

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP ISLAMIC SAVINGS FUND

QUARTERLY REPORT
SEPTEMBER 30, 2022

AM1
Rated by PACRA

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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

| | |
|-------------------------------------|-----------------------------|
| Al Baraka Islamic Bank Limited | National Bank of Pakistan |
| Allied Bank Limited | Silk Bank Limited |
| Bank Alfalah Limited | Zarai Taraqati Bank Limited |
| Bank Al Habib Limited | Soneri Bank Limited |
| Bankislami Pakistan Limited | Summit Bank Limited |
| Dubai Islamic Bank Pakistan Limited | United Bank Limited |
| Habib Bank Limited | Faysal Bank Limited |
| Habib Metropolitan Bank Limited | |
| JS Bank Limited | |
| MCB Bank Limited | |
| Meezan Bank Limited | |

Auditors

Grant Thornton Anjum Rahman.
1st & 3rd Floor,
Modern Motors House, Beaumont Road,
Karachi, 75530

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.nbpfund.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 Savings Fund** (NBP-ISF) for the quarter ended September 30, 2022.

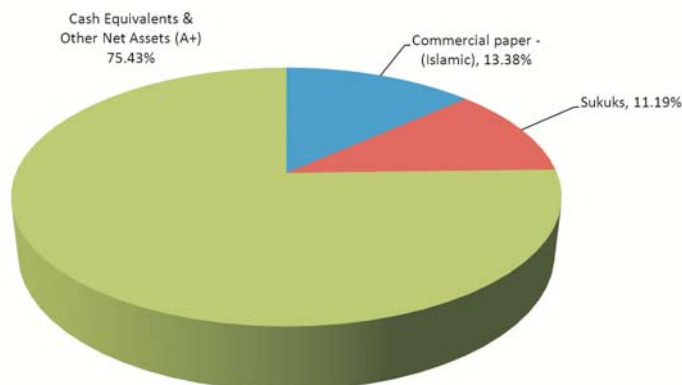
Fund's Performance

During the quarter, SBP held two Monetary Policy Committee meetings and increased the policy rate by 125 basis points to 15%. 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-ISF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'AA- (f)' by PACRA.

The size of NBP Islamic Savings Fund has increased from Rs. 1,845 million to Rs. 2,056 million during the period (i.e., a growth of 11%). During the period, the unit price of the Fund has increased from Rs. 9.5511 on June 30, 2022 to Rs. 9.8486 on September 30, 2022, thus showing return of 12.4% 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. 70.43 million during the year. After deducting total expenses of Rs. 11.66 million, the net income is Rs. 58.77 million. The asset allocation of NBP-ISF 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

Director

Date: October 29, 2022
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2022ء کو ختم ہونے والی سہ ماہی کے لئے NBP اسلامک سیونگز فنڈ (NBP-ISF) کے غیر جانچ شدہ کنڈینسڈ مالیاتی گوشوارے پیش کرتے ہیں۔

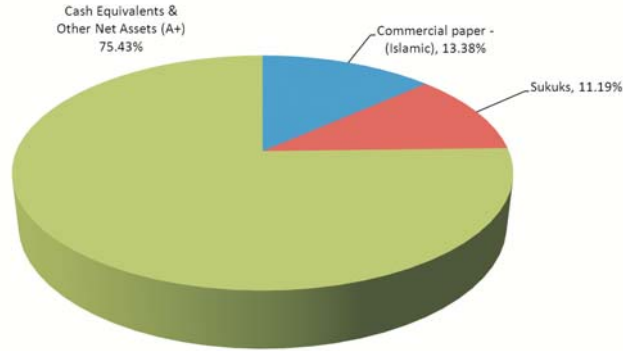
فنڈ کی کارکردگی

سہ ماہی کے دوران، SBP نے دو ماہی پالیسی کمیٹی کے اجلاس منعقد کیے اور پالیسی کی شرح کو 125 بیس پوائنٹس بڑھا کر 15% کر دیا۔ اسی عرصے کے دوران CPI کی پینکٹس کردہ افراط زر تیزی سے بڑھی اور اوسطاً 25.1% رہی جو کہ مالی سال 2022 کی پہلی سہ ماہی میں 8.6% تھی۔ خراب ہونے والی اشیاء کی قیمتوں اور یوٹیلٹیٹیور میں بھی نمایاں اضافہ ہوا۔ عالمی اور ملکی غیر یقینی صورتحال اور شرح مبادلہ پر دباؤ کی وجہ سے، مالی سال 2023 کے لیے افراط زر کا نقطہ نظر بلند ہے۔ روس اور یوکرین کے تنازع کی شدت سے بڑھتا ہوا سیاسی شورا اور عالمی بد امنی؛ بین الاقوامی اجناس کی قیمتوں 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 چیلنجنگ نقطہ نظر کا سامنا کرنے پر مجبور کر دیا گیا ہے۔

NBP-ISF کی شریعہ کپلائنٹ آف ٹرنڈ کے طور پر درج بندی کی گئی ہے اور PACRA کی طرف سے 'AA-(f)' کی مستحکم ریٹنگ دی گئی ہے

NBP اسلامک سیونگز فنڈ کا سائز اس مدت کے دوران 1,845 ملین روپے سے بڑھ کر 2,056 ملین روپے ہو گیا ہے (یعنی 11% کا اضافہ ہوا)۔ مدت کے دوران، فنڈ کی پونٹ قیمت 30 جون 2022 کو 9.5511 روپے سے بڑھ کر 30 ستمبر 2022 کو 9.8486 روپے تک پہنچ گئی ہے، لہذا اسی مدت کے دوران 4.7% سالانہ پنچ مارک منافع کے مقابلے میں 12.4% سالانہ منافع درج کروایا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 70.43 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 11.66 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 58.77 ملین روپے ہے۔ 30 ستمبر 2022 کو NBP-ISF کی ایسٹ ایلوکیشن درج ذیل ہے:



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمیٹی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 29 اکتوبر 2022

مقام: کراچی

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

| | Un-Audited September 30, 2022 | Audited June 30, 2022 |
|---|-------------------------------------|-----------------------------|
| Note | (Rupees in '000) | |
| ASSETS | | |
| Bank balances | 4 1,538,071 | 1,309,827 |
| Investments | 5 505,000 | 548,554 |
| Profit accrued | 33,410 | 34,102 |
| Deposits, prepayments and other receivables | 1,485 | 1,589 |
| Total assets | 2,077,966 | 1,894,072 |
| LIABILITIES | | |
| Payable to NBP Fund Management Limited - Management Company | 11,339 | 9,137 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 138 | 147 |
| Payable to the Securities and Exchange Commission of Pakistan | 96 | 429 |
| Payable against redemption of units | 3,727 | 10,692 |
| Accrued expenses and other liabilities | 7,141 | 28,174 |
| Total liabilities | 22,441 | 48,579 |
| Net Assets | 2,055,525 | 1,845,493 |
| Unit Holders' Funds (as per statement attached) | 2,055,525 | 1,845,493 |
| Contingencies and commitments | 6 | |
| | Number of units | |
| Number of units in issue | 208,712,799 | 193,223,949 |
| | Rupees | |
| Net asset value per unit | 9.8486 | 9.5511 |

The annexed notes 1 to 13 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

| | Quarter Ended September 30, 2022 | Quarter Ended September 30, 2021 |
|--|---|---|
| | (Rupees in '000) | |
| INCOME | | |
| Income from sukuk, ijara bonds and commercial paper | 6,653 | 8,317 |
| Income from term deposits receipts | - | 5,588 |
| Profit on bank deposits | 52,419 | 19,913 |
| Income from musharaka | 11,353 | 6,009 |
| Total Income | 70,425 | 39,827 |
| EXPENSES | | |
| Remuneration of NBP Fund Management Limited | 5,169 | 2,797 |
| Sindh Sales Tax on remuneration of the Management Company | 672 | 364 |
| Reimbursement of operational expenses to the Management Company | 602 | 678 |
| Reimbursement of selling and marketing expenses - Management Company | 4,092 | 3,795 |
| Remuneration of the Central Depository Company of Pakistan Limited - Trustee | 361 | 407 |
| Sindh Sales Tax on remuneration of the Trustee | 47 | 53 |
| Annual fee to the Securities and Exchange Commission of Pakistan | 96 | 108 |
| Settlement and bank charges | 114 | 102 |
| Annual listing fee | 7 | 7 |
| Auditors' remuneration | 183 | 175 |
| Printing charges | 13 | 20 |
| Fund rating fee | 125 | 114 |
| Shariah Advisor Fee | 78 | 110 |
| Legal and professional charges | 100 | 74 |
| Total Expenses | 11,659 | 8,804 |
| | 58,766 | 31,023 |
| Reversal of Provision againsts sindh workers' welfare fund | - | 22,002 |
| Net income for the period before taxation | 58,766 | 53,025 |
| Taxation | - | - |
| Net income for the period after taxation | 58,766 | 53,025 |
| Allocation of Net income for the period: | | |
| Net income for the period after taxation | 58,766 | 53,025 |
| Income already paid on units redeemed | (4,266) | (3,870) |
| | 54,500 | 49,155 |
| Accounting income available for distribution: | | |
| - Relating to Capital Gains | - | - |
| - Excluding Capital Gains | 54,500 | 49,155 |
| | 54,500 | 49,155 |

The annexed notes 1 to 13 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 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 | 58,766 | 53,025 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | 58,766 | 53,025 |

The annexed notes 1 to 13 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 STATEMENT OF MOVEMENT IN UNITHOLDERS' 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 the beginning of the period | 1,781,395 | 64,098 | 1,845,493 | 2,092,893 | 62,046 | 2,154,939 |
| Issuance of 51,585,991 units (2021: 41,726,166 units) | | | | | | |
| - Capital Value | 492,703 | - | 492,703 | 398,071 | - | 398,071 |
| - Element of income | 8,637 | - | 8,637 | 6,696 | - | 6,696 |
| Total proceeds on issuance of units | 501,340 | - | 501,340 | 404,767 | | 404,767 |
| Redemption of 36,097,141 units (2021: 42,120,159 units) | | | | | | |
| - Capital Value | (344,767) | - | (344,767) | (401,829) | - | (401,829) |
| - Element of loss | (1,041) | (4,266) | (5,307) | (2,144) | (3,870) | (6,014) |
| Total payments on redemption of units | (345,808) | (4,266) | (350,074) | (403,973) | (3,870) | (407,843) |
| Total comprehensive income for the period | - | 58,766 | 58,766 | - | 53,025 | 53,025 |
| Net assets at the end of the period | 1,936,927 | 118,598 | 2,055,525 | 2,093,687 | 111,201 | 2,204,888 |
| Accumulated income brought forward | | | | | | |
| - Realised income | | 64,098 | | | 62,046 | |
| - Unrealised income | | - | | | - | |
| | | 64,098 | | | 62,046 | |
| Accounting income available for distribution for the period: | | | | | | |
| - Relating to Capital Gains | | - | | | - | |
| - Excluding Capital Gains | | 54,500 | | | 49,155 | |
| | | 54,500 | | | 49,155 | |
| Undistributed carried forward | | 118,598 | | | 111,201 | |
| Undistributed income comprising of : | | | | | | |
| - Realised income | | 118,598 | | | 111,201 | |
| - Unrealised income | | - | | | - | |
| | | 118,598 | | | 111,201 | |
| Net Asset Value per unit at beginning of the period | | 9.5511 | | | 9.5401 | |
| Net Asset Value per unit at period end | | 9.8486 | | | 9.7783 | |

The annexed notes 1 to 13 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 FLOW FROM OPERATING ACTIVITIES | | |
| Net income for the period | 58,766 | 53,025 |
| Adjustments | - | - |
| | 58,766 | 53,025 |
| Decrease in assets | | |
| Investments | 43,554 | 138,337 |
| Profit receivable | 692 | 6,445 |
| Advances, deposits, prepayments and other receivables | 104 | 93 |
| | 44,350 | 144,875 |
| (Decrease) in liabilities | | |
| Payable to Management Company | 2,202 | 233 |
| Payable to Trustee | (9) | (14) |
| Payable to Securities and Exchange Commission of Pakistan | (333) | (484) |
| Accrued expenses and other liabilities | (21,033) | (40,626) |
| | (19,173) | (40,891) |
| Net cash generated from operating activities | 83,943 | 157,009 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Receipts from issue of units | 501,340 | 404,767 |
| Payments on redemption of units | (357,039) | (405,861) |
| Net cash generated from / (used in) financing activities | 144,301 | (1,094) |
| Net increase in cash and cash equivalents during the period | 228,244 | 155,915 |
| Cash and cash equivalents at the beginning of the period | 1,309,827 | 1,095,575 |
| Cash and cash equivalents at the end of the period | 4 1,538,071 | 1,251,490 |

