



NBP Fund Management Limited



NBP FINANCIAL SECTOR INCOME FUND

QUARTERLY REPORT
SEPTEMBER 30, 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. Saad Amanullah Khan	Director
Mr. Ruhail Muhammad	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Ruhail Muhammad	Chairman
Mr. Saad Amanullah Khan	Member
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Saad Amanullah Khan	Member

Strategy & Business Planning Committee

Mr. Saad Amanullah Khan	Chairman
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Ruhail Muhammad	Member

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Bankers to the Fund

MCB Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
National Bank of Pakistan
Soneri Bank Limited

Samba Bank Limited
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
The Bank of Punjab
Albaraka Bank of Pakistan
Bank Islami Pakistan Limited
U Microfinance Bank Limited
Telenor Microfinance Bank Limited
Khushali Microfinance Bank Limited
HBL Microfinance Bank Limited
Mobilink Micro Finance Bank Limited
Dubai Islamic Bank Pakistan Limited

Auditors

Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited Condensed Interim financial statements of **NBP Financial Sector Income Fund** (NFSIF) for the quarter ended September 30, 2022.

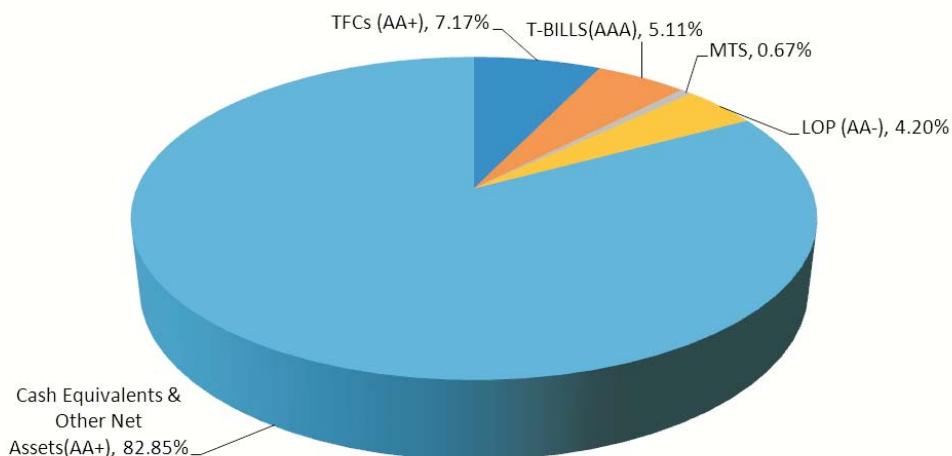
Fund's Performance

During the quarter, SBP held two Monetary Policy Committee meetings and increased the policy rate by 125 basis points to 15%. The sovereign yields responded as PIB yields increased by 38 bps and 19 bps for 3 years and 5 years, respectively. SBP held three PIB auctions, realizing a total of Rs. 687 billion against the maturity of Rs. 1,132 billion and target of Rs. 500 billion. Besides, the corporate bond activity remained lackluster, with a drop in the trades by 6% in the overall value as compared to last year in September 2021. Though there was a fresh issuance of corporate debt securities, the secondary market trading activity was recorded at Rs. 1.98 billion trade value versus Rs. 2.11 billion. Inflation as measured by the CPI, escalated sharply and averaged 25.1% during the period as compared to 8.6% in 1QFY22. Amid spike in the perishable item prices, the utilities also increased significantly. Owing to the global and domestic uncertainties, and due to pressure on the exchange rate, the inflation outlook remains elevated for FY23. The exacerbating political noise as well as the global unrest due to the Russia-Ukraine conflict intensifying; significant uncertainties prevail around the outlook for international commodity prices and domestic fiscal consolidation. Also, following the increase in FED rates, the central banks across the world are pushed to confront with challenging outlook.

The Fund is unique as it invests a minimum 70% of its assets in financial sector (mainly banks) debt securities, instruments or deposits. Minimum entity/instrument rating of debt securities is 'AA-'. This minimizes credit risk and at the same time enhances the liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund. The Fund has been assigned 'A+ (f)' fund stability rating by PACRA.

