

**NBP FUNDS**

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

**NBP Fund Management Limited**



# NBP ISLAMIC INCOME 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

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



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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



## DIRECTORS' REPORT

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

### Fund's Performance

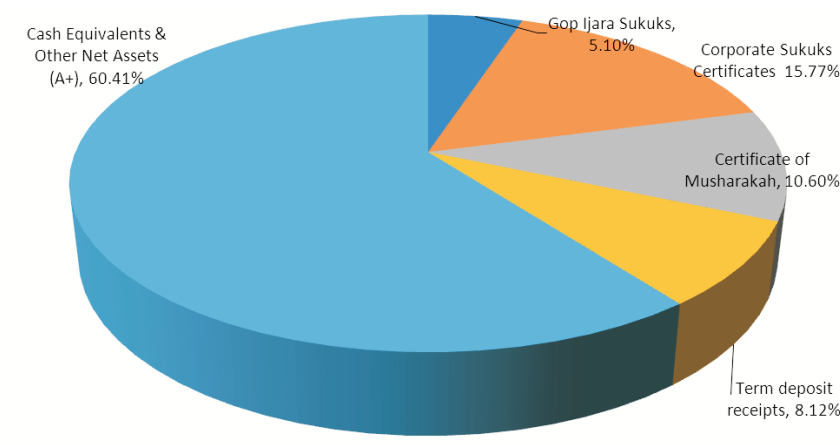
In terms of issuance of fresh corporate sukuks, the market witnessed low activity in the primary market against a large and growing demand. In the secondary market, a value of Rs. 3.1 billion was traded against Rs. 2.2 billion in the same period last year. During 1HFY23, Monetary Policy Committee (MPC) 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.

NBP-IIF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'A+(f)' by PACRA. The fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. The Fund is allowed to invest with A- or above rated Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The size of NBP Islamic Income Fund has decreased from Rs. 7,533 million to Rs. 7,389 million during the period, a fall of 2%. The unit price of the Fund has increased from Rs. 10.0384 on June 30, 2022 to Rs. 10.7486 on December 31, 2022 thus showing return of 14.0% p.a. as compared to its benchmark return of 5.4% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 587.325 million during the period. After deducting total expenses of Rs. 55.114 million, the net income is Rs. 532.211 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-IIF.





## 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**

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**Chief Executive Officer**

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**Director**

Date: February 21, 2023  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک انکم فنڈ (NBP-IIF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

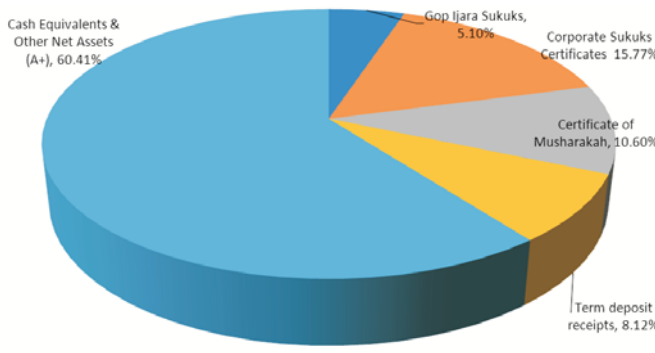
فریش کار پورٹیٹ سٹاک کے اجراء کے لحاظ سے، مارکیٹ نے پرائمری مارکیٹ میں بڑی اور بڑھتی ہوئی طلب کے مقابلے کم سرگرمی دیکھی۔ ثانوی مارکیٹ میں، گزشتہ سال کی اسی مدت میں 2.2 بلین روپے کے مقابلے میں 3.1 بلین کا کاروبار ہوا۔ مالی سال 23 کی پہلی ششماہی کے دوران، مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد ہوئے 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 225 بیس 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) نمو 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 سہولتیں میں رکاوٹیں بھی پیدا کی ہیں۔ نیز سہولتوں کی ان رکاوٹوں کی وجہ سے فرمز کی طرف سے پیداوار میں کمی کے نتیجے میں LSM کی نمو میں کمی واقع ہوئی ہے۔ فریش مالی رقوم 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۔

NBP-IIF کی درجہ بندی بطور شریعہ کمپلائنڈ انکم فنڈ کی گئی ہے اور اسے PACRA کی طرف سے A+(f) کی مستحکم ریٹنگ دی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سیکورٹیز اور منی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز اور انڈوز میں آسانی سے لیکویڈیٹی فراہم کرنے والے A یا بالا درجے کے اسلامی بینکوں کے ساتھ سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق A یا اس سے بالا درجہ بندی کے منی مارکیٹ کے آلات اور ڈیٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکویٹی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سیکورٹیز کے علاوہ فنڈ کی میچورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

NBP اسلامک انکم فنڈ کا ساٹھ ماہ 7,533 ملین روپے سے کم ہو کر اس مدت کے دوران 7,389 ملین روپے ہو گیا (یعنی 2% کمی) ہے۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 10.0384 روپے سے بڑھ کر 31 دسمبر 2022 کو 10.7486 روپے ہو گئی۔ لہذا فنڈ نے اسی مدت میں بیچ مارک منافع 5.4% سالانہ کے مقابلے 14.0% کا سالانہ منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 587.325 ملین روپے کی مجموعی آمدنی ہوئی۔ 55.114 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 532.211 ملین روپے ہے۔ درج ذیل چارٹ NBP-IIF 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 مینجمنٹ کمیٹی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر بونٹ ہولڈرز کا تشکر یہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

**NBP** فنانس 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 Islamic Income 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 Islamic Income 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: RR202210061UBWiyw1Js



## 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 -----	
<b>ASSETS</b>			
Bank balances	4	4,348,142	5,471,730
Investments	5	2,925,746	2,011,357
Profit receivable		150,634	108,047
Prepayments, deposits and other receivables		572	443
Preliminary expenses and floatation costs	6	407	485
Receivable against issuance of units		3,947	57,330
<b>Total assets</b>		<b>7,429,448</b>	<b>7,649,392</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	7	14,670	14,224
Payable to Central Depository Company of Pakistan Limited - the Trustee	8	547	488
Payable to the Securities and Exchange Commission of Pakistan	9	786	990
Payable against redemption of units		16,005	66,255
Accrued expenses and other liabilities	10	8,757	34,225
<b>Total liabilities</b>		<b>40,765</b>	<b>116,182</b>
<b>NET ASSETS</b>		<b>7,388,683</b>	<b>7,533,210</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>7,388,683</b>	<b>7,533,210</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	----- <b>Number of units</b> -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>687,406,529</b>	<b>750,442,762</b>
----- <b>Rupees</b> -----			
<b>NET ASSET VALUE PER UNIT</b>	13	<b>10.7486</b>	<b>10.0384</b>

The annexed notes 1 to 20 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

	For the half year ended December 31, 2022	For the half year ended December 31, 2021	For the quarter ended December 31, 2022	For the quarter ended December 31, 2021
<b>Note</b> ----- (Rupees in '000) -----				
<b>INCOME</b>				
Income on sukuk certificates	100,739	41,958	63,070	21,606
Income on term deposit receipts	13,013	12,202	13,013	3,785
Income on Islamic commercial papers	6,669	29,926	-	18,707
Income on certificates of musharakah	51,790	17,217	31,541	9,483
Profit on bank balances	418,998	70,510	189,687	39,948
Gain on sale of investment - net	35	-	35	-
(Diminution) / unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.6 (3,919)	6,308	(2,507)	4,225
<b>Total income</b>	<b>587,325</b>	<b>178,121</b>	<b>294,839</b>	<b>97,754</b>
<b>EXPENSES</b>				
Remuneration of NBP Fund Management Limited - The Management Company	7.1 34,122	11,282	17,220	5,902
Sindh Sales Tax on remuneration of The Management Company	7.2 4,436	1,467	2,238	767
Reimbursement of allocated expenses	7.3 4,912	2,663	2,440	1,368
Reimbursement of selling and marketing expenses	7.4 5,895	1,997	2,929	1,094
Remuneration of Central Depository Company of Pakistan Limited - The Trustee	2,947	1,598	1,464	821
Sindh Sales Tax on remuneration of The Trustee	383	208	190	107
Annual fee to the Securities and Exchange Commission of Pakistan	9.1 786	426	391	219
Amortisation of preliminary expenses and floatation costs	6.1 78	235	39	117
Auditors' remuneration	333	296	168	183
Legal and professional charges	86	246	43	213
Annual listing fee	14	14	7	7
Shariah advisor fee	675	294	657	258
Settlement and bank charges	303	70	276	45
Printing expenses	50	49	25	25
Brokerage expenses	2	21	2	21
Annual rating fee	92	174	46	131
<b>Total operating expenses</b>	<b>55,114</b>	<b>21,040</b>	<b>28,135</b>	<b>11,278</b>
<b>Net income from operating activities</b>	<b>532,211</b>	<b>157,081</b>	<b>266,704</b>	<b>86,476</b>
Reversal of provision for Sindh Workers' Welfare Fund	-	1,577	-	-
<b>Net income for the period before taxation</b>	<b>532,211</b>	<b>158,658</b>	<b>266,704</b>	<b>86,476</b>
Taxation	14 -	-	-	-
<b>Net income for the period after taxation</b>	<b>532,211</b>	<b>158,658</b>	<b>266,704</b>	<b>86,476</b>
<b>Earnings per unit</b>	15			
<b>Allocation of net income for the period</b>				
Net income for the period after taxation	532,211	158,658		
Income already paid on units redeemed	(152,338)	(57,676)		
	<b>379,873</b>	<b>100,982</b>		
<b>Accounting income available for distribution</b>				
- Relating to capital gains	-	6,308		
- Excluding capital gains	379,873	94,674		
	<b>379,873</b>	<b>100,982</b>		

