 1	Level 2	Level 3
----- (Rupees in '000) -----		
-	1,645,614	-
-	2,751,498	-
-	715,535	-
-	3,300,000	-
-	1,100,202	-
-	9,512,849	-

* The valuation of Islamic commercial papers has been done based on amortisation to their face values as per the guidelines given in Circular 33 of 2012 since the residual maturities of these investments are less than six months and they are placed with counterparties which have high credit rating.

** The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which has high credit rating.

24 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 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 22, 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.

25 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)						
Associated companies						
and directors	2	29	0.00%	2	27	-
Individuals	15,227	8,753,680	84.43%	13,983	11,899,533	78.89%
Insurance companies	4	142,675	1.39%	6	215,725	1.43%
Bank and DFIs	-	-	0.00%	-	-	0.00%
Public limited companies	2	1,681	0.02%	3	5,070	0.03%
Retirement funds	41	781,056	7.54%	50	1,036,368	6.87%
Others	63	685,855	6.62%	81	1,928,083	12.78%
	<u>15,339</u>	<u>10,364,976</u>	<u>100.00%</u>	<u>14,125</u>	<u>15,084,806</u>	<u>100.00%</u>

26 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2022	Name of broker	2021
	% of commission paid		% of commission paid
JS Global Capital Limited	38.21%	Paramount Capital (Private) Ltd	68.63%
Invest One Markets Limited	61.79%	Invest One Markets Limited	14.66%
		Next Capital Limited	9.46%
		C & M Management Private Limited	7.05%
		Currency Market Associates Private Ltd	0.12%
		Bright Capital (Private) Limited	0.08%

27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	34
Asim Wahab Khan	Chief Investment Officer	CFA	16
Salman Ahmed (note 27.1)	Head of Fixed Income	CFA	17
Hassan Raza	Head of Research	ACCA / BSC / CFA	11
Usama Bin Razi	Senior Manager - Fixed Income	BE, MBA	18

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

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

28 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 director	Number of meetings			Meetings not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
Ali Saigol	5	5	-	-
Imran Zaffar	5	4	1	85th BOD Meeting
Khalid Mansoor	5	4	1	82nd BOD Meeting
Humayun Bashir	5	5	-	-
Saad Amanullah Khan	5	5	-	-
Dr. Amjad Waheed	5	5	-	-
Mehnaz Salar	5	5	-	-
Syed Hasan Irtiza Kazmi [note 28.1]	-	-	-	-
Tauqeer Mazhar [note 28.2]	4	4	-	-

28.1 Syed Hasan Irtiza Kazmi resigned as director on June 25, 2021.

28.2 Tauqeer Mazhar was appointed as director on the Board with effect from August 04, 2021.

29 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

30 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.

31 GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
Net assets at the year / period ended (Rs. '000)	10,364,976	15,084,806	20,313,274	8,555,772
Net Income at the year / period ended (Rs. '000)	1,087,787	1,168,891	1,933,225	173,704
Net Asset Value per unit at the year / period ended (Rs.)	10.0598	10.0493	10.0403	10.0227
Offer price per unit	10.1735	10.1629	10.1538	10.1359
Redemption price per unit	10.0598	10.0493	10.0403	10.0227
Ex - Highest offer price per unit (Rs.)	10.1735	10.1629	10.1538	10.1359
Ex - Lowest offer price per unit (Rs.)	9.3425	9.5444	9.0172	9.3570
Ex - Highest redemption price per unit (Rs.)	10.0598	10.0493	10.0403	10.0227
Ex - Lowest redemption price per unit (Rs.)	9.2381	9.4377	9.0172	9.3570
Fiscal Year Opening Ex Nav	9.2365	9.4359	9.0143	10.0000
Total return of the fund	8.91%	6.50%	11.35%	7.11%
Capital growth	0.11%	0.09%	0.27%	0.44%
Income distribution as a % of ex nav	8.80%	6.41%	11.08%	6.67%
Income distribution as a % of par value	8.84%	6.43%	11.11%	6.67%
Distribution				
Interim distribution per unit	0.8843	0.6431	1.1107	0.6677
Final distribution per unit				
Distribution dates				
Interim				29-Oct-18
Interim				28-Nov-18
Interim				28-Dec-18
Interim				28-Jan-19
Interim				26-Feb-19
Interim				28-Mar-19
Interim				27-Apr-19
Interim				28-May-19
Interim				24-Jun-19
Interim				19-Jul-19
Average annual return of the fund (launch date October 06, 2018)				
(Since inception to June 30, 2022)	9.09%			
(Since inception to June 30, 2021)		9.15%		
(Since inception to June 30, 2020)			10.71%	
(Since inception to June 30, 2019)				9.73%
Weighted average portfolio duration	54 Days	49 Days	46 Days	3 Days

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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds