



NBP ISLAMIC 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

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

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

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

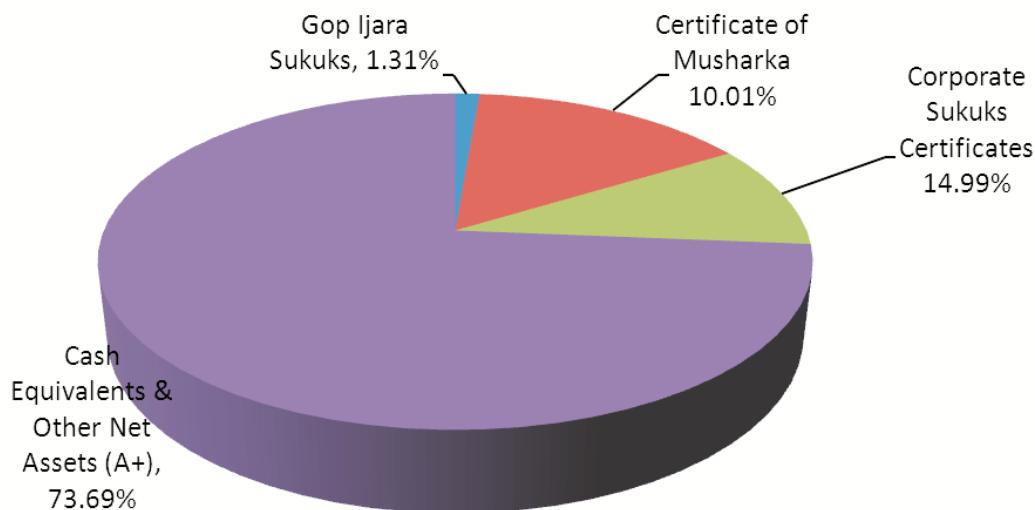
Fund's Performance

During the quarter, SBP held two Monetary Policy Committee meetings and increased the policy rate by 125 basis points to 15%. The primary market for Corporate Sukuks remained under-supplied against the growing demand. In the secondary market, the trading activity in Corporate Sukuks was slow with a cumulative traded value of Rs. 1.38 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.

NBP-IIF is categorized as a Shariah Compliant Income Fund. The fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. The Fund is allowed to invest with A- or above rated 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 Income Fund has increased from Rs. 7,533 million to Rs. 7,624 million during the period (i.e., a growth of 1%). During the period, the unit price of the Fund has increased from Rs. 10.0384 on June 30, 2022 to Rs. 10.3842 on September 30, 2022, thus showing return of 13.7% p.a. as compared to its benchmark return of 4.7% 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. 292.49 million during the year. After deducting total expenses of Rs. 26.98 million, the net income is Rs. 265.51 million. The asset allocation of NBP IIF as on September 30, 2022 is as follows:



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 میجنت لیمیٹڈ کے بورڈ آف ڈائریکٹرز بحد مرتب 30 ستمبر 2022ء کو ختم ہونے والی پہلی سماںی کے لئے NBP اسلامک ائم فنڈ (NBP-IIF) کے نیم جانچ شدہ کنٹرولڈ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

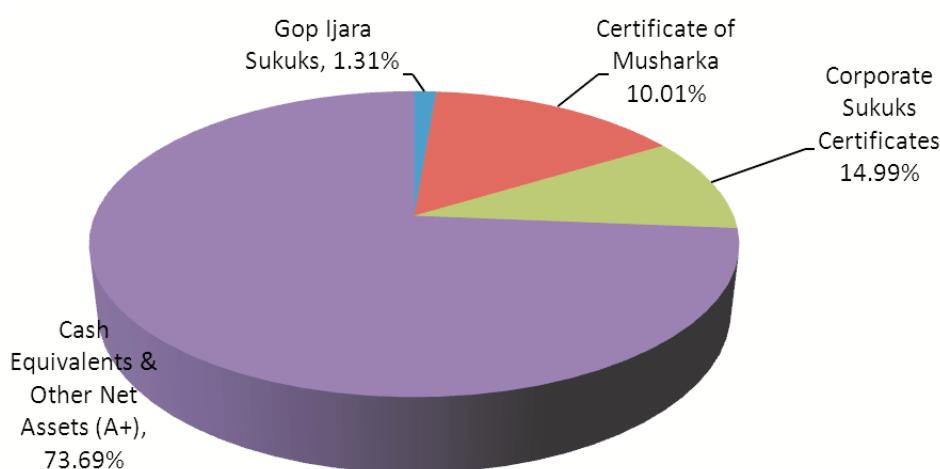
فنڈ کی کارکردگی

سماںی کے دوران، SBP نے دو منیٹری پالیسی کیمپین کے اجلس منعقد کیے اور پالیسی کی شرح کو 125 یس پاؤنس بڑھا کر 15% کر دیا۔ پرانگری مارکیٹ میں زیادہ طلب کے برعکس کارپوریٹ سکوک کی رسماںی کے درمیانی سرگرمی 1.38 ملین روپے کی مجموعی تجارتی قدر کے ساتھ سوتھ رہی۔ اسی عرصے کے دوران CPI کی پیائش کردہ افراط زیزی سے بڑھی اور اوس طاً 25.1% جو کہ مالی سال 2022 کی پہلی سماںی میں 8.6% تھی۔ خراب ہونے والی اشیاء کی قیمتیں اور یوں میں بھی نمایاں اضافہ ہوا۔ عالمی اور ملکی غیر یقینی صورتحال اور شرح سبادلہ پر دباؤ کی وجہ سے، مالی سال 23 کے لیے افراط زر کا نقطہ نظر بلند ہے۔ روپے اور یوکرین کے تازگی کی شدت سے بڑھتا ہوا سیاسی شور اور عالمی بدمنی؛ میں الاقوامی اجتہاد کی قیمتیں اور ملکی مالی استحکام کے نقطہ نظر کو نمایاں غیر یقینی صورتحال کا سامنا ہے۔ نیز، FED کی شرح میں اضافے کے بعد، دنیا بھر کے مرکزی بینکوں کو چنانچہ نقطہ نظر کا سامنا کرنے پر مجبور کر دیا گیا ہے۔

NBP-IIF کی درجہ بندی بطور شریعہ کمپلائیٹ ائم فنڈ کی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سکیورٹیز اور منی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، رواجی میکنکوں کی اسلامک برائیز اونڈوز میں آسمانی سے لیکوئید بینی فراہم کرنے والے A- یا بالا درجہ کے اسلامی بینکوں کے ساتھ سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق یا اس سے بالا درجہ بندی کے منی مارکیٹ کے آلات اور ذیبٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ کیمپنی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سکیورٹیز کے علاوہ فنڈ کی میکرو ٹیکنالوجی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

NBP اسلامک ائم فنڈ کا سائز 3,533 ملین روپے سے بڑھ کر اس مدت کے دوران 7,624 ملین روپے ہو گیا (یعنی 1% کا اضافہ ہوا) ہے۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 10.0384 روپے سے بڑھ کر 30 ستمبر 2022 کو 10.3842 روپے ہو گئی۔ لہذا فنڈ نے اسی مدت میں نئی مارک منافع 4.7% سالانہ کے مقابلے 13.7% کا سالانہ منافع درج کیا۔ فنڈ کی یہ کارکردگی میجنت فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 292.49 ملین روپے کی مجموعی آمدی ہوئی۔ 26.98 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدی 51.51 ملین روپے ہے۔ NBP-IIF کی ایسٹ ایلوکشن 30 ستمبر 2022 کو درج ذیل ہے:



ائلہر تکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے میجنٹ کمپنی پر اعتقاد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قبل قدر یونٹ ہولڈرز کا شکر یاد کرتا ہے۔ یہ یکورٹیز اینڈ ایچی کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور ہنمائی کے لئے ان کے ملخص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے انتاف اور ٹری کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

مناب بورڈ آف ڈائریکٹر

NBP نیشنل میجنٹ لیمیٹڈ

ڈائریکٹر

چیف ایگزیکیو ٹیفیسر

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	5,521,837	5,471,730
Investments	5	2,005,947	2,011,357
Profit receivable		127,429	108,047
Prepayments, deposits and other receivables		625	443
Receivable against transfer sales		2,117	57,330
Preliminary expenses and floatation costs		446	485
Total assets		7,658,401	7,649,392
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company		22,204	14,224
Payable to Central Depository Company of Pakistan Limited - Trustee		556	488
Payable to the Securities and Exchange Commission of Pakistan		395	990
Payable against redemption of units		6,409	66,255
Accrued expenses and other liabilities		4,859	34,225
Total liabilities		34,423	116,182
NET ASSETS		7,623,978	7,533,210
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		7,623,978	7,533,210
CONTINGENCIES AND COMMITMENTS			
NUMBER OF UNITS IN ISSUE	6	Number of units	
		734,189,558	750,442,762
NET ASSET VALUE PER UNIT		Rupees	Rupees
The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.		10.3842	10.0384