The annexed notes 1 to 20 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

	For the half year ended December 31, 2022	For the half year ended December 31, 2021	For the quarter ended December 31, 2022	For the quarter ended December 31, 2021
----- (Rupees in '000) -----				
Net income for the period after taxation	532,211	158,658	266,704	86,476
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>532,211</b>	<b>158,658</b>	<b>266,704</b>	<b>86,476</b>

The annexed notes 1 to 20 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	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the period (audited)	7,513,947	19,263	7,533,210	3,242,640	4,016	3,246,656
Issuance of 613,499,799 units (2021: 589,900,011 units)						
- Capital value (at ex-net asset value per unit)	6,158,556	-	6,158,556	5,907,023	-	5,907,023
- Element of income	181,166	-	181,166	102,451	-	102,451
Total proceeds on issuance of units	6,339,722	-	6,339,722	6,009,474	-	6,009,474
Redemption 676,536,033 units (2021: 494,275,172 units)						
- Capital value (at ex-net asset value per unit)	(6,791,339)	-	(6,791,339)	(4,949,474)	-	(4,949,474)
- Element of Income	(72,783)	(152,338)	(225,121)	(42,959)	(57,676)	(100,635)
Total payments on redemption of units	(6,864,122)	(152,338)	(7,016,460)	(4,992,433)	(57,676)	(5,050,109)
Total comprehensive income for the period	-	532,211	532,211	-	158,658	158,658
Net assets at the end of the period (un-audited)	6,989,547	399,136	7,388,683	4,259,681	104,998	4,364,679
Undistributed income brought forward						
- Realised income		1,013			3,414	
- Unrealised income		18,250			602	
		<u>19,263</u>			<u>4,016</u>	
Accounting income available for distribution:						
- Relating to capital gains		-			6,308	
- Excluding capital gains		379,873			94,674	
		<u>379,873</u>			<u>100,982</u>	
Distribution for the period		-			-	
Undistributed income carried forward		<u>399,136</u>			<u>104,998</u>	
Undistributed income carried forward:						
- Realised income		403,055			98,690	
- Unrealised (loss) / income		(3,919)			6,308	
		<u>399,136</u>			<u>104,998</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			<u>10.0384</u>			<u>10.0136</u>
Net asset value per unit at the end of the period			<u>10.7486</u>			<u>10.3958</u>

The annexed notes 1 to 20 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

	For the half year ended December 31, 2022	For the half year ended December 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	----- Rupees in '000 -----	
Net income for the period before taxation	532,211	158,658
<b>Adjustments:</b>		
Income on sukuk certificates	(100,739)	(41,958)
Income on term deposit receipts	(13,013)	(12,202)
Income on Islamic commercial papers	(6,669)	(29,926)
Income on certificates of musharakah	(51,790)	(17,217)
Profit on bank balances	(418,998)	(70,510)
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.6 3,919	(6,308)
Reversal of provision for Sindh Workers' Welfare Fund	-	(1,577)
Amortisation of preliminary expenses and floatation costs	6.1 78	235
	(587,212)	(179,463)
<b>Increase in assets</b>		
Investments - net	(378,365)	(1,356,712)
Prepayments, deposits and other receivables	(129)	(29)
	(378,494)	(1,356,741)
<b>(Decrease) / Increase in liabilities</b>		
Payable to NBP Fund Management Limited - the Management company	446	3,771
Payable to Central Depository Company of Pakistan Limited - the Trustee	59	139
Payable to the Securities and Exchange Commission of Pakistan	(204)	188
Accrued expenses and other liabilities	(25,468)	(1,699)
	(25,167)	2,399
Profit received on bank balances, islamic commercial papers, term deposit receipts, certificates of musharakah and sukuk certificates	548,622	152,507
<b>Net cash generated from / (used in) operating activities</b>	89,960	(1,222,640)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts against issuance of units	6,393,105	5,979,473
Net payments against redemption of units	(7,066,710)	(5,054,012)
<b>Net cash (used in) / generated from financing activities</b>	(673,605)	925,461
<b>Decrease in cash and cash equivalents during the period</b>	(583,645)	(297,179)
Cash and cash equivalents at the beginning of the period	6,315,236	2,282,721
<b>Cash and cash equivalents at the end of the period</b>	12 <u>5,731,591</u>	<u>1,985,542</u>

The annexed notes 1 to 20 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 AND QUARTER ENDED DECEMBER 31, 2022

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

The Fund has been categorised as an open end Shariah compliant income fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 2020 and are transferable and redeemable by surrendering them to the Fund.

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

The Pakistan Credit Rating Agency (PACRA) has reaffirmed the asset manager rating of the Management Company of AM1 on June 22, 2022 (June 30, 2022: AM1). 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) dated October 19, 2022 (June 30, 2022: A+(f) on April 19, 2022).

The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and



- Non-Banking Finance Companies (Establishment and 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 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, 2021. 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, 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.



4	BANK BALANCES	Note	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
			----- Rupees in '000 -----	
Balances with banks in:				
	Current accounts	4.1	170,083	14,215
	Savings accounts	4.1	4,178,059	5,457,515
			<u>4,348,142</u>	<u>5,471,730</u>

4.1 These include balances of Rs 0.656 million (June 30, 2022: Rs 1.073 million) and Rs 31.759 million (June 30, 2022: Rs 7.495 million) maintained with National Bank of Pakistan and BankIslami Pakistan Limited (related parties) respectively, that carry profit at the rate of 12.25% (June 30, 2022: 12.25%) and 15% (June 30, 2022: 15.00%) per annum respectively. Other savings accounts of the Fund carry profit at the rate ranging from 6.0% to 15.75% (June 30, 2022: 6.50% to 16.00%) per annum.

5	INVESTMENTS	Note	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
			----- Rupees in '000 -----	
<b>At fair value through profit or loss</b>				
	Islamic commercial papers	5.1	-	348,375
	GoP Ijarah sukuks	5.2	377,033	100,030
	Corporate sukuk certificates	5.3	1,165,264	1,067,821
	Term deposit receipts	5.4	600,000	-
	Certificates of musharakah	5.5	783,449	495,131
			<u>2,925,746</u>	<u>2,011,357</u>

## 5.1 Islamic commercial papers

Name of the security	Rating	Face value (Rupees in '000)				(Rupees in '000)		Unrealised appreciation	Market value as a percentage of	
		As at July 1, 2022	Purchased during the period	Disposed of / matured during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022		total investments of the Fund	net assets of the Fund
----- % -----										
<b>Engineering</b>										
Mughal Iron & Steel Industries Limited ICP-1	A-2, VIS	300,000	-	300,000	-	-	-	-	-	-
<b>Power generation &amp; distribution</b>										
Lucky Electric Power Company Limited ICP-2	AA-, PACRA	50,000	-	50,000	-	-	-	-	-	-
<b>Total as at December 31, 2022 (un-audited)</b>						-	-	-	-	-
<b>Total as at June 30, 2022 (audited)</b>						348,375	348,375	-	17.32%	4.62%

## 5.2 GoP Ijarah sukuks

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Sold during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised diminution	Market value as a percentage of	
				----- Number of certificates -----			----- (Rupees in '000) -----		----- % -----			
GoP Ijarah sukuks XXI (Note 5.2.1)	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	1,000	-	-	1,000	100,030	99,540	(490)	3.40%	1.35%
GoP Ijarah sukuks - VRR 26 (Note 5.2.1)	Semi-annually	October 26, 2027	Weighted average 6 months T-Bills	-	2,750	-	2,750	275,000	273,709	(1,291)	9.96%	3.70%
GoP Ijarah sukuks - VRR 25 (Note 5.2.1)	Semi-annually	April 27, 2027	Weighted average 6 months T-Bills	-	38	-	38	3,784	3,784	-	0.13%	0.05%
<b>Total as at December 31, 2022 (un-audited)</b>								378,814	377,033	(1,781)	12.86%	5.10%
<b>Total as at June 30, 2022 (audited)</b>								100,630	100,030	(600)	4.97%	1.33%



5.2.1 The nominal value of these sukuk is Rs 100,000 each.

## 5.3 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	Sold / redeemed during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised (diminution) / appreciation	Market value as a percentage of	
												total investments of the Fund	net assets of the Fund
					Number of certificates				Rupees in '000			%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>													
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	March 19, 2024	1 year KIBOR plus base rate of 1.9%	500	-	-	500	38,716	38,156	(560)	1.30%	0.52%
Hub Power Holdings Limited (Non-traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700	-	-	700	70,000	71,458	1,458	2.44%	0.97%
Engro Powergen Thar (Private) Limited (Non-traded) (Face value of Rs 5,000 per certificate)	A, PACRA	Quarterly	August 2, 2024	3 months KIBOR plus base rate of 1.70%	60,000	-	-	60,000	242,392	241,963	(429)	8.27%	3.27%
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.9%	700	-	-	700	37,735	35,409	(2,326)	1.21%	0.48%

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	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised (diminution) / appreciation	Market value as a percentage of	
												total investments of the Fund	net assets of the Fund
					Number of certificates				Rupees in '000			%	
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	AA+, VIS	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.7%	10,000	-	-	10,000	48,560	48,278	(282)	1.65%	0.65%
K-Electric short-term sukuk - 1 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi-annually	August 04, 2022	6 months KIBOR plus base rate of 0.85%	150	-	150	-	-	-	-	-	-
K-Electric short-term sukuk - 2 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi-annually	August 15, 2022	6 months KIBOR plus base rate of 0.85%	150	-	150	-	-	-	-	-	-
K-Electric short-term sukuk - 6 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi-annually	October 27, 2022	6 months KIBOR plus base rate of 0.70%	225	350	575	-	-	-	-	-	-
K-Electric short-term sukuk - 9 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi-annually	March 21, 2023	6 months KIBOR plus base rate of 0.70%	-	480	-	480	480,000	480,000	-	16.41%	6.50%
K-Electric short-term sukuk - 10 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi-annually	April 05, 2023	6 months KIBOR plus base rate of 0.70%	-	250	-	250	250,000	250,000	-	8.54%	3.38%
<b>Total as at December 31, 2022 (un-audited)</b>									1,167,403	1,165,264	(2,139)	39.83%	15.77%
<b>Total as at June 30, 2022 (audited)</b>									1,048,971	1,067,821	18,850	53.11%	14.17%

## 5.4 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Matured during the period	As at December 31, 2022	Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation	Market value as a percentage of			
											total investments of the Fund	net assets of the Fund		
											Rupees in '000		%	
<b>COMMERCIAL BANKS</b>														
Bank Alfalah Limited - Islamic Banking	AA+, PACRA	March 30, 2023	15.55%	-	600,000	-	600,000	600,000	600,000	-	20.51%	8.12%		
Bank Alfalah Limited - Islamic Banking	AA+, PACRA	December 30, 2022	15.02%	-	450,000	450,000	-	-	-	-	-	-		
<b>Total as at December 31, 2022 (un-audited)</b>									600,000	600,000	-	20.51%	8.12%	
<b>Total as at June 30, 2022 (audited)</b>									-	-	-	-	-	