The size of NBP Financial Sector Income Fund has increased from Rs. 39,200 million to Rs. 59,476 million during the period (i.e., a significant growth of 52%). During the period, the unit price of the Fund has increased from Rs. 10.2975 (Ex-Div) on June 30, 2022 to Rs. 10.6935 on September 30, 2022, thus showing a return of 15.3% p.a. as compared to its benchmark return of 15.9% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 2,007.309 million during the period. After deducting total expenses of Rs. 126.401 million, the net income is Rs. 1,880.908 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFSIF.



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 2.461% of the opening ex-NAV (2.597% of the par value) during the quarter ended September 30, 2022.

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: **October 29, 2022**

Place: Karachi.

ڈائریکٹر رپورٹ

NBP فنڈ میجمنٹ لینڈٹ کے پورڈ آف ڈائریکٹر بھروسہ مرت 30 ستمبر 2022ء کو ختم ہونے والی سماں کے لئے NBP فاٹشل سیکٹر ائم فنڈ (NFSIF) کے غیر جائز شدہ کنڈیسٹ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

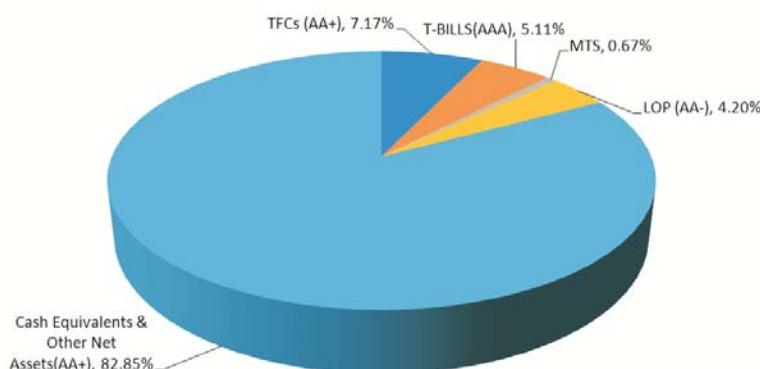
فنڈ کی کارکردگی

سہ ماہی کے دوران، SBP نے دو مانیٹری پالیسی کی کمیٹی کے اجلاس منعقد کیے اور پالیسی کی شرح کو 125 یس پاؤنس بڑھا کر 15% کر دیا۔ حکومتی شرح منافع فائدہ مندرجہ کیونکہ PIB کے منافع میں بالترتیب 3 سال اور 5 سال کے لیے 19bps اور 38bps کا اضافہ ہوا۔ SBP نے PIB کی تین تیالامیوں کا انعقاد کیا، جس سے 1,132 ملین روپے مچھری اور 500 ملین روپے ہدف کے مقابلے میں کل 687 ملین روپے کی وصولی ہوئی۔ اس کے علاوہ، کارپوریٹ بانڈ کی سرگرمی سُست رہی، جس کی تجارت کی مجموعی قدر میں ستمبر 2021 کے مقابلے میں 6% کی واقع ہوئی۔ اگرچہ کارپوریٹ ڈائیٹ سیکوریٹیز کا بینا اجراء ہوتا ہم ٹانوں مارکیٹ میں تجارتی سرگرمی 2.11 ملین روپے کے برکس 1.98 ملین روپے درج کی گئی۔ اسی عرصے کے دوران CPI کی پیمائش کرده افراط ازتیزی سے برٹھی اور اوسٹا 25.1% رہی جو کہ مالی سال 2022 کی پہلی سہ ماہی میں 8.6% تھی۔ خراب ہونے والی اشیاء کی قیمتیں اور یوپیلیٹیز میں بھی نمایاں اضافہ ہوا۔ عامی اور لکھی غیر یقینی صورتحال اور شرح مبادله پرداز کی وجہ سے، مالی سال 23 کے لیے افراط زد کا نظائرہ بانڈ ہے۔ روس اور یوکرین کے تباہ کی ثابت سے بڑھتا ہوا سیاسی شور اور عالمی بدآمدی، میں الاقوامی اجتناس کی قیمتیں اور ملکی مالی استحکام کے نظائرہ کو نمایاں غیر یقینی صورتحال کا سامنا ہے۔ نیز، FED کی شرح میں اضافے کے بعد، دنیا بھر کے مرکزی بینکوں کو چلنگ نظمہ نظر کا سامنا کرنے پر مجبور کر دیا گیا ہے۔