The annexed notes 1 to 13 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 Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the 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 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 Fund is an open-ended mutual fund and classified as shariah compliant "income" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 18, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

The Management Company has obtained approval of SECP, pursuant to which the category of the Fund has been changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund 'NAFA Islamic Income Fund' with effect from March 14, 2017. The trust deed has been amended through supplemental trust deed executed for the change of name and categorisation of the fund as income scheme.

Management Company has obtained approval of SECP, pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Income Fund' with effect from March 14, 2017.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

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

Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2 BASIS OF PRESENTATION

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.
- 3.2** 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.

| | | (Un-Audited) September 30, 2022 | (Audited) June 30, 2022 |
|------------------------|-------------|---------------------------------------|-------------------------------|
| 4 BANK BALANCES | Note | ----- (Rupees in '000) ----- | |
| In current accounts | | 9,840 | 12,009 |
| In savings accounts | 4.1 | <u>1,528,231</u> | <u>1,297,818</u> |
| | | <u>1,538,071</u> | <u>1,309,827</u> |

- 4.1** These saving accounts carry mark-up at rates ranging from 6.6% to 16% per annum (June 2022: 6.5% to 16% per annum).

| | | (Un-Audited) September 30, 2022 | (Audited) June 30, 2022 |
|---|-----|---------------------------------------|-------------------------------|
| ------(Rupees in '000)----- | | | |
| 5 INVESTMENTS | | | |
| At fair value through profit or loss | | | |
| Commercial Paper | | - | 49,816 |
| Certificate of musharka | 5.1 | 275,000 | 323,738 |
| Sukuks | 5.2 | 230,000 | 175,000 |
| | | <u>505,000</u> | <u>548,554</u> |

5.1 This represents Certificate of musharka with First Habib on July 26, 2022. This carry profit at the rate of 15.75% and will mature on October 26, 2022.

5.2 Sukuks

| Description | Number of certificates | | | | | Investment as a percentage of | |
|-------------|------------------------|---------------------------|--------------------------------|--------------------------|---------------------------------------|-------------------------------|----------------------------------|
| | As at July 01, 2022 | Purchased during the year | Sold / matured during the year | As at September 30, 2022 | Market value as at September 30, 2022 | Net assets | Market value of total investment |

All sukuks have a face value of Rs. 100,000 each .

| | | | | | | | |
|--|----|----|----|----|-----------------------|----------------------|----------------------|
| K-Electric | 50 | - | 50 | - | - | - | - |
| K-Electric | 50 | - | 50 | - | - | - | - |
| K-Electric | 75 | - | - | 75 | 75,000 | 3.65% | 14.85% |
| K-Electric | - | 55 | - | 55 | 55,000 | 2.68% | 10.89% |
| K-Electric | - | 50 | - | 50 | 50,000 | 2.43% | 9.90% |
| K-Electric | - | 50 | - | 50 | 50,000 | 2.43% | 9.90% |
| Total as at September 30, 2022 | | | | | <u>230,000</u> | <u>11.19%</u> | <u>45.54%</u> |
| Carrying value before mark to market as at September 30, 2022 | | | | | <u>230,000</u> | | |

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 0.85% 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 2.42% (September 30, 2021: 1.62%) which includes 0.17% (September 30, 2021: 0.09%) representing Government Levy, 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 a "Shariah Compliant Income" scheme.

10 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to categorize funds under their management on the basis of criteria laid down in the Circular. The Board has approved the category of the fund as "Shariah Compliant Income" scheme.

