



Managing Your Savings

NBP Fund Management Limited



NBP INCOME OPPORTUNITY 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."



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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. Khalid Mansoor	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

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
MCB Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Al Baraka Bank Pakistan Limited



Faysal Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
U Microfinance Bank Limited
Dubai Islamic Bank Limited
Khushhali Bank Limited
Bankislami Pakistan Limited
NRSP Microfinance Bank Limited
HBL Microfinance Bank Limited
Mobilink Microfinance Bank Limited
The Bank of Khyber

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, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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



DIRECTORS' REPORT

The Board of Directors of **NBP Fund Management Limited** is pleased to present the reviewed financial statements of **NBP Income Opportunity Fund (NIOF)** for the half year ended December 31, 2022.

Fund's Performance

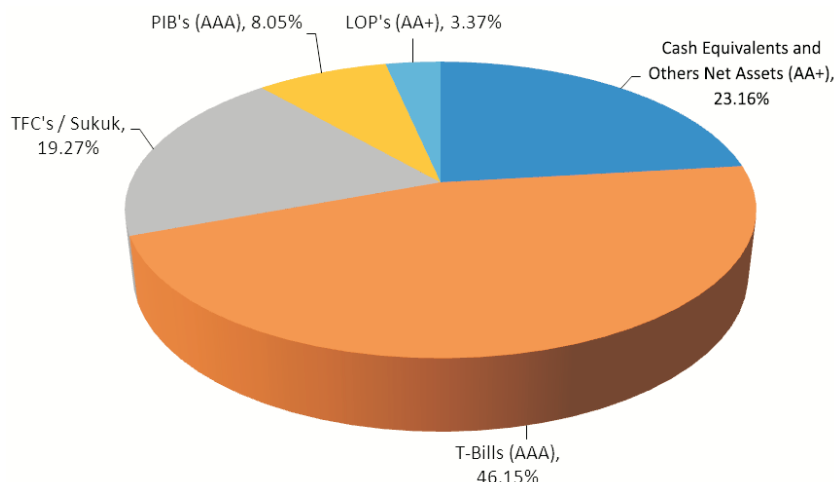
The trading activity in corporate debt securities remained sluggish with a cumulative traded value of around Rs. 4.2 billion versus Rs. 5.6 billion in the same period last year. During 1HFY23, Monetary Policy Committee (MPC) held four meetings and raised the policy rate by 225 basis points to 16%, with a view to anchor the inflationary pressures, achieve price stability - ensuring economic sustainability and easing pressure on currency. However, inflation expectations have been raised in anticipation of tough measures that may follow post re-entry into the IMF Program. According to SBP, rising input costs due to global & domestic supply shocks could de-anchor inflation expectations and undermine (medium-short term) growth.

Despite the administrative contraction in the current account deficit, external account management still looks challenging whereas these measures have also created supply-chain bottlenecks. Also, the production cuts by firms due to supply constraints have resulted in decline in LSM growth. The lack of fresh financial inflows and ongoing debt repayments have led to a continuous drawdown in official reserves. The net liquid foreign exchange reserves with SBP were recorded at USD 5.6 billion in December 2022 (depleting by USD 4.2 billion during 1HFY23), posing challenges and risks to the financial stability and fiscal consolidation.

The SBP held thirteen T-Bill auctions, realizing Rs. 19.1 trillion against a target of Rs. 10.8 trillion and maturity of Rs. 10.7 trillion. The T-Bills yields increased by 1.7%, 1.8% and 1.7% for 3-month, 6-month and 12-month tenures, respectively. This uptick in short-term sovereign yields is primarily reflective of increase in policy rates. The market participants constricted in the shorter tenors due to the political noise coupled with global shocks and uncertainty surrounding monetary easing. In the last auction for the half-year ended, cut-off yields on T-Bill for 3-month, 6-month, and 12-month tenures were noted at 16.99%, 16.83% and 16.85%, respectively. Moreover, in the six PIB auctions, SBP realized an amount of Rs. 943 billion. In the last auction for the half-year ended, bids for 3-year, 5-year and 10-year tenures were rejected, while there were no bids for 15-year, 20-year and 30-year tenures.

NIOF is categorized as an Income Scheme and has been awarded stability rating of 'A+(f)' by PACRA. The size of NBP Income Opportunity Fund has decreased from Rs. 7,375 million to Rs. 5,926 million during the period, a drop of 20%. During the period, the unit price of the Fund has increased from Rs. 10.7953 on June 30, 2022 to Rs. 11.5274 on December 31, 2022 thus showing a return of 13.5% p.a. as compared to the benchmark return of 16.1% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 518.37 million during the period. After deducting total expenses of Rs. 86.67 million, the net income is Rs. 431.70 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIOF.



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 لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2022ء کو ختم ہونے والی پہلی ششماہی کے لئے NBP انکم اپرچونٹی فنڈ (NIOF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

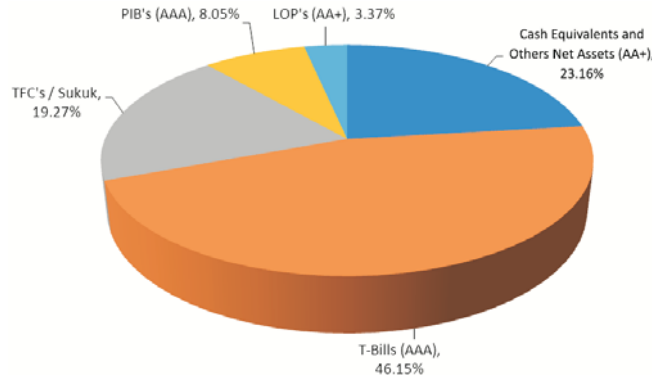
کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمی گزشتہ سال کی اسی مدت کی 56 بلین روپے کے برعکس 4.2 بلین روپے کی مجموعی تجارت کے ساتھ کم رہی۔ مالی سال 23 کی پہلی ششماہی کے دوران، مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد ہوئے اور افراط زر کے دباؤ کو قابو کرنے، قیمتوں کا استحکام حاصل کرنے، اقتصادی استحکام کو یقینی بنانے اور کرنسی پر دباؤ کو کم کرنے کے مقصد سے پالیسی شرح کو 22.5 پیسے پوائنٹس سے بڑھا کر 16 فیصد کر دیا گیا۔ تاہم IMF پروگرام میں دوبارہ داخلہ کے باعث متوقع سخت اقدامات کے باعث افراط زر کی توقعات میں مزید اضافہ ہو گیا۔ SBP کے مطابق، عالمی اور ملکی فراہمی کے خطرات کی وجہ سے مہنگائی پیداواری اخراجات کو بڑھا رہی ہے، جو افراط زر کی توقعات کو کم اور (درمیانی مختصر مدت) نمونو کو کمزور کر سکتی ہے۔

کرنٹ اکاؤنٹ خسارہ میں انتظامی سکتاؤ کے باعث بیرونی کھاتوں کا انتظام اب بھی چیلنجنگ نظر آتا ہے جبکہ ان اقدامات نے سپلائی چین میں رکاوٹیں بھی پیدا کی ہیں۔ نیز سپلائی کی ان رکاوٹوں کی وجہ سے فرمز کی طرف سے پیداوار میں کمی کے نتیجے میں LSM کی نمونوں کی توقع ہوئی ہے۔ فریش مالی قوم کی کمی اور قرضوں کی جاری ادائیگیاں سرکاری ذخائر میں مسلسل کمی کا باعث بنی۔ دسمبر 2022 میں اسٹیٹ بینک نے خالص غیر ملکی زرمبادلہ کے ذخائر 5.6 بلین امریکی ڈالر ریکارڈ کیے (1HFY23 میں 4.2 بلین امریکی ڈالر کی کمی)، جو مالی اور مالیاتی استحکام کے لیے چیلنج اور خطرات پیدا کر رہے ہیں۔

SBP نے ٹی بل کی تیرہ تیلایوں کا انعقاد کیا، جس سے 10.8 ٹریلین روپے ہدف اور 10.7 ٹریلین روپے مچھوٹی کے باعث کل 19.1 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی شرح منافع میں 3 ماہ، 6 ماہ اور 12 ماہ کے لئے بالترتیب 1.7 فیصد، 1.8 فیصد اور 1.7 فیصد تک اضافہ ہوا۔ مختصر مدتی سوریج منافع میں یہ اضافہ بنیادی طور پر پالیسی ریٹس میں اضافہ کی عکاسی ہے۔ مارکیٹ شرکاء عالمی خطرات اور مانیٹری آسانی کی غیر یقینی کے ساتھ ساتھ سیاسی گہما گہمی کی وجہ سے مختصر مدتوں تک محدود رہے۔ ختم ہونے والی ششماہی کی آخری نیلامی میں، 3 ماہ، 6 ماہ اور 12 ماہ کے لئے ٹی بل پیکٹ آف شرح منافع بالترتیب 16.99 فیصد، 16.83 فیصد اور 16.85 فیصد درج کیا گیا۔ مزید برآں، چھ PIB نیلامیوں میں، SBP نے 943 بلین روپے کی رقم وصول کی۔ ختم ہونے والی ششماہی کی آخری نیلامی میں 3 سال، 5 سال اور 10 سال کی مدتوں کی پیشکشیں مسترد کر دی گئیں، جبکہ 15 سال، 20 سال اور 30 سال کی مدتوں کے لئے کوئی پیشکش نہیں تھیں۔

NIOF کی انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے 'A(f)' کی مستحکم ریٹنگ دی گئی ہے۔ موجودہ مدت کے دوران NBP انکم اپرچونٹی فنڈ (NIOF) کا سائز 7,375 بلین روپے سے کم ہو کر 5,926 بلین روپے ہو گیا ہے یعنی 20% کی کمی ہوئی۔ زبر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 10.7953 روپے سے بڑھ کر 31 دسمبر 2022 کو 11.5274 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 16.1% کے مقابلے میں 13.5% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 518.37 بلین روپے کی مجموعی آمدنی کمائی ہے۔ 86.67 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 431.70 بلین روپے ہے۔ درج ذیل چارٹ NIOF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ 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 رٹرنی 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 منجمنٹ کمیٹی 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 Income Opportunity 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' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Income Opportunity 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 and condensed interim cash flow statement for the half year ended December 31, 2022, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with 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. The figures included in the condensed interim income statement for the quarter ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

Scope of Review

We conducted our review in accordance with the 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Engagement Partner: Noman Abbas Sheikh