یہ فنڈ منفرد ہے کیونکہ یہ اپنے اٹاؤں کا کم از کم 70% مالیاتی شعبے (بنیادی طور پر بینکوں) کے قرض کی سیکوریٹیز، آلات یا ٹی پاؤں میں لگاتا ہے۔ قرض کی مذاہتوں کی کم از کم ہستی آرکی درجہ بندی 'AA+' ہے۔ یہ کریٹر سک کو کرتا ہے اور ساتھ ہی فنڈ کی لکیویڈی ٹی کو بڑھاتا ہے۔ فنڈ کی مدت ایک سال سے زیاد نہیں ہو سکتی۔ یہ شرح سودا یا قیمتیں کے خطرے کو کم کرتا ہے۔ فنڈ اپنے اٹاؤں کا Bills-T 25% بینکوں میں بچت کھاتوں میں 90 دنوں سے بھی کم وقت میں گاتا ہے، جس سے فنڈ کے لکیویڈی پروفل میں مزید اضافہ ہوتا ہے۔ فنڈ کو PACRA کی جانب سے 'A+(f)' کی انتہا استحکام کی درجہ بندی تجویض کی گئی ہے۔

NBP فاٹشل سیکٹر ائم فنڈ کا سائز اس مدت کے دوران 200,39 ملین روپے سے بڑھ کر 59,476 ملین روپے ہو گیا (یعنی 52% کا خاطرخواہ اضافہ)۔ اس مدت کے دوران، یونٹ کی قیمت 30 جون 2022 کو 10.2975 (Ex-Div) روپے سے بڑھ کر 30 ستمبر 2022 کو 10.6935 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے نئے مارک منافع 15.3% کے مقابلے میں 15.9% کا منافع درج کرایا۔ یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 907.309 ملین روپے کی مجموعی آمدی کمائی ہے۔ 126.401 ملین روپے کے اخراجات منها کرنے کے بعد خالص آمدی 1,880.908 ملین روپے ہے۔ درج ذیل چارٹ NFSIF کی ایسٹ ایلوکیشن اور اس کے ذیلی اٹاؤں کے تمام درجنوں کی پیمائش شدہ اوسٹر کریٹر پینگ پیش کرتا ہے:



آمنی کی تعمیم

میجنٹ پیپن کے بورڈ آف ڈائریکٹر نے 30 ستمبر 2022 کو ختم ہونے والی سماں کے لئے اپنگ ex-NAV کا 2.461% (بنیادی قدر کا 2.597%) عبوری نقد منافع متنسہ کی متاثری دی ہے۔

املہار تشر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے میجنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکر یاد آکرتا ہے۔ یہ سکورٹیز اینڈ آپنچن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور ہنمائی کے لئے ان کے ملکی رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اشاف اور ریٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تھیں جس کی وجہ سے اپنے اخراجات کا پرالانا چاہتا ہے۔

مجانب بورڈ آف ڈائریکٹر
NBP میجنٹ لیڈر

ڈائریکٹر

چیف ایگزیکیوٹو آفیسر

تاریخ: 29 اکتوبر 2022

مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2022

	Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
		Rupees in '000	
ASSETS			
Bank Balances	4	48,742,989	33,577,976
Investments	5	9,801,459	4,980,022
Profit receivable		680,642	270,970
Receivable against Margin Trading System		400,336	-
Receivable against conversion of units		5,020	643,253
Advance,deposit and prepayment		6,498	6,617
Total assets		59,636,944	39,478,838
LIABILITIES			
Payable to the Management Company		97,378	65,197
Payable to Central Depository Company of Pakistan Limited - Trustee		3,806	2,804
Payable to the Securities and Exchange Commission of Pakistan		2,516	8,598
Payable against redemption / conversion of units		27,555	23,339
Accrued expenses and other liabilities		29,268	178,794
Total liabilities		160,523	278,732
NET ASSETS		59,476,421	39,200,106
Unit holders' fund (as per statement attached)		59,476,421	39,200,106
CONTINGENCIES AND COMMITMENTS			
Number of units in issue	6	5,561,948,476	3,715,311,951
Net asset value per unit		10.6935	10.5510
-----Rupees-----			

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021
INCOME			(Rupees in '000)
Income from term finance certificates		145,698	91,549
Income on bank deposits		1,580,784	613,604
Income from government securities		101,656	34,799
Income on commercial paper		30,546	-
Dividend income - spread transactions (listed)		-	1,943
Income on spread transactions		-	49,375
Income from margin trading system		1,815	4,608
Income from certificate of investment		-	4,899
Income from term deposit receipts		-	9,041
Income from clean placements		172,187	102,262
Loss on sale of investments		(649)	(1,046)
Net (diminution) / unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		(24,728)	13,549
Total income		2,007,309	924,583
EXPENSES			
Remuneration of the Management Company		46,538	59,385
Sindh sales tax on remuneration of the Management Company		6,050	7,720
Reimbursement of accounting and operating charges to the Management Company		15,722	13,901
Reimbursement of selling and marketing expenses	7	44,022	2,612
Remuneration of the Trustee		9,433	8,341
Sindh sales tax on remuneration of the Trustee		1,226	1,084
Annual fee - Securities and Exchange Commission of Pakistan		2,516	2,224
Settlement and bank charges		380	793
Annual listing fee		7	7
Auditors' remuneration		260	250
Fund's Rating fee		138	132
Legal and professional charges		30	18
Printing charges		65	65
Brokerage expenses		14	5,541
Total expenses		126,401	102,073
Net income from operating activities		1,880,908	822,510
Reversal of Sindh workers' welfare fund		-	74,725
Net income for the period before taxation		1,880,908	897,235
Taxation	8	-	-
Net income for the period after taxation		1,880,908	897,235
Allocation of net income for the period			
Net income for the period		1,880,908	897,235
Income already paid on units redeemed		(379,181)	(240,973)
		1,501,727	656,262
Accounting income available for distribution:			
- Relating to capital gains		-	12,503
- Excluding capital gains		1,501,727	643,759
		1,501,727	656,262

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter ended September 30, 2022	Quarter ended September 30, 2021
	----- Rupees -----	
Net income for the period	1,880,908	897,235
Other comprehensive income	-	-
Total comprehensive income for the period	1,880,908	897,235

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter ended September 30, 2022			Quarter ended September 30, 2021		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	38,994,679	205,427	39,200,106	40,465,420	172,178	40,637,598
Issue of 4,196,290,576 units (2021: 2,777,666,773 units)						
- Capital value	44,275,062	-	44,275,062	29,280,497	-	29,280,497
- Element of income	611,538	-	611,538	253,346	-	253,346
Total proceeds on issuance of units	44,886,600	-	44,886,600	29,533,843	-	29,533,843
Redemption of 2,349,654,051 units (2021: 2,489,840,306 units)						
- Capital value	(24,791,200)	-	(24,791,200)	(26,246,403)	-	(26,246,403)
- Element of loss	(135,531)	(379,181)	(514,712)	(25,900)	(240,973)	(266,873)
Total payments on redemption of units	(24,926,731)	(379,181)	(25,305,912)	(26,272,303)	(240,973)	(26,513,276)
Distribution during the period: Re. 0.2597 per unit on August 29, 2022 (2021: Re. 0.1369 per unit)						
- Cash Distribution	-	(786,825)	(786,825)	-	(340,929)	(340,929)
- Refund of Capital	(398,456)	-	(398,456)	(217,063)	-	(217,063)
	(398,456)	(786,825)	(1,185,281)	(217,063)	(340,929)	(557,992)
Total comprehensive income for the period	-	1,880,908	1,880,908	-	897,235	897,235
Net assets at end of the period	58,556,092	920,329	59,476,421	43,509,897	487,511	43,997,408
Undistributed income brought forward						
- Realised		164,228			133,362	
- Unrealised		41,199			38,816	
		<u>205,427</u>			<u>172,178</u>	
Accounting income available for distribution:						
- Relating to capital gains		-			12,503	
- Excluding capital gains		1,501,727			643,759	
		<u>1,501,727</u>			<u>656,262</u>	
Distribution during the period		(786,825)			(340,929)	
Undistributed income carried forward		<u>920,329</u>			<u>487,511</u>	
Undistributed income carried forward						
- Realised		945,057			473,962	
- Unrealised		(24,728)			13,549	
		<u>920,329</u>			<u>487,511</u>	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period			<u>10.5510</u>			<u>10.5414</u>
Net assets value per unit at end of the period			<u>10.6935</u>			<u>10.6201</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter ended September 30, 2022	Quarter ended September 30, 2021
	Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	1,880,908	897,235
Adjustments :		
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	24,728	(13,549)
	1,905,636	883,686
Decrease / (Increase) in assets		
Investments	(4,846,165)	5,641,779
Profit receivable	(409,672)	100,570
Receivable against Margin Trading System	(400,336)	52,065
Advance,deposit and prepayment	119	111
	(5,656,054)	5,794,525
(Decrease) / Increase in liabilities		
Payable to the Management Company	32,181	(1,759)
Payable to Central Depository Company of Pakistan Limited - Trustee	1,002	158
Payable to the Securities and Exchange Commission of Pakistan	(6,082)	(3,468)
Payable against purchase of investment	-	1,582,764
Accrued expenses and other liabilities	(149,526)	(172,220)
	(122,425)	1,405,475
Net cash (used in) / generated from operating activities	(3,872,843)	8,083,686
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	45,126,377	29,374,998
Payment on redemption of units	(25,301,696)	(26,394,165)
Distribution paid during the period	(786,825)	(340,929)
Net cash generated from financing activities	19,037,856	2,639,904
Net increase in cash and cash equivalents during the period	15,165,013	10,723,590
Cash and cash equivalents at the beginning of the period	33,577,976	29,289,389
Cash and cash equivalents as at the end of the period	48,742,989	40,012,979

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

1 **LEGAL STATUS AND NATURE OF BUSINESS**

NBP Financial Sector Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and the 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 11 July 2011 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund is an open-ended mutual fund classified as an "income scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuks, bank deposits and short-term money market instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and stability rating of 'A+(f)' to the Fund.

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.

"The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unitholders of the Fund as stated in the Offering Document.

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

During the year ended 30 June, 2021 The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 **BASIS OF PREPARATION**

2.1 **STATEMENT OF COMPLIANCE**

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2022.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2022.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.
- 3.3** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

4 BANK BALANCES

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
In current accounts	325	325
In savings accounts	4.1 48,742,664	33,577,651
	48,742,989	33,577,976

- 4.1** These accounts carry profit at the rates ranging from 6.5% to 18.28%(30 June 2022: 6.5% to 18.28%) per annum.

		Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
			Rupees in '000	
5	INVESTMENTS			
	Investments By Category			
	Financial Assets 'at fair value through profit or loss'			
	Term Finance Certificates - Listed	5.1	1,394,406	1,682,869
	Term Finance Certificates - Unlisted	5.2	2,052,255	2,082,115
	Government Treasury Bills	5.3	3,038,128	-
	Letter of placement	5.5	2,500,049	-
	Pakistan Investment Bonds		-	33,963
			<u>8,984,838</u>	<u>3,798,947</u>
	At amortised cost			
	Commercial Paper	5.4	816,621	1,181,075
			<u>9,801,459</u>	<u>4,980,022</u>

5.1 Term Finance Certificates - Listed

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market Value as at September 30, 2022	Investment as a percentage of	
	As at July 01, 2022	Purchases during the period	Sale / matured during the period	As at September 30, 2022		Net assets	Market value of total investments
-----Rupees in '000'-----							
JS Bank Limited	1,150	-	-	1,150	115,285	0.19	1.28
Hub Power Company Limited	2,416	-	-	2,416	185,295	0.31	2.06
KE - Sukuk	132,576	-	-	132,576	676,138	1.14	7.53
Hub Power Company Limited - Sukuk	8,150	-	-	8,150	417,688	0.70	4.65
	<u>144,292</u>	-	-	<u>144,292</u>	<u>1,394,406</u>	<u>2.34</u>	<u>15.52</u>
Carrying Value as at September 30, 2022					<u>1,418,720</u>		

5.2 Term Finance Certificates - Unlisted

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market Value as at September 30, 2022	Investment as a percentage of	
	As at July 01, 2022	Purchases during the period	Sale / matured during the period	As at September 30, 2022		Net assets	Market value of total investments
-----Rupees in '000'-----							
Meezan Sukuk	172	-	-	172	178,020	0.30	1.98
Jahangir Siddiqui and Company Limited	28,000	-	-	28,000	36,269	0.06	0.40
Jahangir Siddiqui and Company Limited	32,800	-	-	32,800	56,675	0.10	0.63
Askari Commercial Bank Limited	283	-	-	283	287,245	0.48	3.20
Bank of Punjab	500			500	50,211	0.08	0.56
Hub Power Holding Limited - Sukuk	6,000	-	-	6,000	594,410	1.00	6.62
Samba Bank Limited	8,464	-	-	8,464	849,425	1.43	9.45
	<u>76,219</u>	-	-	<u>76,219</u>	<u>2,052,255</u>	<u>3.45</u>	<u>22.84</u>
Carrying Value as at September 30, 2022					<u>2,052,856</u>		

5.3 Treasury Bills

Issue date	Tenor	-----Face value-----				Investment as a percentage of	
		As at July 01,2022	Purchases during the Period	Sales / matured during the Period	As at September 30, 2022	Market value as at September 30, 2022	Net assets
-----Rupees in '000-----							
						%.....
2-Jun-22	3 Months	-	2,900,000	2,900,000	-	-	-
11-Aug-22	3 Months	-	500,000	-	500,000	493,296	0.0083
14-Jul-22	3 Months	-	7,050,000	4,500,000	2,550,000	2,544,831	0.0428
16-Jun-22	3 Months	-	4,800,000	4,800,000	-	-	-
28-Jul-22	3 Months	-	43,700,000	43,700,000	-	-	-
3-Jun-21	3 Months	-	4,800,000	4,800,000	-	-	-
		-	63,750,000	60,700,000	3,050,000	3,038,127	0.05
							31.00
Carrying Value as at September 30, 2022							
						3,037,941	

5.4 Commercial Paper

Issue Description	Note	-----Face value-----				Investment as a percentage of	
		As at July 01,2022	Purchases during the Period	Sales / matured during the Period	As at September 30, 2022	Market value as at September 30, 2022	Net assets
-----Rupees in '000'-----							
						%.....
Lucky ICP-2 12-JAN-22 12-JUL-22		395,000	-	395,000	-	-	-
China Power CP 12-APR-22 09-OCT-22	5.4.1	433,000	-	-	433,000	431,753	0.0073
Lucky ICP-2 06 May 2022 02 Nov 22	5.4.1	390,000	-	-	390,000	384,868	0.0065
		1,218,000	-	395,000	823,000	816,621	0.01
							8.33

