



Managing Your Savings

NBP Fund Management Limited



NBP FINANCIAL SECTOR FUND

HALF YEARLY REPORT
DECEMBER 31, 2022

AM1
Rated by PACRA



MISSION STATEMENT

"To become country's most
investor-focused company,
by assisting investors
in achieving their financial goals."



Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	09
INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS	10
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	11
CONDENSED INTERIM INCOME STATEMENT	12
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	13
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	14
CONDENSED INTERIM CASH FLOW STATEMENT	15
NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION	16



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. Khalid Mansoor	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

MCB Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited
National Bank of Pakistan



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 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.nbpffunds.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 reviewed financial statements of **NBP Financial Sector Fund (NFSF)** for the half year ended December 31, 2022.

Fund's Performance

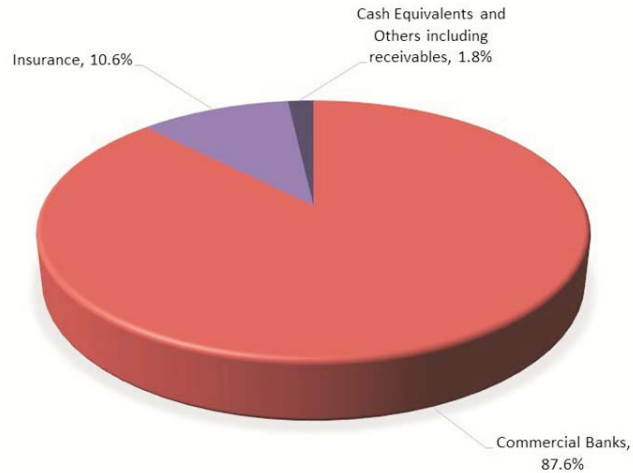
During 1HFY23, the equity market performance remained lackluster, as the benchmark KSE-100 Index fell by 1,120 points, translating into a modest decline of 2.7% for the period. During the period, the market remained jittery and the Index exhibited large swings on both sides driven by the news-flow.

Notwithstanding the strong set of pre-tax results declared by listed corporate space for June & September period, stock market performance remained muted due to frail investor confidence. Although current account was brought under control as Current Account Deficit (CAD) stood at merely USD 3.7 billion down from USD 9.1 billion a year ago, the burgeoning foreign debt repayments took a toll on external account. Since IMF program faced delays & external inflows dried up significantly; SBP's FX reserves nose-dived from USD 9.8 billion to USD 5.6 billion on account of contractual loan repayments. Amid dwindling FX reserves, PKR continued to depreciate as it fell by PKR 21.6 to settle at 226.43 (drop of 10.5%) at December-22 end, which also dented sentiments. Unprecedented rains led to flash floods in the country and resulted in massive devastation that further worsened economic outlook. GDP estimates were trimmed down to 2% from 3%-4% and inflation expectations were also revised upwards by the central bank. Inflation which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up as acute supply disruptions & shortages will put more pressure on the prices. Average inflation clocked in at around 25% in 1HFY23 that prompted the central bank to further raise Policy Rates by 225 basis points during the period. Political uncertainty also remained elevated during the period, due to the long march by PTI during which a failed assassination attempt was made on PTI chief. Furthermore, indications were made to dissolve provincial assemblies where PTI was in power, which further amplified political noise and stirred uncertainty.

In terms of sector wise performance, Cements, Oil & Gas Exploration Companies, Oil & Gas Marketing Companies, Power Generation & Distribution, Sugar & Allied Industries, Technology & Communication, and Transport sectors outperformed the market. On the other hand, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Chemicals, Engineering, Food & Personal Care, Glass & Ceramics, Paper & Board, Pharmaceutical, Refinery & Textile Composite sectors lagged the market. On participants-wise market activity, Banks/DFIs and Individual emerged the largest net buyers with inflows of around USD 50 million and USD 48 million, respectively. On the contrary, Mutual Funds & Insurance lowered their net holdings by around USD 64 million and USD 63 million, respectively.