Dated: February 27, 2023

UDIN: RR202210061QkXwFYOqs



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

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note	-----Rupees in '000-----	
ASSETS		
Bank balances	4 1,373,155	6,289,721
Investments	5 4,553,781	1,655,898
Profit receivable	55,710	95,615
Receivable against issuance of units	-	1,298
Deposits, prepayments and other receivables	12,468	12,754
Total assets	5,995,114	8,055,286
LIABILITIES		
Payable to NBP Fund Management Limited - the Management Company	6 62,582	65,806
Payable to Central Depository Company of Pakistan Limited - the Trustee	430	556
Payable to the Securities and Exchange Commission of Pakistan	7 665	1,980
Payable against redemption of units	2,366	537,441
Accrued expenses and other liabilities	8 3,144	74,960
Total liabilities	69,187	680,743
NET ASSETS	<u>5,925,927</u>	<u>7,374,543</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>5,925,927</u>	<u>7,374,543</u>
CONTINGENCIES AND COMMITMENTS		
	9	
	-----Number of units-----	
NUMBER OF UNITS IN ISSUE	<u>514,072,422</u>	<u>683,124,305</u>
	-----Rupees-----	
NET ASSET VALUE PER UNIT	10 <u>11.5274</u>	<u>10.7953</u>

The annexed notes from 1 to 19 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		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
-----Rupees in '000-----					
INCOME					
Profit on bank balances and term deposit receipts		218,062	282,850	69,918	160,913
Income on term finance certificates and sukuk certificates		90,125	83,430	48,799	39,909
Income on government securities		174,437	66,507	122,439	50,185
Income on commercial papers		14,475	14,699	3,289	11,715
Income on letters of placement		25,688	1,443	8,131	1,443
Income from Margin Trading System		2,229	4,059	1,937	367
Income on spread transactions		-	26,754	-	3,440
Dividend income		-	9,355	-	5,055
Other income	5.4.1	-	1,639	-	-
(Loss) / gain on sale of investments - net		(418)	5,536	(438)	5,969
Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit or loss' - net	5.10	(6,231)	16,477	(2,470)	7,279
		(6,649)	22,013	(2,908)	13,248
Total income		518,367	512,749	251,605	286,275
EXPENSES					
Remuneration of NBP Fund Management Limited - the Management Company	6.1	27,859	31,478	13,476	17,092
Sindh Sales Tax on remuneration of the Management Company	6.2	3,622	4,092	1,752	2,222
Reimbursement of allocated expenses	6.3	4,155	6,932	1,955	3,752
Reimbursement of selling and marketing expenses	6.4	23,265	38,820	10,946	21,015
Remuneration of Central Depository Company of Pakistan Limited - the Trustee		2,493	4,159	1,173	2,251
Sindh Sales Tax on remuneration of the Trustee		324	541	152	293
Annual fee to the Securities and Exchange Commission of Pakistan	7.1	665	1,109	313	600
Securities transaction cost		74	4,653	(283)	1,499
Provision against non-performing term finance certificates		22,200	-	22,200	-
Settlement and bank charges		853	833	839	314
Auditors' remuneration		667	403	519	202
Legal and professional charges		79	341	72	175
Printing charges		94	42	(115)	37
Rating fee		301	352	264	274
Listing fee		14	15	(32)	7
Total expenses		86,665	93,770	53,231	49,733
Net income from operating activities		431,702	418,979	198,374	236,542
Reversal of provision against Sindh Workers' Welfare Fund		-	52,133	-	-
Net income for the period before taxation		431,702	471,112	198,374	236,542
Taxation	12	-	-	-	-
Net income for the period after taxation		431,702	471,112	198,374	236,542
Earnings per unit	13				
Allocation of net income for the period					
Net income for the period after taxation		431,702	471,112		
Income already paid on units redeemed		(65,147)	(122,353)		
		366,555	348,759		
Accounting income available for distribution:					
- Relating to capital gains		-	22,013		
- Excluding capital gains		366,555	326,746		
		366,555	348,759		

The annexed notes from 1 to 19 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		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	-----Rupees in '000-----			
Net income for the period after taxation	431,702	471,112	198,374	236,542
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>431,702</u>	<u>471,112</u>	<u>198,374</u>	<u>236,542</u>

The annexed notes from 1 to 19 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

	Half year ended December 31, 2022			Half year ended December 31, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- Rupees in '000 -----						
Net assets at the beginning of the period (audited)	6,844,143	530,400	7,374,543	7,441,129	512,491	7,953,620
Issue units 116,952,060 (2021: 878,564,929 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,262,533	-	1,262,533	9,459,596	-	9,459,596
- Element of income	42,260	-	42,260	195,871	-	195,871
Total proceeds on issuance of units	1,304,793	-	1,304,793	9,655,467	-	9,655,467
Redemption of 286,003,943 units (2021: 705,563,021 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(3,087,500)	-	(3,087,500)	(7,596,868)	-	(7,596,868)
- Element of loss	(32,464)	(65,147)	(97,611)	(107,024)	(122,353)	(229,377)
Total payments on redemption of units	(3,119,964)	(65,147)	(3,185,111)	(7,703,892)	(122,353)	(7,826,245)
Total comprehensive income for the period	-	431,702	431,702	-	471,112	471,112
Net assets at end of the period (un-audited)	5,028,972	896,955	5,925,927	9,392,704	861,250	10,253,954
Undistributed income brought forward						
- Realised income		501,889			481,867	
- Unrealised income		28,511			30,624	
		<u>530,400</u>			<u>512,491</u>	
Accounting income available for distribution						
- Relating to capital gain		-			22,013	
- Excluding capital gains		366,555			326,746	
		<u>366,555</u>			<u>348,759</u>	
Undistributed income carried forward		896,955			861,250	
Undistributed income carried forward						
- Realised income		903,186			844,773	
- Unrealised (loss) / income		(6,231)			16,477	
		<u>896,955</u>			<u>861,250</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			<u>10.7953</u>			<u>10.7671</u>
Net asset value per unit at the end of the period			<u>11.5274</u>			<u>11.2471</u>