5.4.1 These carry yield ranging from 13.20% to 14.56 per annum and are due to mature latest by 02 November 2022.

5.5 Letter of Placement

Counter Party	-----Face value-----				Investment as a percentage of		
	As at July 01,2022	Purchases during the Period	Sales / matured during the Period	As at September 30, 2022	Market value as at September 30, 2022	Net assets	Market value of total investments
-----Rupees in '000'-----							
						%.....
Askari Bank Limited 19-JUL-22 - 22-JUL-22	-	300,000	300,000	-	-	-	-
Askari Bank Limited 22-JUL-22 - 29-JUL-22	-	300,000	300,000	-	-	-	-
PAIR Investment Company Limited 21-JUL-22 - 05-AUG-22	-	100,000	100,000	-	-	-	-
Pak Brunei Investment Company Ltd 16-AUG-22 - 19-AUG-22	-	500,000	500,000	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd. 05-SEP-22 - 06-SEP-22	-	2,500,000	2,500,000	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd. 06-SEP-22 - 07-SEP-22	-	2,000,000	2,000,000	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd. 06-SEP-22 - 12-SEP-22	-	500,000	500,000	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd. 07-SEP-22 - 08-SEP-22	-	2,000,830	2,000,830	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd. 08-SEP-22 - 12-SEP-22	-	2,001,661	2,001,661	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd. 15-JUL-22 - 05-SEP-22	-	2,500,000	2,500,000	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd. 16-SEP-22 - 16-DEC-22	-	2,500,049	-	2,500,049	2,500,049	0.04	27.83
Pak-Libya Holding Co. (Pvt.) Ltd. 18-JUL-22 - 16-SEP-22	-	500,000	500,000	-	-	-	-
Pak-Oman Inv. Co. Ltd. 05-AUG-22 - 25-AUG-22	-	4,000,000	4,000,000	-	-	-	-
Pak-Oman Inv. Co. Ltd. 12-SEP-22 - 16-SEP-22	-	2,500,000	2,500,000	-	-	-	-
Pak-Oman Inv. Co. Ltd. 15-JUL-22 - 18-JUL-22	-	500,000	500,000	-	-	-	-
The Bank of Khyber 05-AUG-22 - 26-AUG-22	-	5,000,000	5,000,000	-	-	-	-
Zarai Taraqiatni Bank Ltd 14-SEP-22 - 16-SEP-22	-	500,000	500,000	-	-	-	-
	-	28,202,540	25,702,491	2,500,049	2,500,049	0.04	27.83

6 CONTINGENCIES AND COMMITMENTS

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

7 REIMBURSEMENT OF SELLING AND MARKETING EXPENSES

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 0.35% per annum of the net assets of the Fund.

8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2023 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

9 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 1.00% (September 30, 2021: 0.92%) which includes 0.08% (September 30, 2021: 0.1%) representing Government Levies and the SECP Fee. The prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "Income scheme."

10 TRANSACTIONS WITH CONNECTED PERSONS

- 10.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, 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 and unit holders holding ten percent or more units of the Fund.
- 10.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 10.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

(Un-Audited)

Quarter ended September 30, 2022	Quarter ended September 30, 2021
--	--

-----(Rs. In '000')-----

10.5 Details of the transactions with connected persons are as follows:

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	46,538	59,385
Sindh sales tax on remuneration of the Management Company	6,050	7,720
Reimbursement of allocation of expenses related to registrar services, accounting,	15,722	13,901
Reimbursement of selling and marketing expenses	44,022	2,612
Sales load and transfer generated including sindh sales tax	11,696	3,087
ADC charges including Sindh sales tax	781	128

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	9,433	8,341
Sindh sales tax on remuneration of the Trustee	1,226	1,084
Settlement charges	9	300

Employees of the NBP Fund Management Company

Units issued / transferred in: 27,097,047 units (2021: 22,647 units)	288,667	239
Units redeemed / transferred out: 17,986,967 units (2021: 10,779,017 units)	193,597	114,021
Dividend Re-investment: 47,907 Units (2021: 7,989,611 units)	506	84,957

BALTORO PARTNERS (PVT) LIMITED - Sponsor

Units issued / transferred in: 1,893,980 units (2021: nil units)	20,000	-
Units redeemed / transferred out: 1,969,250 units (2021: nil units)	21,000	-
Dividend Re-investment: 24,365 Units (2021: nil units)	257	-

Fauji Fertilizer Company Ltd (10% or more holding in CIS)

Units issued / transferred: 1,768,234,9740 units (2021: 1,073,195,251 units)	18,740,884	11,314,818
Units redeemed / transferred out: 1,079,094,465 units (2021: 910,069,424 units)	11,665,767	9,717,994