The size of NBP Financial Sector Fund has decreased from Rs. 372 million to Rs 340 million during the period, i.e., an decrease of 9%. During the period, the unit price of NBP Financial Sector Fund (NFSF) has decreased from Rs 8.2214 on June 30, 2022 to Rs. 7.8370 on December 31, 2022, thus showing an decrease of 4.7%. The Benchmark for the same period was decreased by 0.9%. Thus, the Fund has underperformed its Benchmark by 3.8% during the period under review. Since inception, the unit price of NBP Financial Sector Fund has decreased from Rs. 9.6486 (Ex-Div) on February 14, 2018 to Rs. 7.8370 on December 31, 2022, thus showing a decrease of 18.8%. The Benchmark for the same period was decreased by 4.1%. Thus, the Fund has underperformed its Benchmark by 14.7% during the period under review. This performance is net of management fee and all other expenses.

The Fund has incurred a loss of Rs. 8.32 million during the period. After incurring total expenses of Rs. 8.42 million, the total loss is Rs. 16.74 million.. The asset allocation of the Fund as on December 31, 2022 is as follows:



NFSF Performance versus Benchmark



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: **February 21, 2023**
 Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ میجمنٹ لیویڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے لئے NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 2023 کی پہلی ششماہی کے دوران ایکویٹی مارکیٹ کی کارکردگی سُست رہی، جیسا کہ بیچ مارک KSE-100 انڈیکس میں 1,120 پوائنٹس کی کمی واقع ہوئی، جس کے نتیجے میں اسی مدت کے لیے 2.7 فیصد کی معمولی کمی واقع ہوئی۔ مدت کے دوران، مارکیٹ اتار چڑھاؤ کا شکار رہی اور انڈیکس خبروں کے باعث دونوں اطراف میں ہی گھومتا رہا۔

اگرچہ لٹھڑ کار پوریٹ نے جون اور ستمبر کی مدت کے لیے قبل از ٹیکس مستحکم نتائج کا اعلان کیا، لیکن سرمایہ کاروں کے کمزور اعتماد کی وجہ سے اسٹاک مارکیٹ کی کارکردگی ساکن رہی۔ اگرچہ کرنٹ اکاؤنٹ کو کنٹرول کر لیا گیا کیونکہ کرنٹ اکاؤنٹ خسارہ (CAD) ایک سال پہلے 9.1 بلین امریکی ڈالر سے کم ہو کر محض 3.7 بلین امریکی ڈالر رہ گیا، غیر ملکی قرضوں کی بڑھتی ہوئی ادائیگیوں نے بیرونی اکاؤنٹ پر اثر ڈالا۔ چونکہ آئی ایم ایف پروگرام کو تازہ کار کرنا پڑا اور بیرونی قوم کی آمدن نمایاں طور پر کم ہو گئیں۔ معاہدے کے تحت قرض کی ادائیگیوں کی وجہ سے اسٹیٹ بینک پاکستان کے FX ذخائر 9.8 بلین امریکی ڈالر سے کم ہو کر 5.6 بلین امریکی ڈالر تک رہ گئے۔ کم ہوتے ذخائر کے ساتھ ساتھ، پاکستانی روپیہ مسلسل گرتا رہا، اور 21.6 پاکستانی روپیہ سے گر کر 226.43 (10.5 فیصد کمی) پر آ گیا، جس سے معاشی جذبات کو بھی نقصان پہنچا۔ غیر معمولی بارشوں کی وجہ سے ملک میں سیلاب آیا، جس کے نتیجے میں بڑے پیمانے پر تباہی ہوئی اور تقریباً 30 بلین امریکی ڈالر کا اقتصادی نقصان ہوا۔ اس نے معاشی نقطہ نظر کو مزید خراب کر دیا، کیونکہ GDP کے تخمینے کو 3-4 فیصد سے کم کر کے 2 فیصد کر دیا گیا تھا اور مرکزی بینک کی طرف سے افراط زر کی توقعات پر بھی نظر ثانی کی گئی۔ مہنگائی جو کہ اجناس کی قیمتوں میں اضافے کی وجہ سے پہلے ہی عروج پر تھی، سپلائی میں شدید رکاوٹ اور قلت کی وجہ سے قیمتوں پر مزید بڑا بڑھ گیا۔ اوسط مہنگائی تقریباً 25 فیصد تک پہنچ گئی جو کئی دہائیوں کی بلند ترین سطح پر تھی جس نے مرکزی بینک کو اس مدت کے دوران پالیسی ریٹ میں مزید 225 بیس پوائنٹس کا اضافہ کرنے پر مجبور کر دیا۔ پی ٹی آئی کی جانب سے لانگ مارچ کے اعلان جس میں پی ٹی آئی کے سربراہ پر تعلقانہ حملے کی ناکام کوشش کی گئی، اس عرصے کے دوران سیاسی بے یقینی بھی برقرار رہی۔ مزید برآں، ان صوبائی اسمبلیوں کو تحلیل کرنے کے اشارے دیے گئے جہاں پی ٹی آئی کی حکومت تھی، جس نے سیاسی گہما گہمی کو مزید بڑھا دیا اور غیر یقینی صورتحال کو ختم دیا۔