## 5.5 Certificates of musharakah

Name of investee company	Rating	Maturity date	Profit rate	Face Value				Carrying value as at December 31, 2022	Market value as at December 31, 2022	Unrealised appreciation	Market value as a percentage of	
				As at July 1, 2022	Placed during the period	Matured during the period	As at December 31, 2022				total investments of the Fund	net assets of the Fund
(Rupees in '000)												
<b>NON-BANK ISLAMIC FINANCIAL INSTITUTIONS</b>												
First Habib Modaraba	AA+, PACRA	October 26, 2022	15.75%	-	315,827	315,827	-	-	-	-	-	
First Habib Modaraba	AA+, PACRA	October 28, 2022	15.75%	-	197,253	197,253	-	-	-	-	-	
First Habib Modaraba	AA+, PACRA	December 20, 2022	15.75%	-	250,000	250,000	-	-	-	-	-	
First Habib Modaraba	AA+, PACRA	January 26, 2023	15.75%	-	328,365	-	328,365	328,365	328,365	-	11.22%	4.44%
First Habib Modaraba	AA+, PACRA	January 30, 2023	15.75%	-	205,083	-	205,083	205,083	205,083	-	7.01%	2.78%
First Habib Modaraba	AA+, PACRA	March 20, 2023	16.75%	-	250,000	-	250,000	250,000	250,000	-	8.54%	3.38%
First Habib Modaraba	AA+, PACRA	July 26, 2022	14.80%	304,794	-	304,794	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	July 28, 2022	14.80%	190,337	-	190,337	-	-	-	-	-	-
Total as at December 31, 2022 (un-audited)								783,449	783,449	-	26.78%	10.60%
Total as at June 30, 2022 (audited)								495,131	495,131	-	24.60%	6.57%

## 5.6 Unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
----- Rupees in '000 -----			
Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	2,925,746	2,011,357
Less: carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	(2,929,665)	(1,993,107)
		<u>(3,919)</u>	<u>18,250</u>

## 6 PRELIMINARY EXPENSES AND FLOATATION COSTS

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
At the beginning of the period / year		485	641
Less: amortisation during the period / year	6.1	(78)	(156)
At the end of the period / year		<u>407</u>	<u>485</u>

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (Management Company). These costs are being 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

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
----- Rupees in '000 -----			
Remuneration payable to the Management Company	7.1	5,181	4,770
Sindh sales tax payable on remuneration of the Management Company	7.2	1,513	604
Reimbursement of allocated expenses payable	7.3	2,440	2,018
Reimbursement of selling and marketing expenses payable	7.4	2,929	2,113
Sales and transfer load payable		1,522	3,691
Sindh sales tax payable on sales load		189	480
ADC charges payable including Sindh sales tax		743	395
Other payable		153	153
		<u>14,670</u>	<u>14,224</u>

7.1 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 1.25% (June 30, 2022: 0.5% and 1.25%) per annum of the average net assets of the Fund during the current period. The remuneration is payable to the Management Company monthly in arrears.



7.2 During the period, an amount of Rs. 4.436 million (December 31, 2021: Rs. 1.467 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (December 31, 2021: 13%).

7.3 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

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 0.15% for the period from July 1, 2022 to December 31, 2022 (2021: 0% for the period from July 1, 2021 to July 25, 2021, 0.25% for the period from July 26, 2021 to August 1, 2021 and 0.10% for the period from August 2, 2021 to December 31, 2021) 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.

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE	Note	(Un-audited)	(Audited)
			December 31, 2022	June 30, 2022
			------(Rupees in '000)-----	
	Trustee fee payable	8.1	484	432
	Sindh sales tax payable on the trustee fee		63	56
			<u>547</u>	<u>488</u>

8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (June 30, 2022: 0.075%) per annum of net assets.

## 9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee payable	9.1	<u>786</u>	<u>990</u>
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9.1 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.

## 10 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		332	386
Legal fee payable		103	140
Shariah advisor fee payable		657	715
Withholding tax payable		725	19,803
Capital gain tax payable		4,750	12,605
Payable against printing charges		99	67
Bank and settlement charges payable		234	70
Brokerage payable		-	97
Other payables		1,857	342
		<u>8,757</u>	<u>34,225</u>

## 11 CONTINGENCIES AND COMMITMENTS

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



		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
<b>12</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Balances with banks	4,348,142	5,471,730
	Islamic commercial papers	-	348,375
	Term deposit receipts	600,000	-
	Certificates of musharakah	783,449	495,131
		<u>5,731,591</u>	<u>6,315,236</u>

## 13 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 end.

## 14 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.

## 15 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.

## 16 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund for the period ended December 31, 2022 is 1.40% (December 31, 2021: 0.99%) which includes 0.14% (December 31, 2021: 0.10%) representing government levies such as sales taxes and annual fee to the SECP. The TER excluding government levies is 1.26% (December 31, 2021: 0.89%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Shariah compliant income scheme.