Ibrahim Holdings Private Limited (10% or more holding in CIS)**

Units issued / transferred: 284,736,257 units (2021 : 73,136,172 units)	3,004,255	773,360
Dividend Re-investment: 25,056,334 units (2021: 9,593,093 units)	264,480	101,145

Portfolios Managed By Management Company

Units issued / transferred in: 203,572,571 units (2021: 122,140,211 units)	2,158,747	1,291,750
Units redeemed / transferred out: 125,422,527 units (2021: 83,078,338 units)	1,353,516	885,503
Dividend Re-investment: 369,649 Units (2021: 327,994 units)	3,901	3,458

Bank Islami Pakistan Limited

Markup Income	8,482	5
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(Un-Audited)

Quarter ended September 30, 2022	Quarter ended September 30, 2021
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-----(Rs. In '000')-----

Khushhali Microfinance Bank Limited (Common Directorship)**

Markup Income	150,877	23,155
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National Bank of Pakistan - Sponsor

Markup Income	460	5
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National Clearing Company of Pakistan

Dividend Re-investment: 87,261 Units (2021: 63,739 units)	921	672
Units issued / transferred in: 1,775,862 units (2021: nil units)	18,918	-

Taurus Securities Limited (Common Directorship)

Brokerage charges	-	211
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KHALID MEHMOOD - CFO

Dividend Re-invest nil units Issued (2021: 210 units)	-	2
Units issued / transferred in: 1 units (2021: nil units)	-	-

(Un-Audited) September 30, 2022	(Audited) June 30, 2022
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10.6 Balances outstanding as at period end

-----(Rs. In '000')-----

NBP Fund Management Limited - Management Company

Management remuneration payable	16,639	6,630
Sindh Sales Tax payable	2,163	862
Sales load and transfer load payable	15,679	7,636
Sindh Sales Tax on sales and transfer load	2,038	993
Reimbursement of selling and marketing expenses	44,022	36,973
Reimbursement of allocation of expenses related to registrar services, accounting, ADC charges including SST	15,722	11,242
Other payable	946	692
	169	169

Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration	3,368	2,481
Sindh Sales Tax on Trustee remuneration	438	323
Security deposit	100	100

National Bank of Pakistan - Sponsor

Balance in current account	325	325
Balance in savings account	13,467	106,171
Profit receivable on bank deposit	899	439

Khushhali Microfinance Bank Limited (Common Directorship)

Bank Balance	3,715,700	34,022,719
Interest income receivable	49,832	44,436

	(Un-Audited) September 30, 2022	(Audited) June 30, 2022
----- (Rs. In '000') -----		
Telenor Microfinance Bank Limited (Common Directorship)		
Bank Balance	24	24
Interest income receivable	1,186	726
Employees of the NBP Fund Management Company		
Units held: 12,067,168 units (June 30, 2022: 2,909,180 units)	129,040	30,695
National Clearing Company of Pakistan		
Units held: 6,035,702 units (June 30, 2022: 4,172,578 units)	64,543	44,025
Bank Islami Pakistan Limited		
Bank balance	187,819	8,078
Profit receivable on bank deposit	3,659	182
Khalid Mehmood - CFO		
1 unit held (June 30, 2022: nil units)	-	-
Ibrahim Holdings Private Limited(10% or more holding in CIS)		
1,295,881,281 units held (June 30, 2022: 986,088,690 units)	13,857,506	10,404,222
Fauji Fertilizer Company Ltd (10% or more holding in CIS)		
Units held: 1,168,454,599 units (June 30, 2022: 479,314,090 units)	12,494,869	5,057,243
Portfolios Managed by Management Compay		
174,893,956 units held (June 30, 2022: 83,693,548 units)	1,870,228	883,049
BALTORO PARTNERS (PVT) LIMITED - Sponsor		
479,350 units held (June 30, 2022: nil units)	5,126	-

* Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at year end.

** Comparative balances with these parties have not been disclosed as these parties were not related parties in the last year.

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2022 by the Board of Directors of the Management Company.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

12.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation.

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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

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