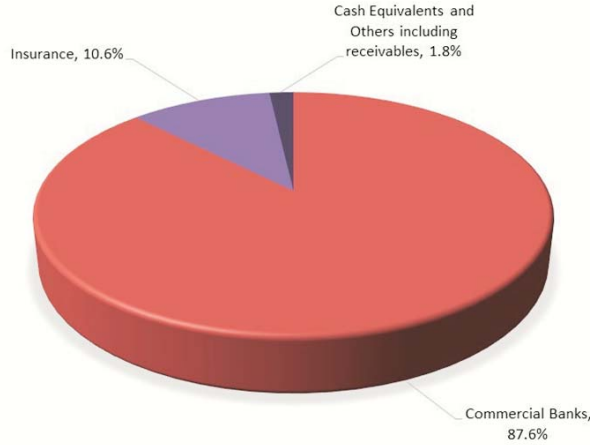
سیکٹرز اور کارکردگی کے لحاظ سے سیمینٹس، آئل اینڈ گیس ایکسپلوریشن کمپنیاں، آئل اینڈ گیس مارکیٹنگ کمپنیاں، پاور جنریشن اور ڈسٹری بیوشن، شوگر اینڈ الائیڈ انڈسٹریز، بیکنالوجی اور میڈیکیشن اور ٹرانسپورٹ کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری جانب آٹو اسمبلرز، آٹو پارٹس اینڈ اسیمبلرز، کیبل اینڈ ایکسٹریبل اشیا، کمپیکٹرز، انجینئرنگ، خوراک اور ذاتی نگہداشت، گلاس اینڈ سٹریکس، پیپر اینڈ بورڈ، فارماسیوٹیکل، ریفرنسری اور نیٹانکس کمپوزٹ کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر پینکس / DFIs اور انفرادی سرمایہ کار بالترتیب 50 بلین امریکی ڈالر اور 48 بلین امریکی ڈالر کی آمد کے ساتھ سب بڑے خالص خریدار رہے۔ اس کے برعکس، میوچل فنڈز اور انشورنس نے اپنی خالص ہولڈنگز کو بالترتیب 64 بلین امریکی ڈالر اور 63 بلین امریکی ڈالر سے کم کیا۔

NBP فنانسینشل سیکٹرز فنڈ کا سائز اس مدت کے دوران 372 ملین روپے سے کم ہو کر 340 ملین روپے ہو گیا، یعنی 9% کی کمی ہوئی۔ اس مدت کے دوران، NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے پونٹ کے قیمت 30 جون 2022 کو 8.2214 روپے سے کم ہو کر 31 دسمبر 2022 کو 7.8370 روپے ہو چکی ہے، لہذا 4.7% کی کمی ظاہر کی۔ اسی مدت کے دوران بیچ مارک میں 0.9% کمی ہوئی۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 13.8% اہتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے پونٹ کی قیمت (Ex-Div) 9.6486 روپے سے کم ہو کر 31 دسمبر 2022 کو 7.8370 روپے ہو گئی، لہذا 18.8% کی کمی ہوئی ہے۔ اسی مدت کے لئے بیچ مارک میں 4.1% کمی ہوئی۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے بیچ مارک سے 14.7% اہتر رہی۔ یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP فنانسینشل سیکٹرز فنڈ نے موجودہ مدت کے دوران 8.32 ملین روپے کا مجموعی نقصان درج کیا۔ 8.42 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص نقصان 16.74 ملین روپے ہے۔