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

	Quarter ended September 30, 2022	Quarter ended September 30, 2021	-----Rupees in '000-----
INCOME			
Profit on bank balances	229,311	30,562	
Income on Term Deposit	-	8,417	
Income on sukuk certificates	37,669	20,352	
Income on commercial papers	6,669	11,219	
Income on certificate of musharika	20,249	7,734	
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(1,412)	2,083	
Total income	292,486	80,367	
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	16,902	5,380	
Sindh sales tax on remuneration of the Management Company	2,197	699	
Reimbursement of operational expenses to the Management Company	2,472	1,295	
Reimbursement of selling and marketing expenses	2,966	903	
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,483	777	
Sindh sales tax on remuneration of the Trustee	193	101	
Annual fee of the Securities and Exchange Commission of Pakistan	395	207	
Amortisation of preliminary expenses and floatation costs	39	118	
Auditors' remuneration	165	113	
Professional charges	43	33	
Listing fee	7	7	
Shariah advisor fee	18	36	
Settlement and bank charges	28	26	
Printing expenses	25	24	
Rating fee	46	43	
Total operating expenses	26,979	9,762	
Net income from operating activities	265,507	70,605	
Reversal of provision against Sindh Workers' Welfare Fund	-	1,577	
Net income for the period before taxation	265,507	72,182	
Taxation	8	-	
Net income for the period after taxation	265,507	72,182	
Allocation of net income for the period			
- Net income for the period	265,507	72,182	
- Income already paid on units redeemed	(47,612)	(14,574)	
Accounting income available for distribution:	217,895	57,608	
- Relating to capital gains	-	2,083	
- Excluding capital gains	217,895	55,525	
	217,895	57,608	

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 in '000-----		
Net income for the period after taxation	265,507	72,182
Other comprehensive income for the period	-	-
Total comprehensive income for the period	265,507	72,182

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 -----				----- Rupees in '000 -----		
Net assets at beginning of the period	7,513,947	19,263	7,533,210	3,242,640	4,016	3,246,656
Issuance of 383,019,719 units (2021: 304,158,947)						
- Capital value	3,844,905	-	3,844,905	3,045,726	-	3,045,726
- Element of income	60,428	-	60,428	22,901	-	22,901
Total proceeds on issuance of units	3,905,333	-	3,905,333	3,068,627	-	3,068,627
Redemption of 399,272,923 units (2021: 205,817,492)						
- Capital value	(4,008,061)	-	(4,008,061)	(2,060,974)	-	(2,060,974)
- Element of loss	(24,399)	(47,612)	(72,011)	(5,686)	(14,574)	(20,260)
Total payments on redemption of units	(4,032,460)	(47,612)	(4,080,072)	(2,066,660)	(14,574)	(2,081,234)
Total comprehensive income/ (loss) for the period	-	265,507	265,507	-	72,182	72,182
Net assets at end of the period	7,386,820	237,158	7,623,978	4,244,607	61,624	4,306,231
Undistributed income / (loss) brought forward:						
- Realised		1,013			3,414	
- Unrealised		18,250			602	
		19,263			4,016	
Accounting income available for distribution:						
- Relating to capital gains	-				2,083	
- Excluding capital gains		217,895			55,525	
		217,895			57,608	
Undistributed income carried forward		237,158			61,624	
Undistributed income carried forward:						
- Realised income		237,158			59,541	
- Unrealised income		-			2,083	
		237,158			61,624	
			(Rupees)			(Rupees)
Net assets value per unit at the begining of the period		10.0384			10.0136	
Net assets value per unit at end of the period		10.3842			10.1906	