## 17 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

**17.1** 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.

**17.2** Transactions with connected persons / related parties are executed on an arm's length and 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.



- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 17.6** Details of transactions with related parties / connected persons during the period are as follows:

	(Un-audited) For the half year ended December 31, 2022	(Un-audited) For the half year ended December 31, 2021
----- Rupees in '000 -----		
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of NBP Fund Management Limited - the Management Company	34,122	11,282
Sindh Sales Tax on remuneration of the Management Company	4,436	1,467
Reimbursement of allocated expenses	4,912	2,663
Reimbursement of selling and marketing expenses	5,895	1,997
Preliminary expenses and floatation costs paid by the Management Company	78	235
Sales load and Sindh Sales Tax on sales load	11,928	3,424
ADC charges including Sindh sales tax	694	209
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	2,947	1,598
Sindh sales tax on remuneration of the Trustee	383	208
Settlement charges	138	23
<b>Employees of Management Company</b>		
Units issued: 13,224,226 units (2021: 22,073,093 units)	137,455	225,504
Units redeemed: 14,632,098 units (2021: 15,403,822 units)	151,590	157,756
<b>Portfolio managed by the Management Company</b>		
Units issued: 12,501,742 (2021: 19,268,817 units)	132,504	195,322
Units redeemed: 25,201,933 (2021: 16,465,873 units)	259,937	169,053
<b>NAFA Islamic Active Allocation Plan - I</b>		
Units issued: 514,601 units (2021: 628,607 units)	5,447	6,516
Units redeemed: 419,297 units (2021: Nil)	4,349	-
<b>NAFA Islamic Active Allocation Plan - II</b>		
Units issued: 555,372 units (2021: 659,589 units)	5,874	6,837
Units redeemed: 386,344 units (2021: Nil)	4,010	-
<b>NAFA Islamic Active Allocation Plan - III</b>		
Units issued: 3,457,869 units (2021: 2,265,515 units)	36,720	23,485
Units redeemed: 1,255,306 units (2021: Nil)	13,324	-
<b>NAFA Islamic Active Allocation Plan - IV</b>		
Units issued: 4,283,090 units (2021: 1,935,620 units)	45,480	20,065
Units redeemed: 5,774,358 units (2021: Nil)	61,800	-
<b>NAFA Islamic Active Allocation Plan - V</b>		
Units issued: 1,552,672 units (2021: 1,052,003 units)	16,436	10,905
Units redeemed: 803,074 units (2021: Nil)	8,459	-





(Un-audited)	(Un-audited)
For the half year ended December 31, 2022	For the half year ended December 31, 2021

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

**NAFA Islamic Active Allocation Plan - VI**

Units issued: 335,760 units (2021: 368,187 units)  
Units redeemed: 169,552 units (2021: Nil)

3,561	3,817
1,800	-

**NAFA Islamic Active Allocation Plan - VII**

Units issued: 791,375 units (2021: 449,646 units)  
Units redeemed: 436,329 units (2021: Nil)

8,395	4,661
4,566	-

**NAFA Islamic Active Allocation Plan - VIII**

Units issued: 1,507,934 units (2021: 745,185 units)  
Units redeemed: 670,547 units (2021: Nil)

15,995	7,725
7,032	-

**National Bank of Pakistan - Parent of the Management Company**

Profit on bank balances

-	3
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**BankIslami Pakistan Limited - common directorship**

Profit on bank balances  
Placement in term deposit receipts  
Matured during the period - term deposit receipts  
Income on term deposit receipts

24,503	1,806
-	1,306,837
-	1,756,837
-	10,467

**K-electric Limited\***

Purchase of sukuk certificates  
Sale of sukuk certificates  
Profit on sukuk certificates

1,104,109	-
374,144	-
53,476	-

**NBP Islamic Sarmaya Izafa Fund**

Purchase of sukuk certificates

-	102,133
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**Khalid Mehmood - Chief Financial Officer of Management Company**

Units issued: 95,700 units (2021: 282,674 units)  
Units redeemed: 98,810 units (2021: 140,569 units)

1,000	2,900
1,036	1,451

**17.7 Amounts / balances outstanding as at period / year end are as follows:**

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

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

**NBP Fund Management Limited - the Management Company**

Remuneration payable to the Management Company  
Sindh Sales Tax payable on remuneration of the Management Company  
Reimbursement of allocated expenses payable  
Reimbursement of selling and marketing expenses payable  
Sales and transfer load payable  
Sindh Sales Tax payable on sales load  
ADC charges payable including Sindh sales tax  
Other payable

5,181	4,770
1,513	604
2,440	2,018
2,929	2,113
1,522	3,691
189	480
743	395
153	153



	(Un-audited) As at December 31, 2022	(Audited) As at June 30, 2022
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration payable to the Trustee	484	432
Sindh Sales Tax payable on Trustee remuneration	63	56
Settlement charges payable	111	10
Security deposit	100	100
<b>Employees of Management Company</b>		
Units held: 11,150,751 units (June 30, 2022: 12,558,623 units)	119,855	126,068
<b>Portfolio managed by the Management Company</b>		
Units held in the Fund: 27,450,786 units (June 30, 2022: 39,209,749 units)	295,057	393,604
<b>NAFA Islamic Active Allocation Plan - I</b>		
Units held: 875,179 units (June 30, 2022: 779,875 units)	9,407	7,829
<b>NAFA Islamic Active Allocation Plan - II</b>		
Units held: 892,259 units (June 30, 2022: 723,231 units)	9,591	7,260
<b>NAFA Islamic Active Allocation Plan - III</b>		
Units held: 4,248,581 units (June 30, 2022: 2,046,018 units)	45,666	20,539
<b>NAFA Islamic Active Allocation Plan - IV</b>		
Units held: 576,641 units (June 30, 2022: 2,067,909 units)	6,198	20,759
<b>NAFA Islamic Active Allocation Plan - V</b>		
Units held: 1,730,364 units (June 30, 2022: 980,765 units)	18,599	9,845
<b>NAFA Islamic Active Allocation Plan - VI</b>		
Units held: 439,330 units (June 30, 2022: 273,122 units)	4,722	2,742
<b>NAFA Islamic Active Allocation Plan - VII</b>		
Units held: 928,044 units (June 30, 2022: 572,998 units)	9,975	5,752
<b>NAFA Islamic Active Allocation Plan - VIII</b>		
Units held: 1,618,512 units (June 30, 2022: 781,125 units)	17,397	7,841
<b>National Bank of Pakistan - Parent of the Management Company</b>		
Bank balances	656	1,073
Profit receivable on bank balances	-	-
<b>K-Electric Limited*</b>		
Sukuk certificates	778,560	-
Profit receivable on sukuk certificates	35,866	-
<b>BankIslami Pakistan Limited - common directorship</b>		
Bank balances	31,759	7,495
Term deposit receipts	-	-
Profit receivable on bank balances	136	63
Profit receivable on term deposit receipts	-	-
<b>Khalid Mehmood - Chief Financial Officer of Management Company</b>		
Units held: 2,417 units (2022: 5,548 units)	26	55



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

## 18 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.

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

### At fair value through profit or loss

Islamic commercial papers*	-	-	-	-
GoP Ijarah sukuks	-	377,033	-	377,033
Corporate sukuk certificates	-	1,165,264	-	1,165,264
Term deposit receipts**	-	600,000	-	600,000
Certificates of musharakah**	-	783,449	-	783,449
	-	2,925,746	-	2,925,746

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

### At fair value through profit or loss

Islamic commercial papers*	-	348,375	-	348,375
GoP Ijarah sukuks	-	100,030	-	100,030
Corporate sukuk certificates	-	1,067,821	-	1,067,821
Term deposit receipts**	-	-	-	-
Certificates of musharakah**	-	495,131	-	495,131
	-	2,011,357	-	2,011,357



\* The valuation of Islamic 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.

\*\* The carrying value of these deposits and certificates approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

## 19 GENERAL

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

## 20 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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