The SECP vide Circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Following is the detail of non-compliant investments:

| Name of Non-compliant investment | Non-compliance of Clause | Type of Investment | Value of Investment before Provision | Provision held, if any | Value of Investment after Provision | % of net assets | % of gross assets |
|---|---|--------------------|--------------------------------------|------------------------|-------------------------------------|-----------------|-------------------|
| New Allied Electronics Industries (Private) Limited - Sukuk 1 | Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009 | Sukuks | 110,000 | (110,000) | - | - | - |
| New Allied Electronics Industries (Private) Limited - Sukuk 2 | Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009 | Sukuks | 4,905 | (4,905) | - | - | - |
| Total carrying value | | | 114,905 | (114,905) | | | |

- 10.1 At the time of purchase, these sukuks were in compliance with the aforementioned Circular. However, they either subsequently defaulted or were downgraded to non investment grade.

11 TRANSACTIONS WITH CONNECTED PERSONS

- 11.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 11.2 The transactions with connected persons and related parties are carried at agreed terms.
- 11.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 11.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

| | -----Un-audited----- | |
|--|---|---|
| | Quarter Ended September 30, 2022 | Quarter Ended September 30, 2021 |
| | (Rupees in '000) | |
| 11.5 Details of the transactions with connected persons are as follows: | | |
| NBP Fund Management Limited - Management Company | | |
| Remuneration of the Management Company | 5,169 | 2,797 |
| Sindh Sales Tax on Management Company's remuneration | 672 | 364 |
| Reimbursement of operational expenses | 602 | 678 |
| Sales and Transfer Load | 2,475 | 734 |
| Reimbursement of selling and marketing expenses | 4,092 | 3,795 |
| Units issued / transferred in 95,898 units (2021: Nil units) | 928 | - |
| ADC charges and Sindh sales tax on ADC charges | 419 | - |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration of the Trustee | 361 | 407 |
| Sindh Sales Tax on Remuneration of the Trustee | 47 | 53 |
| Settlement Charges | 5 | 2 |
| Bank Islami Pakistan Limited (Common Directorship) | | |
| Profit on savings account | 4,041 | 90 |
| Profit on Term deposit receipts | - | 5,588 |
| Placement of term deposit receipts | - | 950,000 |
| Employees of the Management Company | | |
| Units issued / transferred in 222,921 units (2021: 366,550 units) | 2,148 | 3,545 |
| Units redeemed / transferred out 138,352 units (2021: 291,352 units) | 1,346 | 2,827 |
| Pakistan Stock Exchange (Common Directorship) | | |
| Listing fees paid | - | 25 |
| K-Electric (Common Directorship) | | |
| Purchase of K-electric sukuk | 155,000 | - |
| Income on sukuk certificates | 6,469 | - |

| | (Un-Audited) As at September 30, 2022 | (Audited) As at June 30, 2022 |
|--|--|--|
| | (Rupees in '000) | |
| 11.6 Amounts outstanding as at quarter end | | |
| NBP Fund Management Limited - Management Company | | |
| Remuneration of the Management Company | 1,813 | 1,897 |
| Sindh Sales Tax payable on remuneration of the Management Company | 236 | 247 |
| Sales load | 3,058 | 867 |
| Sindh Sales Tax and Federal Excise Duty on sales load | 1,017 | 734 |
| Reimbursement of operational expenses | 602 | 662 |
| Reimbursement of selling and marketing expenses | 4,092 | 4,503 |
| Investment held in the Fund 2,102 units: (June 30, 2022: 133,830 units) | 21 | 1,278 |
| ADC charges and Sindh sales tax on ADC charges | 521 | 227 |
| Central Depository Company of Pakistan Limited | | |
| Remuneration payable | 122 | 130 |
| Sindh Sales Tax payable | 16 | 17 |
| Security deposits | 100 | 100 |
| Settlement Charges | 36 | 19 |
| National Bank of Pakistan - Parent of the Management Company | | |
| Balance in account | 1,850 | 2,351 |
| Profit receiveable | 8 | 4 |
| Employees of Management Company | | |
| Investment held by the executives in the Fund 611,327 units;(June 30, 2022: 526,758 units) | 6,021 | 5,031 |
| BankIslami Pakistan Limited (Common Directorship with the Management Company) | | |
| Balance in savings accounts | 518,982 | 19,052 |
| Profit Receivable on Bank Balance | 2,221 | 104 |
| K-Electric (Common Directorship) | | |
| Investment in Sukuk Certificate | 230,000 | - |
| Profit receiveable on Sukuk Certificate | 7,214 | - |

12 DATE OF AUTHORISATION FOR ISSUE

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

13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

13.2 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

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