31 دسمبر 2022 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بنچ مارک



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمیٹی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر بونٹ 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 آرٹسٹ کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

مخانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 21 فروری 2023ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Financial Sector Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 27, 2023



INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Financial Sector Fund** (the Fund) as at December 31, 2022, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to and forming part of the condensed interim financial statements for the half year ended December 31, 2022 (here-in-after referred to as the 'condensed interim financial statements'). NBP Fund Management Limited (the Management Company) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

The condensed interim financial information of the Fund for the half year ended December 31, 2021 and the financial statements of the Fund for the year ended June 30, 2022 were reviewed and audited by another firm of chartered accountants, who had expressed unmodified conclusion and opinion thereon vide their reports dated February 28, 2022 and September 28, 2022 respectively.

Yousuf Adil

Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Place: Karachi
Date: February 27, 2023

UDIN: RR202210091ISqerK3GO



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in 000) -----	
ASSETS			
Bank balances	4	18,133	13,757
Investments	5	333,881	359,045
Profit and Dividend receivable		288	268
Deposits and other receivables		2,961	2,948
Receivable against sale of units		20	-
Preliminary expenses and floatation costs	6	76	414
Total assets		355,359	376,432
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	7	2,566	3,034
Payable to Central Depository Company of Pakistan Limited - the Trustee		66	73
Payable to the Securities and Exchange Commission of Pakistan	8	35	89
Payable against redemption of units		2,000	-
Payable against purchase of Investment		10,454	-
Accrued expenses and other liabilities	9	356	740
Total liabilities		15,477	3,936
NET ASSETS		339,882	372,496
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		339,882	372,496
CONTINGENCIES AND COMMITMENTS	10	----- Number of units -----	
NUMBER OF UNITS IN ISSUE		43,368,896	45,308,186
		----- Rupees -----	
NET ASSET VALUE PER UNIT	11	7.8370	8.2214

The annexed notes 1 to 18 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Note	Half year ended December 31,		Quarter ended December 31,	
		2022	2021	2022	2021
(Rupees in 000)					
INCOME					
Profit on bank balances		710	358	442	235
Dividend income		19,004	14,681	8,857	4,443
		19,714	15,039	9,299	4,678
Gain on sale of investments - net		3,948	2,598	3,093	2,522
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.1.4	(31,983)	12,807	(17,002)	13,931
		(28,035)	15,405	(13,909)	16,453
Total (loss) / income		(8,321)	30,444	(4,610)	21,131
EXPENSES					
Remuneration of NBP Fund Management Limited - the Management Company	7.1	2,663	3,381	1,301	1,693
Sindh sales tax on remuneration of the Management Company	7.2	346	439	169	220
Reimbursement of allocated expenses	7.3	182	435	-	225
Reimbursement of selling and marketing expenses	7.4	3,639	4,570	1,778	2,313
Remuneration of Central Depository Company of Pakistan Limited - the Trustee		355	451	173	226
Sindh sales tax on remuneration of the Trustee		46	59	22	30
Annual fee to the Securities and Exchange Commission of Pakistan	8.1	36	45	18	22
Securities transaction cost		185	180	129	145
Auditors' remuneration		315	280	150	119
Amortisation of preliminary expenses and floatation costs	6.1	338	338	169	169
Annual listing fee		14	14	7	7
Printing charges		35	37	17	19
Legal and professional charges		86	239	56	193
Settlement and bank charges		177	173	151	72
Total operating expenses		8,417	10,641	4,140	5,453
Net (loss) / income from operating activities		(16,738)	19,803	(8,750)	15,678
Reversal of provision / (provision against) Sindh Workers' Welfare Fund - net	9.1	-	2,695	-	-
Net (loss) / income for the period before taxation		(16,738)	22,498	(8,750)	15,678
Taxation	12	-	-	-	-
Net (loss) / income for the period after taxation		(16,738)	22,498	(8,750)	15,678
Earnings per unit	13				
Allocation of net income for the period					
Net income for the period after taxation		-	22,498	-	15,678
Income already paid on units redeemed		-	(2,365)	-	(1,948)
		-	20,133	-	13,730
Accounting income available for distribution					
- Relating to capital gains		-	15,405	-	13,730
- Excluding capital gains		-	4,728	-	-
		-	20,133	-	13,730