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
	Note	-----Rupees in '000-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	265,507	72,182
Adjustments		
Profit on bank balances	(229,311)	(30,562)
Income on Term Deposit	-	(8,417)
Income on corporate sukuk certificates	(37,669)	(20,352)
Income on Islamic commercial papers	(6,669)	(11,219)
Income on certificate of musharika	(20,249)	(7,734)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	1,412	(2,083)
Amortisation of preliminary expenses and floatation costs	39	118
	(292,447)	(80,249)
Decrease / (Increase) in assets		
Investments - net	3,998	(990,634)
Prepayments, deposits and other receivables	(182)	(193)
Preliminary expenses and floatation costs	-	-
	3,816	(990,827)
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management company	7,980	3,604
Payable to Central Depository Company of Pakistan Limited - Trustee	68	139
Payable to the Securities and Exchange Commission of Pakistan	(595)	(31)
Payable against purchase of investments	-	(101,326)
Accrued expenses and other liabilities	(29,366)	(3,731)
	(21,913)	(101,345)
Profit received on bank balances, Islamic commercial papers, term deposit receipts and government & corporate sukuk certificates	274,516	55,642
Net cash flows generated from / (used in) operating activities	229,479	(1,044,597)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	3,960,546	3,068,339
Amount paid against redemption of units	(4,139,918)	(2,090,847)
Net cash flows (used in) / generated from financing activities	(179,372)	977,492
Net increase / (decrease) in cash and cash equivalents during the period	50,107	(67,105)
Cash and cash equivalents at the beginning of the period	5,471,730	2,282,721
Cash and cash equivalents at the end of the period	5,521,837	2,215,616

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 Islamic Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on March 9, 2020.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 15, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

The Fund has been categorised as an open ended Shariah compliant income fund 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 at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 2020 and are transferable and redeemable by surrendering them to the Fund.

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

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

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

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of 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.
- 3.2** 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
----- Rupees in '000' -----		
Current accounts	28,452	14,215
Savings accounts	<u>5,493,385</u>	<u>5,457,515</u>
	<u>5,521,837</u>	<u>5,471,730</u>

- 4.1** These include balances of Rs 0.461 million and Rs 1,065 million (June 2022: 1,073 million and 7,495 million) maintained with National Bank of Pakistan and BankIslami Pakistan Limited (related parties) respectively, that carry mark-up at rates ranging from 5.5% to 16% per annum (June 2022: 6.5 to 15%).

5 INVESTMENTS

	Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
----- Rupees in '000' -----			
Islamic Commercial paper	5.1	-	348,375
GoP Ijarah sukuks	5.2	100,080	100,030
Corporate sukuk certificates	5.3	1,142,787	1,067,821
Certificates of musharakah	5.4	763,080	495,131
		<u>2,005,947</u>	<u>2,011,357</u>

5.1 Commercial paper

Name of investee company	Rating	As at July 1, 2022	Purchased during the year	Disposed of / matured during the year	As at Sep 30, 2022	Carrying value as at Sep 30, 2022	Market value as at Sep 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets
						(Rupees in '000)		----- % -----	
Engineering									
Mughal Iron & Steel Industries Limited ICP-1	A-2, VIS	300,000	-	300,000	-	-	-	-	-
Lucky Electric Power Company Limited ICP-2	AA-, PACRA	50,000	-	50,000	-	-	-	-	-
Total as at Sep 30, 2022									

5.2 GoP Ijarah sukuks

Name of the security	Issue date	As at July 1, 2022	Purchased during the year	Sold during the year	As at Sep 30, 2022	Carrying value as at September 30, 2022	Market value as at September 30, 2022	Percentage in relation to	
		-----	Number of certificates	-----	(Rupees in '000)	-----	%	total market value of investments	net assets of the Fund
GoP Ijarah sukuks XX - VRR 19 (Note 5.2.1)	May 29, 2020	20,000	-	-	20,000	100,030	100,080	4.99%	1.31%
						100,030	100,080	4.99%	1.31%

5.3 Corporate sukuks certificates

Name of the security	Maturity date	Profit rate	As at July 01, 2022	Purchased during the period	Sold / redeemed during the period	As at Sep 30, 2022	Carrying value as at Sep 30, 2022	Percentage in			
								Unrealised appreciation / (diminution)	total market value of investments	net assets of the Fund	
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited (Non-traded) (Face value of Rs 100,000 per certificate)	March 19, 2024	1 year KIBOR plus base rate of 1.9%	500	-	-	500	38,716	(368)	1.91%	0.50%	
Hub Power Holdings Limited (Non-traded) (Face value of Rs 100,000 per certificate) [note 5.3.1]	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700	-	-	700	69,348	-	3.46%	0.91%	
Engro Powergen Thar (Private) Limited (Non-traded) (Face value of Rs 5,000 per certificate)	August 2, 2024	3 months KIBOR plus base rate of 1.70%	60,000	-	-	60,000	242,391	825	12.12%	3.19%	
The Hub Power Company Limited (Traded)	August 22, 2023	3 months KIBOR plus base rate of 1.9%	700	-	-	700	37,735	(1,859)	1.79%	0.47%	
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	August 3, 2027	3 months KIBOR plus base rate of 1.7%	10,000	-	-	10,000	51,060	(60)	2.54%	0.67%	
K-Electric short-term sukuk - 1 (non-traded) (Face value of Rs 1,000,000 per certificate)	August 04, 2022	6 months KIBOR plus base rate of 0.85%	150	-	150	-	-	-	0.00%	0.00%	
K-Electric short-term sukuk - 2 (non-traded) (Face value of Rs 1,000,000 per certificate)	August 15, 2022	6 months KIBOR plus base rate of 0.85%	150	-	150	-	-	-	0.00%	0.00%	
K-Electric short-term sukuk - 6 (non-traded) (Face value of Rs 1,000,000 per certificate)	October 27, 2022	6 months KIBOR plus base rate of 2.50%	-	460	-	460	480,000	-	23.93%	6.30%	
K-Electric short-term sukuk - 6 (non-traded) (Face value of Rs 1,000,000 per certificate)	October 27, 2022	6 months KIBOR plus base rate of 0.70%	225	-	-	225	225,000	-	11.22%	2.95%	
								1,144,250	(1,462)	56.97%	14.99%

5.4 Certificates of musharakah

Name of the security	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Matured during the period	As at Sep 30, 2022	Carrying value as at Sep 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets	
								(Rupees in '000)	%	
Non-bank Islamic financial institution										
First Habib Modaraba	October 26, 2022	15.75%	-	315,827	-	315,827	315,827	15.74%	4.14%	
First Habib Modaraba	October 28, 2022	15.75%	-	197,253	-	197,253	197,253	9.83%	2.59%	
First Habib Modaraba	December 29, 2022	15.75%	-	250,000	-	250,000	250,000	12.46%	3.28%	
First Habib Modaraba	July 26, 2022	14.80%	304,794	-	304,794	-	-	-	-	
First Habib Modaraba	July 28, 2022	14.80%	190,337	-	190,337	-	-	-	-	
Total as at Sep 30, 2022							763,080	763,080	38.04%	10.01%

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 0.15% 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 1.36% (2021: 0.94%) which includes 0.14% (2021: 0.10%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. The prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a 'Shari'ah compliant "income" scheme.

10 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

- 10.1 Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, Funds under management of the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.
- 10.2 Transactions with related parties / connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to related parties / connected persons. The transactions with related parties / connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.
- 10.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the Trust Deed and Offering Document.

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

	(Un-audited)	
	Quarter ended September 30, 2022	Quarter ended September 30, 2021
----- Rupees in '000' -----		
NBP Fund Management Limited - Management Company		
Remuneration of NBP Fund Management Limited - Management Company	16,902	5,380
Sindh sales tax on remuneration of the Management Company	2,197	699
Reimbursement of operational expenses to the Management Company	2,472	1,295
Reimbursement of selling and marketing expenses	2,966	903
Sales load and sindh sales tax on sales load	5,505	913
ADC charges including Sindh sales tax	415	57
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,483	777
Sindh sales tax on remuneration of the Trustee	193	101
Settlement Charges	19	-
Employees of NBP Fund Management Limited		
Units issued - 6,758,633 (2021: 8,954,511)	69,083	90,461
Units redeemed - 8,296,626 (2021: 5,341,063)	84,693	54,019
Portfolio managed by the Management Company		
Units issued - 2,530,644 (2021: 12,631,890)	25,680	127,658
Units redeemed - 10,985,246 (2021: 3,326,340)	111,082	33,584
NAFA Islamic Active Allocation Plan- I		
Units issued: 68,671 units (2021: Nil)	700	-
Units redeemed: 245,849 units (2021: Nil)	2,498	-
NAFA Islamic Active Allocation Plan- II		
Units issued: 88,291 units (2021: Nil)	900	-
Units redeemed: 196,879 units (2021: Nil)	1,987	-
NAFA Islamic Active Allocation Plan- III		
Units issued: 137,341 units (2021: Nil)	1,400	-
Units redeemed: 283,506 units (2021: Nil)	2,924	-
NAFA Islamic Active Allocation Plan- IV		
Units issued: 284,492 units (2021: Nil)	2,900	-
NAFA Islamic Active Allocation Plan- V		
Units issued: 166,771 units (2021: Nil)	1,700	-
Units redeemed: 230,823 units (2021: Nil)	2,359	-
NAFA Islamic Active Allocation Plan- VI		
Units issued: 18,303 units (2021: Nil)	184	-
NAFA Islamic Active Allocation Plan- VII		
Units issued: 58,860 units (2021: Nil)	600	-
Units redeemed: 142,446 units (2021: Nil)	1,432	-

(Un-audited)

Quarter ended September 30, 2022	Quarter ended September 30, 2021
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----- Rupees in '000'-----

NAFA Islamic Active Allocation Plan- VIII

Units issued: 127,531 units (2021: Nil)	1,300
Units redeemed: 268,746 units (2021: Nil)	2,732

Bank Islami Pakistan Limited

Bank Profit	22,725	-
Term deposit	-	1,005,000

Kelectric Sukuk*

Units Purchased: 460 units	480,000	-
Units Matured: 300 units	300,000	-
Income	16,736	-

NBP Islamic Sarmaya Izafa Fund

Sukuk Purchased	-	102,133
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Mr. Khalid Mahmood - Chief Financial Officer

Units Redeemed : 5,528 (2021: Nil)	56	-
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(Un-audited) September 30, 2022	(Audited) June 30, 2022
---- Rupees in '000'-----	

10.5 Amount / balances outstanding as at period end are as follows

NBP Fund Management Limited - Management Company

Remuneration payable to the Management Company	5,835	4,770
Sindh sales tax on remuneration payable to the Management Company	743	604
Reimbursement of operational expenses to the Management Company	2,472	2,018
Sales and transfer load payable	8,471	3,691
Sindh sales tax payable on sales load	1,101	480
ADC charges payable including Sindh sales tax	463	395
Reimbursement of selling and marketing expenses payable	2,966	2,113
Other payable	153	153

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable to the Trustee	492	432
Sindh sales tax payable on Trustee remuneration	64	56
Settlement charges payable	19	10
Security deposit with Central Depository Company of Pakistan Limited - the Trustee	100	100

Employees of NBP Fund Management Limited

Units outstanding - 11,020,630 (June 2022 : 12,558,623) units	114,440	126,068
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Portfolio managed by the Management Company

Units outstanding - 31,597,358 (June 2022: 39,209,749) units	328,113	393,604
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Mr. Khalid Mahmood - Chief Financial Officer

Units outstanding: 39 units (June 2022: 5,548 units)	-	55
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National Bank of Pakistan - Parent Company

Bank balances	461	1073
Profit receivable on bank balances *	-	-

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
---- Rupees in '000'----		
BankIslami Pakistan Limited - common directorship		
Bank balances	1,064,628	7495
Profit receivable on bank balances	10,863	63
Klectric Sukuk*		
Units held: 10,685 units	756	-
Profit Receivable	18,233	-
NAFA Islamic Active Allocation Plan- I		
Units outstanding: 602,696 units (June 2022: 779,875 units)	6,259	7,829
NAFA Islamic Active Allocation Plan- II		
Units outstanding: 614,643 units (June 2022: 723,231 units)	6,383	7,260
NAFA Islamic Active Allocation Plan- III		
Units outstanding: 1,899,852 units (June 2022: 2,046,018 units)	19,728	20,539
NAFA Islamic Active Allocation Plan- IV		
Units outstanding: 2,352,402 units (June 2022: 2,067,909 units)	24,428	20,759
NAFA Islamic Active Allocation Plan- V		
Units outstanding: 916,714 units (June 2022: 980,765 units)	9,519	9,845
NAFA Islamic Active Allocation Plan- VI		
Units outstanding: 291,425 units (June 2022: 273,122 units)	3,026	2,742
NAFA Islamic Active Allocation Plan- VII		
Units outstanding: 489,412 units (June 2022: 572,998 units)	5,082	5,752
NAFA Islamic Active Allocation Plan- VIII		
Units outstanding: 639,911 units (June 2022: 781,125 units)	6,645	7,841

* Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2022.

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on October 29, 2022.

12 GENERAL

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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