The annexed notes from 1 to 19 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	December 31, 2021
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	431,702	471,112
Adjustments:		
Profit on bank balances and term deposit receipts	(218,062)	(282,850)
Income on term finance certificates and sukuk certificates	(90,125)	(83,430)
Income on government securities	(174,437)	(66,507)
Income on commercial papers	(14,475)	(14,699)
Income on letters of placement	(25,688)	(1,443)
Income from Margin Trading System	(2,229)	(4,059)
Income on spread transactions	-	(26,754)
Dividend income	-	(9,355)
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.10 6,231	(16,477)
Other income	5.4.1 -	(1,639)
Reversal of provision against Sindh Workers' Welfare Fund	-	(52,133)
	(518,785)	(559,346)
	(87,083)	(88,234)
Decrease in assets		
Investments	30,606	894,710
Receivable against Margin Trading System	-	169,506
Deposits, prepayments and other receivables	286	1,534
	30,892	1,065,750
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company	(3,224)	3,002
Payable to Central Depository Company of Pakistan Limited - the Trustee	(126)	161
Payable to the Securities and Exchange Commission of Pakistan	(1,315)	(291)
Accrued expenses and other liabilities	(71,816)	(42,640)
	(76,481)	(39,768)
Income received on bank balances, term deposits receipts, term finance, certificates, letter of placements, commercial papers, sukuk certificates and government securities	564,921	447,428
Dividend received	-	9,355
Net cash generated from operating activities	432,249	1,394,531
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	1,306,091	9,703,148
Net payments against redemption of units	(3,720,186)	(7,801,229)
Net cash (used in) / generated from financing activities	(2,414,095)	1,901,919
Net (decrease) / increase in cash and cash equivalents during the period	(1,981,846)	3,296,450
Cash and cash equivalents at the beginning of the period	6,289,721	5,078,153
Cash and cash equivalents at the end of the period	11 4,307,875	8,374,603

The annexed notes from 1 to 19 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

- 1.1 NBP Income Opportunity 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 the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 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 was required to be registered under the Sindh Trust Act. Accordingly, on November 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 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).
- 1.4 The Fund has been categorised as an open ended 'Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from April 21, 2006 and are transferable and redeemable by surrendering them to the Fund.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (June 30, 2022: 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. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at A+(f) (June 30, 2022: A+(f) on April 19, 2022) dated October 19, 2022.
- 1.6 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These 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 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 audited annual 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 audited annual 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, 2023. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	-----Rupees in '000-----	
4 BANK BALANCES			
Current accounts	4.1	70	70
Savings accounts	4.2	1,373,085	6,289,651
		<u>1,373,155</u>	<u>6,289,721</u>



- 4.1 This includes a balance of Rs 0.07 million (June 30, 2022: Rs. 0.07 million), maintained with National Bank of Pakistan (a related party).
- 4.2 These include balances of Rs 4.740 million (June 30, 2022: Rs 6.312 million), Rs 2.147 million (June 30, 2022: Rs. 2.190 million) and Nil (June 30, 2022: Rs 0.007 million) maintained with BankIslami Pakistan Limited, National Bank of Pakistan and Telenor Microfinance Bank Limited (related parties) respectively, that carry profit at the rate of 15% (June 30, 2022: 15.25%), 14.5% (June 30, 2022: 12.25%) and 14.5% (June 30, 2022: 16.5%) per annum respectively. Other savings accounts of the Fund carry profit rates ranging from 7% to 17.65% (June 30, 2022: 13% to 17.25%) per annum.

(Un-audited) (Audited)
December 31, June 30,
2022 2022

Note -----Rupees in '000-----

5 INVESTMENTS

At fair value through profit or loss

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Equity securities	5.1	-	-
Government securities - Pakistan Investment Bonds	5.2	477,200	-
Government securities - Market Treasury Bills	5.3	2,734,720	-
Term finance certificates - non-performing securities	5.4	50,572	72,771
Term finance certificates	5.5	245,477	284,805
Corporate sukuk certificates	5.6	845,812	712,797
Corporate sukuk certificates - non-performing securities	5.7	-	-
Commercial papers	5.8	-	585,525
Letters of placement	5.9	200,000	-
		<u>4,553,781</u>	<u>1,655,898</u>

5.1 Equity securities

All shares have a nominal face value of Rs. 10 each.

Name of the investee company	Number of shares					Market value as at December 31, 2022	Percentage in relation to		
	As at July 01, 2022	Purchased during the period	Bonus / right shares	Sold during the period	As at December 31, 2022		net assets of the Fund	total market value of the investments	Paid-up capital of the investee company
						Rupees in '000	----- % -----		
TEXTILE COMPOSITE									
Azgard Nine Limited - Non-voting*	308	-	-	-	308	-	-	-	-
Total									
Carrying value as at December 31, 2022									
Market value as at June 30, 2022									
Carrying value as at June 30, 2022									

* These shares are fully provided due to non-tradability.



5.2 Government securities - Pakistan Investment Bonds

Issue date	Tenor in years	Face value				Market value as at December 31, 2022	Percentage in relation to	
		As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022		net assets of the funds	total market value of the investments
----- Rupees in '000 -----						----- % -----		
November 17, 2022	5	-	500,000	-	500,000	477,200	8.05%	10.48%
Total						<u>477,200</u>	<u>8.05%</u>	<u>10.48%</u>
Carrying value as at December 31, 2022						<u>478,157</u>		
Market value as at June 30, 2022						<u>-</u>		
Carrying value as at June 30, 2022						<u>-</u>		

5.3 Government securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at December 31, 2022	Percentage in relation to	
		As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022		net assets of the Fund	total market value of the investments
----- Rupees in '000 -----						----- % -----		
October 20, 2022	3	-	2,250,000	-	2,250,000	2,239,862	37.80%	49.19%
November 3, 2022	3	-	500,000	-	500,000	494,858	8.35%	10.87%
June 2, 2022	3	-	1,000,000	1,000,000	-	-	-	-
March 10, 2022	6	-	1,256,600	1,256,600	-	-	-	-
June 16, 2022	3	-	1,900,000	1,900,000	-	-	-	-
June 30, 2022	3	-	1,900,000	1,900,000	-	-	-	-
June 30, 2022	3	-	1,256,000	1,256,000	-	-	-	-
July 14, 2022	3	-	3,156,000	3,156,000	-	-	-	-
August 11, 2022	3	-	2,950,000	2,950,000	-	-	-	-
July 28, 2022	3	-	4,815,000	4,815,000	-	-	-	-
September 11, 2022	3	-	2,750,000	2,750,000	-	-	-	-
October 6, 2022	3	-	200,000	200,000	-	-	-	-
September 22, 2022	3	-	2,250,000	2,250,000	-	-	-	-
October 6, 2022	3	-	2,250,000	2,250,000	-	-	-	-
Total						<u>2,734,720</u>	<u>46.15%</u>	<u>60.05%</u>
Carrying value as at December 31, 2022						<u>2,734,048</u>		
Market value as at June 30, 2022						<u>-</u>		
Carrying value as at June 30, 2022						<u>-</u>		



5.4 Term finance certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemp-tions	Maturity date	Profit rate	As at July 1, 2022	Purchases during the period	Sold / redeemed during the period	As at December 31, 2022	Market value as at December 31, 2022	Percentage in relation to	
										net assets of the Fund	total market value of the investments
									Number of certificates	Rupees in '000	%
CEMENT											
Dewan Cement Limited TFC (pre IPO) (Face value of Rs. 5,000 per certificate)	Unrated	-	January 17, 2030	6 months KIBOR plus base rate of 2%	30,000	-	-	30,000	-	-	-
COMMERCIAL BANKS											
Silk Bank Limited - TFC I (Face value of Rs. 4,996 per certificate) (note 5.4.2)	BBB+, VIS	Semi-Annually	August 10, 2025	6 months KIBOR plus base rate of 1.85%	20,000	-	-	20,000	50,572	0.85%	1.11%
CHEMICAL											
Agri-tech Limited TFC V (Face value of Rs. 5,000 per certificate)	Unrated	-	January 1, 2025	11% fixed rate	6,464	-	-	6,464	-	-	-
Agri-tech Limited TFC I (Face value of Rs. 4,995 per certificate)	Unrated	-	November 29, 2025	6 months KIBOR plus base rate of 1.75%	30,000	-	-	30,000	-	-	-
LEASING COMPANIES											
Saudi Pak Leasing Company Limited - TFC II (Face value of Rs. 2,755 per certificate)	Unrated	-	March 13, 2025	6.87%	15,000	-	-	15,000	-	-	-
TECHNOLOGY & COMMUNICATION											
Worldcall Telecom Limited - TFC III (Face value of Rs. 1,666 per certificate) (note 5.4.2)	D, PACRA	Quarterly	September 20, 2026	6 months KIBOR plus base rate of 1.6%	45,000	-	-	45,000	-	-	-
TEXTILE COMPOSITE											
Azgard Nine Limited VII (PPTFC) (Face value of Rs. 5,000 per certificate)	Unrated	-	April 29, 2031	5.00%	16,095	-	-	16,095	-	-	-
Azgard Nine Limited - Zero Coupon (Face value of Rs. 5,000 per certificate)	Unrated	-	April 29, 2031	Zero - coupon bond	39,093	-	-	39,093	-	-	-
MISCELLANEOUS											
PACE Pakistan Limited TFC Revised (Face value of Rs. 4,994 per certificate)	Unrated	-	February 15, 2025	6 months KIBOR plus base rate of 2.00%	30,000	-	-	30,000	-	-	-
New Allied Electronic Industries (Private) Limited TFC (Face value of Rs. 2,114 per certificate)	Unrated	-	November 15, 2025	3 months KIBOR plus base rate of 3%	15,000	-	-	15,000	-	-	-
Total									50,572	0.85%	1.11%
Carrying value as at December 31, 2022									50,572		
Market value as at June 30, 2022									72,771		
Carrying value as at June 30, 2022									72,771		

5.4.1 The investee companies had defaulted on their obligations on account of principal and profit payments and accordingly had been classified as a non performing asset by the Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 949,472 million (June 30, 2022: Rs. 927.273 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

5.4.2 During the period, the Fund has received Nil (December 31, 2021: Rs 1.639 million) including a mark-up of Nil (December 31, 2021: Rs 1.05 million) against recovery of provided term finance certificates of Worldcall Telecom Limited.



5.5 Term finance certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchases during the period	Sold / redeemed during the period	As at December 31, 2022	Market value as at December 31, 2022	Percentage in relation to	
										net assets of the Fund	total market value of the investments
									Rupees in '000		%
COMMERCIAL BANKS											
JS Bank Limited - TFC II (Face value of Rs. 99,820 per certificate)	A+, PACRA	Semi-Annually	December 29, 2024	6 months KIBOR plus base rate of 1.4%	500	-	-	500	49,828	0.84%	1.09%
The Bank of Punjab - TFC II (Face value of Rs. 99,900 per certificate)	AA, PACRA	Semi-Annually	April 23, 2028	6 months KIBOR plus base rate of 1.25%	900	-	-	900	90,050	1.52%	1.98%
Al Baraka Bank (Pakistan) limited	A, PACRA	Semi-Annually	December 22, 2031	6 months KIBOR plus base rate of 1.5%	25	-	-	25	24,684	0.42%	0.54%
INVESTMENT COMPANIES											
Jahangir Siddiqui and Company Limited - TFC (5th issue) (Face value of Rs. 2,500 per certificate)	AA+, PACRA	Semi-Annually	July 18, 2023	6 months KIBOR plus base rate of 1.4%	23,340	-	-	23,340	29,698	0.50%	0.65%
Jahangir Siddiqui and Company Limited - TFC (6th Issue) (Face value of Rs. 4,167 per certificate)	AA+, PACRA	Semi-Annually	September 6, 2023	6 months KIBOR plus base rate of 1.4%	30,000	-	-	30,000	51,217	0.86%	1.12%
Total									245,477	4.14%	5.39%
Carrying value as at December 31, 2022									248,108		
Market value as at June 30, 2022									284,805		
Carrying value as at June 30, 2022									263,519		

5.6 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchases during the period	Sales / redemptions during the period	As at December 31, 2022	Market value as at December 31, 2022	Percentage in relation to	
										net assets of the Fund	total market value of the investments
									Rupees in '000		%
CEMENT											
Javedan Corporation Limited Sukuk I (Face value of Rs. 100,000 per certificate)	AA-, VIS	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	400	-	250	150	9,800	0.1%	0.22%
POWER GENERATION & DISTRIBUTION											
K-Electric Limited - Sukuk - V (Face value of Rs. 5,000 per certificate)	AA+, VIS	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.7%	71,000	-	-	71,000	342,776	5.78%	7.53%
The Hub Power Company Limited Sukuk (3rd Issue) (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.9%	1,000	-	-	1,000	50,585	0.85%	1.11%
MISCELLANEOUS											
Hub Power Holding Limited Sukuk	AA+,	Semi-annually	November	6 months KIBOR plus	2,000	-	-	2,000	204,163	3.4	4.4
Shakarganj Food Products Limited Sukuk I (Face value of Rs. 850,000 per certificate)	BBB+, VIS	Quarterly	July 10, 2024	3 months KIBOR plus base rate of 1.75%	70	-	-	70	38,488	0.65%	0.85%
Short term sukuk											
POWER GENERATION & DISTRIBUTION											
K-Electric Limited PPSTS -II (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Semi-annually	April 5, 2023	6 months KIBOR plus base rate of 1.45%	-	800	600	200	200,000	3.37%	4.39%
Total									845,812	14.27%	18.57%
Carrying value as at December 31, 2022									849,127		
Market value as at June 30, 2022									712,797		
Carrying value as at June 30, 2022									705,572		



5.7 Corporate sukuk certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Sold / redeemed during the period	As at December 31, 2022	Market value as at December 31, 2022	Percentage in relation to	
										net assets of the Fund	total market value of the investments
									Rupees in '000	%	
MISCELLANEOUS											
Eden Housing Limited Sukuk (2nd Issue) (Face value of Rs. 984 per certificate)	D, VIS	-	September 29, 2025	6 months KIBOR plus base rate of 2.5%	9,200	-	-	9,200	-	-	-
New Allied Electronic Industries (Private) Limited - Sukuk II (Face value of Rs. 4,905 per certificate)	Unrated	-	December 3, 2025	6 months KIBOR plus base rate of 2.2%	9,000	-	-	9,000	-	-	-
Total											
Carrying value as at December 31, 2022											
Market value as at June 30, 2022											
Carrying value as at June 30, 2022											

5.7.1 The investee companies had defaulted on their obligations on account of principal and profit payments and accordingly had been classified as non performing assets by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs 53.205 million (June 30, 2022: Rs. 53.205 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

5.8 Commercial papers

Name of the security	Rating	Face value				Market value as at December 31, 2022	Market value as a percentage of		
		As at July 1, 2022	Purchased during the period	Disposed off / matured during the period	As at December 31, 2022		net assets of the fund	total investments	
						(Rupees in '000)		%	
POWER GENERATION & DISTRIBUTION									
Waves Singer Pakistan Limited	A-2, VIS	100,000	-	100,000	-	-	-	-	-
Lucky Electric Power Company Limited	AA-, PACRA	250,000	-	250,000	-	-	-	-	-
Lucky Electric Power Company Limited	AA-, PACRA	250,000	-	250,000	-	-	-	-	-
Total									
Carrying value as at December 31, 2022									
Market value as at June 30, 2022						585,525			
Carrying value as at June 30, 2022						585,525			

5.9 Letters of placement

Name of the Investee Company	Rating	Maturity date	Profit rate	Amount placed		As at December 31, 2022	As at December 31, 2022		Market value as a percentage of	
				Purchased during the period	Matured during the period		Carrying value	Market value	total investments	net assets
						(Rupees in '000)		(%)		
DEVELOPMENT FINANCIAL INSTITUTION										
Pak Oman Investment Company Limited	AA+, VIS	August 25, 2022	14.75%	650,000	650,000	-	-	-	-	-
Askari Bank Limited	AA+, PACRA	July 22, 2022	14.10%	700,000	700,000	-	-	-	-	-
PAIR Investment Company Limited	AA+, PACRA	August 5, 2022	15.05%	700,000	700,000	-	-	-	-	-
Askari Bank Limited	AA+, PACRA	July 29, 2022	14.25%	700,000	700,000	-	-	-	-	-
Pak Oman Investment Company Limited	AA+, VIS	September 2, 2022	15.10%	500,000	500,000	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA+, VIS	September 6, 2022	15.10%	500,000	500,000	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA+, VIS	September 12, 2022	15.15%	500,207	500,207	-	-	-	-	-
Pak Oman Investment Company Limited	AA+, VIS	September 16, 2022	15.10%	500,000	500,000	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA+, VIS	December 16, 2022	16.00%	200,000	200,000	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA+, VIS	February 16, 2023	15.75%	200,000	-	200,000	200,000	200,000	4.39%	3.37%
Total										
Market value as at June 30, 2022										
Carrying value as at June 30, 2022										



		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		-----Rupees in '000-----	
5.10	Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit or loss' - net		
	Note		
	Market value of investments	5.1, 5.2, 5.3, 5.5, 5.6, 5.8 & 5.9 4,553,781	1,655,898
	Less: carrying value of investments	5.1, 5.2, 5.3, 5.5, 5.6, 5.8 & 5.9 (4,560,012)	(1,627,387)
		<u>(6,231)</u>	<u>28,511</u>
6	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY		
	Remuneration of the Management Company	6.1 4,643	5,726
	Sindh Sales Tax on remuneration of the Management Company	6.2 604	744
	Reimbursement of allocated expenses payable	6.3 1,955	2,644
	Reimbursement of selling and marketing expenses payable	6.4 10,946	14,809
	Sales and transfer load payable	2,804	611
	Sindh Sales Tax on sales and transfer load	426	141
	Federal Excise Duty on remuneration of the Management Company and sales load	6.5 40,695	40,695
	ADC charges payable including Sindh Sales Tax	509	436
		<u>62,582</u>	<u>65,806</u>

6.1 As per regulation 61 of the NBFC Regulations, 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 its remuneration at the rate of 6% (June 30, 2022: 6%) of net income, subject to floor and capping of 0.5% and 1% per annum of the average net assets of the Fund during the half year ended December 31, 2022. The remuneration is payable to the Management Company monthly in arrears.

6.2 During the period, an amount of Rs. 3.622 million (December 31, 2021: Rs. 4.092 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (December 31, 2021: 13%).

6.3 In accordance with Regulation 60 of the NBFC Regulations, an asset 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 allocated expenses under the following rates:

Rate applicable from July 1, 2022 to December 31, 2022	Rate applicable from July 1, 2021 to June 30, 2022
0.125% of average annual net assets	0.125% of average annual net assets

6.4 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 0.7% (June 30, 2022: 0.7%) of the average annual net assets of the Fund keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.



- 6.5** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till 2016 amounting to Rs 40.695 million (June 30, 2022: Rs 40.695 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2022 would have been higher by Re 0.0792 (June 30, 2022: Re 0.0596) per unit.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- Rupees in '000 -----	
7	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	665	1,980
7.1	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% (June 30, 2022: 0.02%) of the average annual net assets of the Fund.		
8	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration payable	589	552
	Brokerage fee payable	-	26
	Settlement charges payable	400	152
	Printing charges payable	189	113
	Withholding tax payable	166	60,638
	Capital gain tax payable	1,033	12,720
	Legal and professional charges payable	347	414
	Other payable	420	345
		<u>3,144</u>	<u>74,960</u>
9	CONTINGENCIES AND COMMITMENTS		

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

10 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.



		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	-----Rupees in '000-----	
11 CASH AND CASH EQUIVALENTS			
Bank balances	4	1,373,155	6,289,721
Government securities - Market Treasury Bills	5.3	2,734,720	-
Letter of placements	5.9	200,000	-
		4,307,875	6,289,721

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% 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% 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 for the period ended December 31, 2022 is 1.94% (December 31, 2022: 1.66%) which includes 0.14% (December 31, 2021: 0.1%) representing Government Levies on the fund such as sales taxes and annual fee to the SECP, etc. The TER excluding government levies is 1.80% (December 31, 2021: 1.56%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

15 DETAILS OF NON-COMPLIANT INVESTMENTS

The SECP vide Circular no. 7 of 2009 dated March 6, 2009, required all asset management companies to categorise funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as '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
Azgard Nine Limited VII (PPTFC)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	80,475	(80,475)	-	-	-
Agritech Limited I	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,860	(149,860)	-	-	-
Agritech Limited V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	32,320	(32,320)	-	-	-
Dewan Cement Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	150,000	(150,000)	-	-	-
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	9,056	(9,056)	-	-	-
New Allied Electronics Industries (Private) Limited - PPTFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	31,707	(31,707)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	44,149	(44,149)	-	-	-
Pace Pakistan Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,820	(149,820)	-	-	-
Saudi Pak Leasing Company Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	41,321	(41,321)	-	-	-
Azgard Nine Limited Zero Coupon	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	195,465	(195,465)	-	-	-
Silk Bank Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	99,920	(49,348)	50,572	0.85%	0.84%
Worldcall Telecom Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	69,157	(69,157)	-	-	-
Azgard Nine Limited (Non-voting)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Shares	13	(13)	-	-	-
Total carrying value and accumulated impairment as at December 31, 2022			1,053,263	(1,002,691)	50,572		



15.1 At the time of purchase, these investments were in compliance with the aforementioned circular. However, these had either subsequently defaulted or were downgraded to non investment grade.

16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

16.1 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.

16.2 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.

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

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

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

16.6 Details of transactions with connected persons and related parties are as follows:

	----- (Un-audited) -----	
	Half year ended	
	December 31, 2022	December 31, 2021
	----- Rupees in '000 -----	
NBP Fund Management Limited (Management Company)		
Remuneration of the Management Company	27,859	31,478
Sindh Sales Tax on remuneration of the Management Company	3,622	4,092
Reimbursement of allocated expenses	4,155	6,932
Reimbursement of selling and marketing expenses	23,265	38,820
Sales and transfer load including Sindh sales tax	2,478	7,621
Units redeemed: 32,261 units (2021: 3,732,302 units)	352	41,051
ADC charges including Sindh sales tax	362	459
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	2,493	4,159
Sindh Sales Tax on remuneration of the Trustee	324	541
Settlement charges	328	184
National Clearing Company of Pakistan-limited common directorship*		
NCCPL charges	-	110



	----- (Un-audited) -----	
	Half year ended	
	December 31, 2022	December 31, 2021
	----- Rupees in '000 -----	
Taurus Securities Limited (Subsidiary of Parent Company)		
Brokerage expense	-	203
Employees of the Management Company		
Units issued: 4,120,099 units (2021: 8,864,553 units)	46,483	97,780
Units redeemed: 3,961,687 units (2021: 7,280,323 units)	44,611	81,036
Haider Amjad (Shareholder of Management Company)		
Units issued: Nil (2021: 85,956 units)	-	950
Units redeemed: Nil (2021: 85,956 units)	-	951
Muhammad Murtaza Ali (Company Secretary / COO)		
Units redeemed: 120 units (2021: Nil)	1	-
NBP Islamic Mahana Amdani Fund		
Sale of sukuk certificates	-	88,362
Portfolio managed by the Management Company		
Units issued: Nil (2021: 215,408,960 units)	-	2,366,967
Units redeemed: 495,075 units (2021: 122,161,030 units)	5,477	1,348,228
National Bank of Pakistan (Parent of the Management Company)		
Purchase of Market treasury bills	-	1,242,803
Profit on bank balance	-	4,081
BankIslami Pakistan Limited (Common directorship)		
Profit on bank balance	7	20
Khushali Microfinance Bank Limited (Common directorship)*		
Profit on bank balance	-	28,294
K-Electric Limited**		
Purchase of short term sukuk	200,000	-
Profit of sukuk certificate	38,953	-
Lucky Electric Power Company Limited**		
Income on commercial paper	13,667	-
Amounts outstanding as at period / year end are as follows:	(Un-audited)	(Audited)
	December 31,	June 30,
	2022	2022
	----- Rupees in '000 -----	
NBP Fund Management Limited (Management Company)		
Remuneration of the Management Company	4,643	5,726
Sindh Sales Tax on remuneration of the Management Company	604	744
Reimbursement of allocated expenses payable	1,955	2,644
Reimbursement of selling and marketing expenses payable	10,946	14,809
Sales and transfer load payable	2,804	611
Sindh Sales Tax on sales and transfer load	426	141



	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	----- Rupees in '000 -----	
Federal Excise Duty and related Sindh Sales Tax on management fee and sales load	40,695	40,695
ADC charges payable including Sindh Sales Tax	509	436
Units held: Nil (June 30, 2022: 32,261 units)	-	348
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the trustee	380	492
Sindh Sales Tax on remuneration of the trustee	50	64
Settlement charges payable	263	51
Security deposit	100	100
National Clearing Company of Pakistan-limited common directorship*		
Security deposit	-	2,750
NCCPL charges payable	-	101
Units held: Nil (June 30, 2022: 1,739,543 units)	-	18,779
National Bank of Pakistan (Parent of the Management Company)		
Bank balances	2,217	2,190
Profit receivable on bank balances	-	69
BankIslami Pakistan Limited common directorship		
Bank balance	4,740	6,312
Profit receivable on bank balances	1	525
NBP Employees Pension Fund - unit holder with more than 10% holding		
Units held in the Fund: 126,565,293 units (June 30, 2022: 126,565,293 units)	1,458,969	1,366,310
Portfolio managed by the Management Company		
Units held in the Fund: 28,538,142 units (June 30, 2022: 18,042,444 units)	328,971	194,774
Employees of the Management Company		
Units held in the Fund: 580,897 units (June 30, 2022: 422,485 units)	6,696	4,561
Khushali Microfinance Bank Limited*		
Bank balance	-	329,901
Profit receivable on bank balance	-	7
Muhammad Murtaza Ali (Company Secretary of the Management Company)		
Units held in the Fund: 95 units (June 30, 2022: 215 units)	1	2
Telenor Microfinance Bank Limited *		
Bank balance	-	7
Profit receivable on bank balance	-	14
K-electric Limited**		
Short-term sukuk certificates issued - 10 (June 30, 2022: Nil)	200,000	-
Profit receivable on sukuk certificates	18,089	-
Sukuk Certificates	337,250	-



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

** Prior period figures have not been presented as the person was not a related party / connected person as at June 30, 2022.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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

Government securities - Pakistan Investment Bonds	-	477,200	-	477,200
Government securities - Market Treasury Bills	-	2,734,720	-	2,734,720
Term finance certificates	-	296,049	-	296,049
Corporate sukuk certificates	-	845,812	-	845,812
Letters of placement	-	200,000	-	200,000
	-	4,553,781	-	4,553,781



----- Audited -----			
----- As at June 30, 2022 -----			
Level 1	Level 2	Level 3	Total

----- Rupees in '000-----

At fair value through profit or loss

Term finance certificates	-	357,576	-	357,576
Corporate sukuk certificates	-	712,797	-	712,797
Commercial papers*	-	585,525	-	585,525
	-	1,655,898	-	1,655,898

* The valuation of commercial papers has been done based on amortisation to their fair value as per the guidelines given in Circular 33 of 2012 by the SECP as the residual maturity of these investments is less than six months and are placed with counterparties which have high credit rating.

18 GENERAL

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

19 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

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