The annexed notes 1 to 18 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Half year ended December 31,		Quarter ended, December 31,	
	2022	2021	2022	2021
	----- (Rupees in 000) -----			
Net (loss) / income for the period after taxation	(16,738)	22,498	(8,750)	15,678
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(16,738)	22,498	(8,750)	15,678

The annexed notes 1 to 18 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 HALF YEAR ENDED DECEMBER 31, 2022

	For the half year ended December 31, 2022			For the half year ended December 31, 2021		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	----- (Rupees in 000) -----					
Net assets at the beginning of the period (audited)	636,012	(263,516)	372,496	672,914	(227,729)	445,185
Issue of 10,574,658 units (2021: 12,325,362 units)						
- Capital value (at ex-net asset value per unit)	86,938	-	86,938	109,713	-	109,713
- Element of (loss) / income	(1,469)	-	(1,469)	8,201	-	8,201
Total proceeds on issuance of units	85,469	-	85,469	117,914	-	117,914
Redemption of 12,513,948 units (2021: 16,481,600 units)						
- Capital value (at ex-net asset value per unit)	(102,882)	-	(102,882)	(146,709)	-	(146,709)
- Element of income / (loss)	1,537	-	1,537	(6,278)	(2,365)	(8,643)
Total payments on redemption of units	(101,345)	-	(101,345)	(152,987)	(2,365)	(155,352)
Total comprehensive (loss) / income for the period	-	(16,738)	(16,738)	-	22,498	22,498
Net assets at the end of the period (un-audited)	620,136	(280,254)	339,882	637,841	(207,596)	430,245
Accumulated losses brought forward						
- Realised loss		(209,764)			(277,812)	
- Unrealised (loss) / income		(53,752)			50,083	
		(263,516)			(227,729)	
Accounting income available for distribution						
- Relating to capital gains		-			15,405	
- Excluding capital gains		-			4,728	
		-			20,133	
Total comprehensive (loss) / income for the period		(16,738)			22,498	
Accumulated losses carried forward		(280,254)			(207,596)	
Accumulated losses carried forward						
- Realised loss		(248,271)			(220,403)	
- Unrealised (loss) / income		(31,983)			12,807	
		(280,254)			(207,596)	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			8.2214			8.9014
Net asset value per unit at the end of the period			7.8370			9.3824

The annexed notes 1 to 18 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 HALF YEAR ENDED DECEMBER 31, 2022

		Half year ended December 31,	
		2022	2021
Note	-----	(Rupees in 000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
		(16,738)	22,498
Net (loss) / income for the period before taxation			
Adjustments			
		(710)	(358)
		(19,004)	(14,681)
		31,983	(12,807)
	5.1.4		
		-	(2,695)
	9.1		
		338	338
	6.1		
		(4,131)	(7,705)
(Increase) / Decrease in assets			
		(6,819)	30,667
		(13)	(14)
		(6,832)	30,653
Increase / (decrease) in liabilities			
		(468)	121
		(7)	-
		(54)	(67)
		10,454	-
		(384)	(1,112)
		9,541	(1,058)
		19,004	14,681
		690	343
		18,272	36,914
Net cash generated from operating activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
		85,449	115,587
		(99,345)	(154,626)
		(13,896)	(39,039)
Net (decrease) / increase in cash and cash equivalents during the period			
		4,376	(2,125)
		13,757	13,827
		18,133	11,702
	4		
Cash and cash equivalents at the end of the period			

The annexed notes 1 to 18 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 INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Financial Sector Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 04 January 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 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 equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from February 7, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide investors with long-term capital growth from an actively managed portfolio of listed equities belonging to the financial sector. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has reaffirmed the asset manager rating of the Management Company of AM1 (2021: AM1) on June 22, 2022. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and 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.

2.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the 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.

2.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at and for the half year ended December 31, 2022.

3 SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN

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 these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the 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 these 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 in the annual audited 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 annual audited financial statements as at and for the year ended June 30, 2022.

3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period:

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective:



There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2022. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

4	BANK BALANCES	Note	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
			----- (Rupees in 000) -----	
	Savings accounts	4.1	18,133	13,757
	Current accounts		-	-
			18,133	13,757

4.1 These include balances of Rs 12.841 million (June 30, 2022: Rs 8.497 million) and Rs 0.106 million (June 30, 2022: Rs 0.106 million) maintained with BankIslami Pakistan Limited and National Bank of Pakistan (related parties) that carry profit at the rate of 15% per annum (June 30, 2022: 14.5% per annum) and 12.25% per annum (June 30, 2022: 12.25% per annum) respectively. Other savings accounts of the Fund carry profit rates ranging from 7% to 14.5% per annum (June 30, 2022: 6.5% to 10.3% per annum).

5 INVESTMENTS

At fair value through profit or loss

Quoted equity securities	5.1	333,881	359,045
--------------------------	-----	----------------	----------------

5.1 Investments in equity securities - listed

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

5.1.1 Listed equity securities

Name of the Investee Company	As at July 1, 2022	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2022	Market value as at December 31, 2022	Market value as a percentage of net assets of the Fund	Market value as a percentage of total market value of investments of the Fund	Holding as a percentage of paid-up capital of investee company
----- Number of shares held -----					Rupees in 000		----- % -----		
INSURANCE									
IGI Holdings Limited	152,500	-	-	-	152,500	14,488	4.26%	4.34%	0.11%
Adamjee Insurance Company Limited	768,500	-	-	-	768,500	21,649	6.37%	6.48%	0.22%
						36,136	10.63%	10.82%	0.33%
COMMERCIAL BANKS									
Allied Bank Limited	104,500	-	-	53,000	51,500	3,294	0.97%	0.99%	0.00%
Askari Bank Limited	424,000	604,500	-	-	1,028,500	20,673	6.08%	6.19%	0.08%
Bank Alfalah Limited [note 5.1.1]	1,633,770	100,000	-	97,000	1,636,770	49,332	14.51%	14.78%	0.09%
Bank Al Habib Limited	909,871	15,000	-	43,830	881,041	48,704	14.33%	14.59%	0.08%
The Bank of Punjab [note 5.1.1]	815,063	-	-	815,062	1	-	0.00%	0.00%	0.00%
Faysal Bank Limited [note 5.1.2]	1,462,875	124,000	-	801,000	785,875	20,299	5.97%	6.08%	0.05%
MCB Bank Limited [note 5.1.1]	51,900	15,000	-	7,200	59,700	6,935	2.04%	2.08%	0.01%
Meezan Bank Limited	303,266	141,500	27,387	32,400	439,753	43,773	12.88%	13.11%	0.02%
National Bank of Pakistan - a relate	83,000	-	-	13,000	70,000	1,651	0.49%	0.49%	0.00%*
United Bank Limited [note 5.1.1]	372,451	59,500	-	23,400	408,551	41,162	12.11%	12.33%	0.03%
Habib Metropolitan Bank Limited	588,000	-	-	-	588,000	19,963	5.87%	5.98%	0.06%



Name of the Investee Company	As at July 1, 2022	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at December 31, 2022	Market value as at December 31, 2022	Market value as a percentage of net assets of the Fund	Market value as a percentage of total market value of investments of the Fund	Holding as a percentage of paid-up capital of investee company
	----- Number of shares held -----					Rupees in 000		----- % -----	
Habib Bank Limited [note 5.1.1]	569,081	138,500	-	49,197	658,384	41,959	12.35%	12.57%	0.04%
						297,745	87.60%	89.19%	0.47%
Total as at December 31, 2022 (un-audited)						333,881	100.00%	100.00%	0.80%
Carrying value as at December 31, 2022 (un-audited)						365,864			
Market value as at June 30, 2022 (audited)						359,045			
Carrying value as at June 30, 2022 (audited)						412,797			

* Nil value due to rounding off difference

5.1.2 Investments include shares with a market value of Rs 62.288 million (June 30, 2022: Rs 65.557 million) which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including the bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

During the year ended June 30, 2018, the Supreme Court of Pakistan (SCP) passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Sindh High Court. In this regard, on July 15, 2019, the Sindh High Court issued notices to the relevant parties and ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

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

The following bonus shares of the Fund have been withheld by Faysal Bank Limited at the time of declaration of bonus shares.



Name of the investee company	(Un-audited)		(Audited)	
	December 31, 2022		June 30, 2022	
	Bonus shares		Bonus shares	
	Number of shares	Market value	Number of shares	Market value
	(Rupees in 000)		(Rupees in 000)	
Faysal Bank Limited	14,494	374	14,494	334

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in 000) -----	
5.1.4 Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net			
Market value of investments	5.1	333,881	359,045
Less: carrying value of investments	5.1	(365,864)	(412,797)
		<u>(31,983)</u>	<u>(53,752)</u>

6 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the period / year		414	1,084
Less: amortisation during the period / year		(338)	(670)
At the end of the period / year	6.1	<u>76</u>	<u>414</u>

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

7 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY

Management fee payable	7.1	438	486
Sindh sales tax payable on remuneration of the Management Company	7.2	57	63
Reimbursement of allocated expenses payable	7.3	-	218
Reimbursement of selling and marketing expenses payable	7.4	1,778	2,235
Sales load and transfer load payable		255	28
Sindh sales tax payable on sales load and transfer load		33	4
ADC Shares - Payable to Management Company - including SST		4	-
		<u>2,566</u>	<u>3,034</u>

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the rate of 1.5% of average daily net assets during the current period (June 30, 2022: 1.5% of average daily net assets). The remuneration is payable to the Management Company in arrears.

7.2 During the period, an amount of Rs. 0.346 million was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13%.



- 7.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

Rate applicable from July 1, 2022 to December 31, 2022	Rate applicable from July 25, 2021 to December 31, 2021	Rate applicable from July 1, 2021 to July 24, 2021
0.2% of average annual net assets	0.2% of average annual net assets	0.15% of average annual net assets

- 7.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

Rate applicable from July 1, 2022 to December 31, 2022	Rate applicable from September 20, 2021 to December 31, 2021	Rate applicable from July 1, 2021 to September 19, 2021
2.05% per annum of average daily net assets	2.05% per annum of average daily net assets	2% per annum of average daily net assets

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
8	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	----- (Rupees in 000) -----	
	Annual fee payable	<u>35</u>	<u>89</u>
8.1	Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2022: 0.02%) of the average annual net assets of the Fund.		

9 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund	9.1	-	-
Auditors' remuneration payable		150	403
Printing charges payable		24	7
Brokerage fee payable		125	150
Legal and professional charges payable		3	63
Withholding tax payable		8	41
Capital gain tax payable		7	22
Bank charges payable		18	46
Settlement charges payable		21	8
		<u>356</u>	<u>740</u>



- 9.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 2.695 million recognised in these condensed interim financial statements of the Fund, for the period from January 29, 2018 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

11 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

12 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management 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, therefore, no provision for taxation has been made in these condensed interim financial statements during the period.

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



13 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 4.74% (December 31, 2021: 4.48%) which includes 0.24% (December 31, 2021: 0.24%) representing government levy including sales tax and the SECP fee. The prescribed limit for the ratio is 4.5% (December 31, 2021: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

15.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

15.2 Transactions with connected persons / related parties essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

15.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

15.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

15.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

	(Un-audited) Half year ended December 31,	
	2022	2021
	----- (Rupees in 000) -----	
NBP Fund Management Limited - the Management Company		
Remuneration of NBP Fund Management Limited - the Management Company	2,663	3,381
Sindh sales tax on remuneration of the Management Company	346	439
Sales load and transfer load	228	12
Sindh sales tax on sales load and transfer load	30	2
Reimbursement of allocated expenses	182	435
Reimbursement of selling and marketing expenses	3,639	4,570
ADC Shares including SST	4	-



	(Un-audited) Half year ended December 31,	
	2022	2021
	----- (Rupees in 000) -----	
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	355	451
Sindh sales tax on remuneration of the Trustee	46	59
Settlement charges	5	3
Employees of the Management Company		
Units issued during the period - 2,256,344 units (2021: 3,449,020 units)	18,603	33,849
Units redeemed during the period - 2,208,187 units (2021: 3,279,454 units)	18,245	31,879
Haider Amjad - Related Party		
Units issued during the period - 14,808 units (2021: Nil)	115	-
Units redeemed during the period - 14,808 units (2021: Nil)	116	-
National Bank of Pakistan - Parent of Management Company		
Shares purchased during the period - Nil shares (2021: 83,000)	-	2,972
Shares sold during the period - 13,000 (2021: Nil)	363	-
BankIslami Pakistan Limited - common directorship		
Profit on bank balances	433	96
Taurus Securities Limited - subsidiary of parent		
Brokerage expense	10	18
United Bank Limited - unit holder with more than 10% holding		
Shares purchased during the period - 59,500 (2021: 21,000 shares)	6,017	2,993
Shares sold during the period - 23,400 (2021: 96,500 shares)	2,650	12,930
Dividend income	2,792	4,260

* Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2022.

15.7 Amounts / balances outstanding as at period / year end are as follows:	(Un-audited) (Audited)	
	December 31, 2022	June 30, 2022
	----- (Rupees in 000) -----	
NBP Fund Management Limited - the Management Company		
Management fee payable	438	486
Sindh sales tax payable on remuneration of the Management Company	57	63
Sales load and transfer load payable	255	28
Sindh sales tax payable on sales load and transfer load	33	4
Reimbursement of selling and marketing expenses payable	1,778	2,235
Reimbursement of allocated expenses payable	-	218
ADC shares including SST	4	-



	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in 000) -----	
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee payable	58	65
Sindh sales tax payable on trustee fee	8	8
Security deposit	100	100
Settlement charges payable	1	35
Employees of the Management Company		
Units held - 57,248 units (June 30, 2022: 9,091 units)	449	75
National Bank of Pakistan Limited - Parent of Management Company		
Bank balances	106	106
Shares held - 70,000 shares (June 30, 2022: 83,000)	1,651	2,320
Dividend receivable	83	83
BankIslami Pakistan Limited - common directorship		
Bank balances	12,841	8,497
Profit receivable	62	89
Portfolio managed by the Management Company		
Units held - 33,193 (June 30, 2022: Nil)	260	-
United Bank Limited - unit holder with more than 10% holding		
Units held - 25,842,766 (June 30, 2022: 25,842,766 units)	202,530	212,464
Shares held - 408,551 (June 30, 2022: 372,451 shares)	41,162	42,135
National Clearing Company of Pakistan Limited - common directorship		
Settlement charges payable	-	34
Security deposit	-	2,500
Taurus Securities Limited - subsidiary of Parent Company		
Brokerage payable	5	17
15.8	Other balances due to / from related parties / connected persons are included in the respective notes to these condensed interim financial statements.	

16 FAIR VALUE MEASUREMENT

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

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

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



16.1 Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2022 and June 30, 2022 the Fund held the following financial instruments measured at fair value.

	(Un-audited) As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			

At fair value through profit or loss

Listed equity securities

333,881	-	-	333,881
---------	---	---	---------

	(Audited) As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			

At fair value through profit or loss

Listed equity securities

359,045	-	-	359,045
---------	---	---	---------

17 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 21, 2023.

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.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds