

NBP FUNDS
Managing Your Savings

Aitemaad اعتماد
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Islamic Savings

الاستثمار

NBP Fund Management Limited



NBP ISLAMIC SARMAYA IZAFI 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

Habib Bank Limited (Islamic)
United Bank Limited (Ameen)
Bank Al Habib Limited (Islamic)
Meezan Bank Limited
Bank Islami (Pakistan) Limited
Sindh Bank Limited (Saadat)
MCB Bank Limited (Islamic)
Dubai Islamic Bank Limited
Bank Alfalah Limited (Islamic)
Soneri Bank Limited (Mustaqeem)
Habib Metro Bank Limited (Islamic)
Allied Bank Limited (Islamic)
Silk Bank Limited (Emaan)
National Bank of Pakistan
JS Bank Limited
Al Baraka Bank Pakistan Limited



Auditors

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

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.nbpfunfs.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 Sarmaya Izafa Fund (NISIF)** for the half year ended December 31, 2022.

Fund's Performance

During 1HFY23, the equity market performance remained lackluster, as the benchmark KMI-30 Index fell by 489 points, translating into a modest decline of 0.7% for the period. During the period, the market remained jittery and the Index exhibited large swings on both sides driven by the news-flow.

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

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

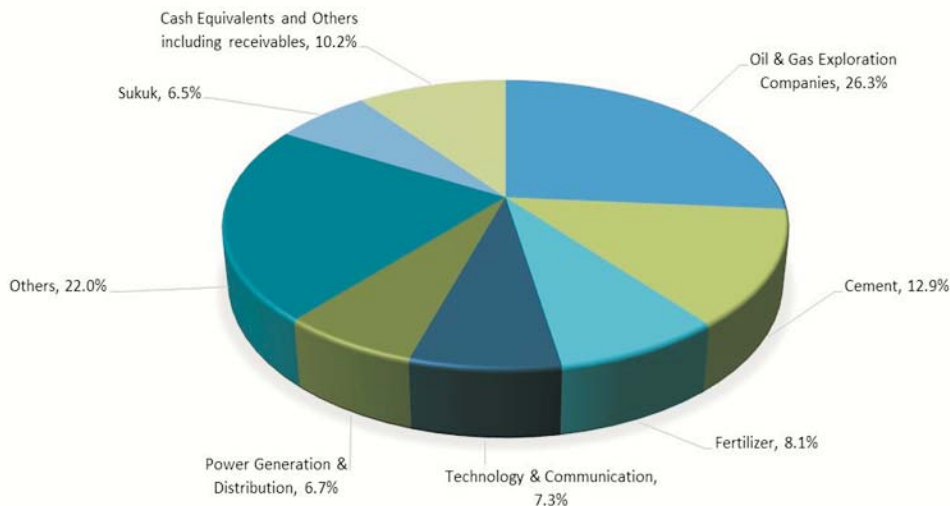
In terms of issuance of fresh corporate sukuks, the market witnessed low activity in the primary market against a large and growing demand. In the secondary market, a value of Rs. 3.1 billion was traded against Rs. 2.2 billion in the same period last year. During 1HFY23, Monetary Policy Committee (MPC) 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 ease pressure on currency. However, inflation expectations have been raised in anticipation of tough measures that may follow post re-entry into an 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 size of NBP Islamic Sarmaya Izafa Fund has decreased from Rs. 3,102 million to Rs. 2,167 million during the period, i.e., a decrease of 30%. During the period, the unit price of NBP Islamic Sarmaya Izafa Fund has increased from Rs. 15.2302 on June 30, 2022 to Rs. 15.2663 on December 31, 2022, thus showing a increase of 0.2%. The Benchmark decrease during the same period was 0.03%. Thus, the Fund has outperformed its Benchmark by 0.3% during the period under review. Since inception the NAV of the Fund has increased from Rs.3.5318 (Ex-Div) on October 26, 2007 to Rs. 15.2663 on December 31, 2022, thus showing an increase of 332.3%. During the said period, the Benchmark increased by 201.7%, translating into outperformance of 130.6%. This performance is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 72.889 million during the period. After deducting total expenses of Rs. 55.757 million, the net income is Rs. 17.132 million. The asset allocation of NISIF as on December 31, 2022 is as follows:

The asset allocation of the Fund as on December 31, 2022 is as follows:



NISIF Performance versus Benchmark



Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of

NBP Fund Management Limited

Chief Executive Officer

Director

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

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ کمپنیز کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کے لئے NBP اسلامک سرمایہ اضافہ فنڈ (NISIF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 2023 کی پہلی ششماہی کے دوران ایکویٹی مارکیٹ کی کارکردگی سُست رہی، جیسا کہ بیچ مارک KMI-30 انڈیکس میں 489 پوائنٹس کی کمی واقع ہوئی، جس کے نتیجے میں اسی مدت کے لیے 0.7% فیصد کمی معمولی کمی واقع ہوئی۔ مدت کے دوران، مارکیٹ اتار چڑھاؤ کا شکار رہی اور انڈیکس خبروں کے باعث دونوں اطراف میں ہی گھومتا رہا۔

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

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

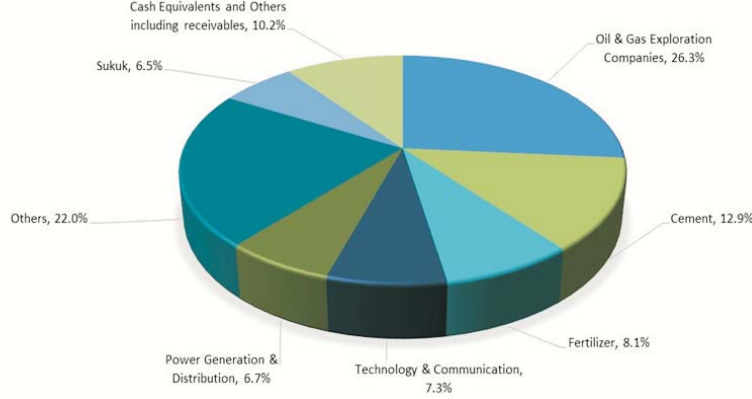
فریش کارپوریٹ سکوک کے اجراء کے لحاظ سے، مارکیٹ نے پرائمری مارکیٹ میں بڑی اور بڑھتی ہوئی طلب کے مقابلے کم سرگرمی دیکھی۔ ثانوی مارکیٹ میں، گزشتہ سال کی اسی مدت میں 2.2 بلین روپے کے مقابلے میں 3.1 بلین کاروبار ہوا۔ مالی سال 23 کی پہلی ششماہی کے دوران، مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد ہوئے اور 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 پیمز 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 سکڑاؤ 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 فرم کی طرف سے پیداوار میں کمی کے نتیجے میں LSM کی نمو میں کمی واقع ہوئی ہے۔ فریش مالی رقم 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 اسلامک سرمایہ اضافہ فنڈ کا سائز اس مدت میں 3,102 بلین روپے سے کم ہو کر 2,167 بلین روپے ہو گیا، یعنی 30% کمی کی کمی ہوئی۔ اس مدت کے دوران، NBP اسلامک سرمایہ اضافہ فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 15.2302 روپے سے بڑھ کر 31 دسمبر 2022 کو 15.2663 روپے ہو گئی، لہذا 0.2% کا اضافہ دکھائی دیا۔ اسی مدت کے دوران بیچ مارک کم ہو کر 0.03% ہو گیا تھا۔ لہذا فنڈ کی کارکردگی زبردستی جائزہ مدت کے دوران اپنے بیچ مارک سے 0.3% بہتر رہی۔ اپنے قیام کے بعد 26 اکتوبر 2007 سے فنڈ کا NAV 3.5318 روپے (EX-Div) سے بڑھ کر 31 دسمبر

2022 کو 15.2663 روپے ہو گیا، یعنی 332.3% کا اضافہ ہوا۔ اس مدت کے دوران سچ مارک 201.7% سے بڑھا۔ لہذا فنڈ نے 130.6% کی بہتر کارکردگی دکھائی۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP اسلامک سرمایہ اضافہ فنڈ کو اس مدت کے دوران 72.889 ملین روپے کی مجموعی آمدنی ہوئی۔ 55.757 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 17.132 ملین روپے ہے۔ 31 دسمبر 2022 کو فنڈ کی ایسٹ ایلوکیٹیشن درج ذیل ہے:



NISIF کی کارکردگی بمقابلہ سچ مارک



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ 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 Sarmaya Izafa Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 in accordance with the provisions of the following:

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

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 27, 2023



INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Islamic Sarmaya Izafa 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 unitholders' fund and condensed interim cash flow statement and notes to the financial statements for the half year then ended (here-in-after referred to as the interim financial statements). The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of the interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim financial Information Performed by the Independent Auditor of the Entity". A review of 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 interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the three months' period ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2022.

The engagement partner on the review resulting in this independent auditors' review report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman

Chartered Accountants

Date: February 21, 2023

Karachi



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	5	237,422	347,525
Investments	6	1,946,586	2,794,958
Accrued profit and dividend receivable	7	14,666	16,635
Receivable against transfer of units		1,984	6,819
Receivable against sale of investments		36,094	5,782
Deposits, prepayments and other receivables	8	6,300	6,424
Total assets		2,243,052	3,178,143
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	34,536	37,730
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	312	383
Payable to the Securities and Exchange Commission of Pakistan	11	272	905
Payable against redemption of units		6,670	5,447
Accrued expenses and other liabilities	12	34,427	31,340
Total liabilities		76,217	75,805
NET ASSETS		2,166,835	3,102,338
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,166,835	3,102,338
CONTIGENCIES AND COMMITMENTS			
	13	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		141,935,783	203,696,124
		-----Rupees-----	
NET ASSET VALUE PER UNIT		15.2663	15.2302

The annexed notes from 1 to 21 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

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note ----- Rupees in '000 -----				
INCOME				
Return / income on:				
-bank balances	21,195	18,855	10,191	10,041
-sukuks	22,314	21,032	10,019	9,447
Dividend income	97,998	143,894	67,778	86,379
(loss)/gain on investments - net	2,052	(22,838)	(909)	(22,685)
Net unrealised (loss)/gain on re-measurement of investments at fair value through profit or loss	(70,671)	(167,178)	(54,114)	11,577
Total (loss) / income	72,888	(6,235)	32,965	94,759
EXPENSES				
Remuneration of NBP Fund Management Company Limited - Management Company	9.1	27,196	38,864	12,526
Sindh sales tax on remuneration of the Management Company	9.2	3,535	5,052	1,628
Reimbursement of operational expenses to the Management Company	9.3	2,720	4,989	1,253
Reimbursement of selling and marketing expenses	9.4	17,677	46,231	8,141
Remuneration of Central Depository Company of Pakistan Limited ' - Trustee	10.1	1,864	3,095	878
Sindh sales tax on remuneration of the Trustee		242	402	114
Annual fee to the Securities and Exchange Commission of Pakistan	11	272	518	125
Securities transaction cost		1,151	1,312	491
Settlement and bank charges		184	278	92
Auditors' remuneration		380	372	190
Fund rating fee		138	135	71
Legal and professional charges		74	243	37
Annual listing fee		14	14	7
Printing charges		91	24	85
Shariah advisor fee		218	365	133
Total expenses		55,756	101,894	25,771
Net (loss) / income from operating activities		17,132	(108,129)	7,194
(Reversal)/provision for Sindh Workers' Welfare Fund		-	89,944	-
Net (loss) / income for the period before taxation		17,132	(18,185)	46,496
Taxation	14	-	-	-
Net (loss) / income for the period after taxation		17,132	(18,185)	46,496
Allocation of net income for the period				
Net income for the period after taxation		17,132	-	-
Income already paid on units redeemed		(53)	-	-
		17,079	-	-
Accounting income available for distribution:				
Relating to capital gain		-	-	-
Excluding capital gain		17,079	-	-
		17,079	-	-

The annexed notes from 1 to 21 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 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 (loss) / income for the period after taxation	17,132	(18,185)	7,194	46,496
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	17,132	(18,185)	7,194	46,496

The annexed notes from 1 to 21 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 (loss) / income for the period before taxation	17,132	(18,185)
Adjustments for non-cash items		
at fair value through profit or loss	(70,671)	167,178
	(53,539)	148,993
Working Capital Changes		
(Increase) / decrease in assets		
Receivable against transfer of units	4,835	(4,385)
Investments - net	919,043	790,387
Receivable against sale of investment	(30,312)	(1,455)
Accrued profit and dividend receivable	1,969	3,970
Deposits, prepayments and other receivables	124	32,607
	895,659	821,124
(Decrease) / increase in liabilities		
Payable to the Management Company	(3,194)	(32,487)
Payable to Central Depository Company of Pakistan Limited - Trustee	(71)	(100)
Payable to the Securities and Exchange Commission of Pakistan	(633)	(648)
Payable against purchase of investments	-	(3,120)
Payable against redemption of units	1,223	(20,437)
Accrued expenses and other liabilities	3,087	(115,121)
	412	(171,913)
Net cash generated from operating activities	842,532	798,204
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units - net	183,738	780,158
Amounts paid on redemption of units - net	(1,136,374)	(1,766,261)
Net cash used in financing activities	(952,636)	(986,103)
Net (decrease) / increase in cash and cash equivalents during the period	(110,104)	(187,899)
Cash and cash equivalents at the beginning of the period	347,525	673,761
Cash and cash equivalents at the end of the period	237,422	485,862

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Sarmaya Izafa Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on February 19, 2019 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 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 NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund and categorized as an Islamic Asset Allocation Scheme and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company on August 22, 2022 and has assigned performance ranking of 3-star to the Fund on August 10, 2022.

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

2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSCATIONS

Except for the transactions mentioned in note 18, there were no significant events and transactions that have affected the Fund's financial position and performance.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements has been prepared, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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; and
- The requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The "NBFC Regulation") and the directives issued by the SECP.

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

The 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. Except for the adaption of any new amended standard, as set out in 4.

The condensed F/S are unaudited & are being distributed to the unitholders as required by section 227 of the companies Act (The Act). The figures from the half year ended December 31, 2022 have, however, been subjected to limited scope review.

These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2022. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Fund's financial position & performance since the last annual Financial statements.

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 gives a true and fair view of the state of the Fund's affairs as at December 31, 2022.

The Fund is required at all the times, meet the minimum equity requirement of Rs. 100 million as per NBFC Regulations, 2008.

4. Standards, Amendments And Interpretations To Approved Accounting Standards

Standards, amendments and interpretations to the published standards that may be relevant to the Fund and adopted in the current period

The Fund has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Fund

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

New or Revised Standard or Interpretation	Effective Date "(Annual periods beginning on or after)"
Annual improvements to IFRSs 2018 - 2020 Cycle	January 1, 2022
IFRS 3 References to Conceptual Framework	January 1, 2022
IAS 16 Proceeds before intended use	January 1, 2022
IAS 37 Onerous Contracts- Cost of Fulfilling a contract	January 1, 2022
IAS 1 Classification of Liabilities as Current or Non-current	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023

Definition of Accounting Estimates (Amendments to IAS 8)

January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**IASB effective date
"(Annual periods beginning
on or after)"**

Standard or Interpretation

IFRS 17 'Insurance Contracts'

January 1, 2023

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	-----Rupees in '000-----	
5. BANK BALANCES			
Current accounts	5.1	13,518	23,466
Savings accounts	5.2 & 5.3	223,903	324,059
		<u>237,422</u>	<u>347,525</u>

5.1 These include bank balances of Rs. 0.905 million (June 30, 2022: Rs. 0.908 million), maintained with National Bank of Pakistan (related party).

5.2 These savings accounts carry mark-up at rates ranging from 7% to 15.25% per annum (June 30, 2022: 6.5% to 16% per annum).

5.3 These include a bank balances of Rs. 1.104 million and Rs. 203.512 (June 30, 2022: Rs. 10.350 million and Rs. 92.3262 million), which are maintained with National Bank of Pakistan and Bank Islami Pakistan, (related parties), and all parties carry mark-up at the rate of 9.55% and 15.25% (June 30, 2022: 11.00% and 15.25%) per annum respectively.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	-----Rupees in '000-----	
6 INVESTMENTS			
Financial assets at fair value through profit or loss			
Listed equity securities	6.1	1,805,533	2,455,403
Sukuks	6.2	141,053	339,555
		<u>1,946,586</u>	<u>2,794,958</u>



6.1

Listed equity securities

Name of the investee company	As at July 01, 2022	Acquired during the period	Bonus / right issue	Sold during the period	As at December 31, 2022	Market value as at December 31, 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
	Number of shares				Rupees in '000		%		
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	101,680	-	12,800	114,480	-	-	-	-	0.00
Pakistan State Oil Company Limited (5.1.1) & (5.1.2)	511,771	11,200	-	152,060	370,911	53,407	1.16	2.74	0.14
Hascal Petroleum Limited	3,424	-	-	-	3,424	19	0.00	-	0.00
	616,875	11,200	12,800	266,540	374,335	53,427	1.16	2.74	0.14
OIL AND GAS EXPLORATION COMPANIES									
Oil and Gas Development Company Limited	2,726,000	22,300	-	369,000	2,379,300	189,535	8.75	9.74	0.06
Pakistan Oilfields Limited (5.1.1)	134,830	3,600	-	39,000	99,430	39,061	1.80	2.01	0.04
Pakistan Petroleum Limited (5.1.1)	2,492,480	56,000	-	301,000	2,247,480	153,143	7.07	7.87	0.11
Mari Petroleum Company Limited	138,077	-	-	16,114	121,963	188,672	8.71	9.69	0.11
	5,491,387	81,900	-	725,114	4,848,173	570,411	26.33	29.31	0.32
CHEMICALS									
ICI Pakistan Limited	30,050	-	-	6,900	23,150	14,875	0.69	0.76	0.03
Engro Polymer & Chemicals Limited	946,715	15,000	-	468,138	493,577	20,888	0.96	1.07	0.64
	976,765	15,000	-	475,038	516,727	35,763	1.65	1.83	0.67
PAPERS AND BOARD									
Roshan Packages Limited	199,500	-	-	199,500	-	-	-	-	-
	199,500	-	-	199,500	-	-	-	-	-
FOOD AND PERSONAL CARE PRODUCTS									
Al Shaheer Corporation Limited	11,788	-	-	-	11,788	121	0.01	0.01	0.01
	11,788	-	-	-	11,788	121.30	0.01	0.01	0.01
ENGINEERING									
Mughal Iron And Steel Industries Limited	1,476,588	-	-	176,389	1,300,199	62,813	2.90	3.23	0.23
	1,476,588	-	-	176,389	1,300,199	62,813	2.90	3.23	0.23
CEMENT									
Lucky Cement Limited	324,895	3,500	-	117,934	210,461	93,988	4.34	4.83	0.07
Maple Leaf Cement Factory Limited	226,483	17,500	-	243,983	-	-	-	-	-
Attock Cement Pakistan Limited	89,100	-	-	89,100	89,100	5,039	0.23	0.26	0.65
Kohat Cement Company Limited	1,121,010	-	-	36,000	1,085,010	160,256	7.40	8.23	5.40
Fauji Cement Company Limited	1,927,000	32,000	208,000	730,500	1,436,500	17,267	0.80	0.89	1.04
FECTO Cement Limited	239,200	-	-	8,500	230,700	4,044	0.19	0.21	0.46
	3,927,688	53,000	208,000	1,136,917	3,051,771	280,593	12.96	14.42	7.62
TRANSPORT									
Pakistan International Bulk	1,659,000	-	-	333,000	1,326,000	6,285	0.29	0.32	1.00
Pakistan National Shipping Corporation	-	135,000	-	-	135,000	13,736	0.63	0.71	0.08
	1,659,000	135,000	-	333,000	1,461,000	20,021	0.92	1.03	1.08
TEXTILE COMPOSITE									
Nishat Mills Limited	601,700	-	-	131,400	470,300	25,862	1.19	1.33	0.13
Kohinoor Textile Mills Limited	1,071,380	-	-	2,000	1,069,380	50,560	2.33	2.60	8.02
Interloop Limited	603,886	-	3,823	563,750	43,959	2,490	0.11	0.13	0.01
Synthetic Products Limited	590	-	-	590	590	6	-	-	0.00
	2,277,556	-	3,823	697,150	1,584,229	78,918	3.63	4.06	8.16
FERTILIZER									
Engro Corporation Limited (5.1.1)	844,276	-	-	174,899	669,377	175,383	8.09	9.01	0.13
Fauji Fertilizer Bin Qasim Limited	24,000	-	-	24,000	-	-	-	-	-
	868,276	-	-	198,899	669,377	175,383	8.09	9.01	0.13
POWER GENERATION AND DISTRIBUTION									
The Hub Power Company Limited (5.1.1)	3,114,245	40,000	-	928,701	2,225,544	140,387	6.48	7.21	0.19
Lalpur Power Limited	370,000	-	-	88,000	282,000	4,267	0.20	0.22	0.07
	3,484,245	40,000	-	1,016,701	2,507,544	144,654	6.68	7.43	0.27
COMMERCIAL BANKS									
Meezan Bank Limited (Refer 5.1.2)	1,429,380	-	118,280	380,588	1,167,072	116,170	5.36	5.97	0.12
	1,429,380	-	118,280	380,588	1,167,072	116,170	5.36	5.97	0.12
AUTOMOBILE ASSEMBLER									
Millat Tractors Limited	29,030	-	1,857	30,887	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	23,379	-	-	23,379	-	-	-	-	-
	52,409	-	1,857	54,266	-	-	-	-	-
AUTOMOBILE PARTS AND ACCESSORIES									
Baluchistan Wheels Limited	234,500	-	-	7,000	227,500	16,114	0.74	0.83	1.71
Thal Limited	1	-	-	-	1	0.19	-	-	0.00
Panther tyres Ltd	514,600	-	-	139,000	375,600	7,782	0.36	0.40	0.27
Agriaautos Industries Co. Ltd.	1,400	-	350	-	1,750	150	0.01	0.01	0.00
	750,501	-	350	146,000	604,851	24,047	1.11	1.24	1.97



Name of the investee company	As at July 01, 2022	Acquired during the period	Bonus / right issue	Sold during the period	As at December 31, 2022	Market value as at December 31, 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
PHARMACEUTICALS									
Glaxo Smith Kline Consumer Healthcare	6,700	-	-	200	6,500	1,065	0.05	0.05	0.02
IBL HealthCare Limited	91,000	-	6,700	45,000	52,700	1,982	0.09	0.10	0.05
Abbott Laboratories Pakistan Limited	19,000	-	-	2,300	16,700	7,737	0.36	0.40	0.03
The Searle Company Limited	305,949	-	73,137	80,200	298,886	17,595	0.81	0.90	0.26
AGP Limited	89,200	-	-	20,200	69,000	4,484	0.21	0.23	0.05
Citi Pharma Limited	296,216	-	-	66,400	229,816	5,550	0.26	0.29	0.02
	808,065	-	79,837	214,300	673,602	38,414	1.78	1.97	1.22
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	17,903	-	-	-	17,903	1,182	0.05	0.06	0.02
TPL Trakker Limited	120,000	-	-	120,000	-	-	-	-	-
Systems Limited	517,201	-	-	194,810	322,391	156,012	7.20	8.01	0.31
	655,104	-	-	314,810	340,294	157,194	7.25	8.07	0.32
CABLE AND ELECTRICAL GOODS									
Pak Elektron Limited	1,095,440	-	-	150,500	944,940	12,232	0.56	0.63	0.19
	1,095,440	-	-	150,500	944,940	12,232	0.56	0.63	0.19
GLASS AND CERAMICS									
Tariq Glass Industries Limited	280,101	4,200	56,225	98,700	241,826	15,724	0.73	0.81	0.33
Shabbir Tiles and Ceramics Limited	2,294,000	-	-	9,500	2,284,500	19,647	0.91	1.01	0.23
Ghani Value Glass Limited	61,100	-	-	61,100	-	-	-	-	-
	2,635,201	4,200	56,225	169,300	2,526,326	35,370	1.64	1.82	0.56
Grand Total					22,582,228	1,805,533		83.33	92.75
Carrying value before mark to market as at December 31, 2022						1,870,223			
Market value as at June 30, 2022						2,455,403			
Carrying Value as at June 30, 2022						2,981,648			

6.1.1 Investments include shares with market value of Rs. 95.53 million (June 30, 2022: Rs. 95.859 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan, the breakup of which is as follows:

Name of Investee Company	Shares pledged	Market value
		---Rs in '000---
Engro Corporation Limited	200,000	52,402
The Hub Power Company	62,000	3,911
Pakistan Oilfields Limited	29,000	11,393
Pakistan Petroleum Limited	345,000	23,508
Pakistan State Oil Company Limited	30,000	4,320
		95,534

6.1.2 SUBSEQUENT EVENTS

NBP Islamic Sarmaya Izafa Fund has an investment in Hub Power Company Limited having market value Rs. 140.387 million (Carrying value : Rs. 151.613 million) which were subsequently excluded from PSX KMI all shares Islamic index on January 12, 2023. As per Regulation 13 of Shariah Governance Regulation, 2018; Shariah Compliant Companies should divest the shariah non-compliant securities within a period of 12 months or when the market value of security equals the cost of investment, whichever is earlier.

6.1.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies are liable to withhold 5% of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to 5% of the value of the bonus shares issued to the Fund including the bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the Honourable High Court of Sindh, challenging the applicability of withholding tax provisions on

6.3 Non-performing Sukuks

Name of the investee company	Note	Number of certificates				Market value as at December 31, 2022	Investment as a percentage of		
		As at July 1, 2022	Purchased during the year	Sold / matured during the year	As at December 31, 2022		Net assets	Market value of total investments	Issue size

All sukuks have a face value of Rs. 5,000 each.

Eden Housing Limited	6.3.1	5,000	-	-	5,000	-	-	-	-
Carrying value as at December 31, 2022					4,922				
Accumulated impairment					4,922				

This represents investment in privately placed sukuks with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

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6.3.2 The sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

6.3.3 Other particulars of sukuks outstanding as at December 31, 2022 are as follows:

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
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Rupees-in 000

Eden House Limited	984	6 Month KIBOR plus 2.5%	Not rated	March 31, 2008	March 31, 2013
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(Un-audited)
December 31,
2022

(Audited)
June 30,
2022

6.4 Unrealised appreciation / (diminution) on premeasurement of investments classified as financial assets at 'fair value through profit or loss'

Market value of investments	1,946,586	2,794,958
Less: carrying value of investments	2,017,257	2,275,810
	(70,671)	(519,148)

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
7	ACCRUED PROFIT AND DIVIDEND RECEIVABLE	Note	-----Rupees in '000-----
	Accrued profit on bank balances	9,609	5,096
	Accrued profit on sukuk	5,057	11,324
	Dividend receivable	-	215
		14,666	16,635
8	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Security deposits with:		
	-National Clearing Company of Pakistan Limited	2,500	2,500
	-Central Depository Company of Pakistan limited	100	100
	Prepayment	14	138
	Advance tax	3,686	3,686
		6,300	6,424
9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY		
	Remuneration of the Management Company	9.1	3,830 5,145
	Sindh sales tax on remuneration of the Management Company	9.2	498 669
	Reimbursement of operational expenses	9.3	1,253 1,723
	Reimbursement of selling and marketing expenses	9.4	8,142 11,199
	ADC charges payable including sindh sales tax		119 124
	Sales and transfer load		2,783 1,169
	Sindh sales tax and Federal Excise Duty on sales and transfer load		17,911 17,701
			34,536 37,730

- 9.1** The Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** This represents amount payable in respect of Sindh sales tax at the rate of 13% (June 30, 2022: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 9.3** In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS. Accordingly, such expense has been charged at the rate of 0.2% of average annual net assets of the fund.
- 9.4** The Management Company based on its own discretion has charged selling and marketing expenses at the below mentioned rates duly approved by the Board of Directors of the Management Company:

Effective Dates	Applicable rates
From Feb 02, 2022 Till Dec 31, 2022	1.3% per annum of average daily net assets



	Note	(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE			
		-----Rupees in '000-----	
Remuneration of the Trustee	10.1	276	339
Sindh sales tax on remuneration of the Trustee		36	44
		312	383

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:	Tariff per annum
- up to Rs one billion	0.20% per annum of Net Assets Value (NAV), whichever is higher
- Exceeding Rs one billion exceeding Rs 1,000 million.	Rs 2.0 million plus 0.10% per annum of net assets, on amount

The remuneration is paid to the Trustee monthly in arrears.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

11.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		454	581
Federal Excise Duty on remuneration of the Management Company	12.1	18,406	18,406
Bank charges		73	125
Settlement charges		39	175
Printing charges		195	124
Brokerage Charges		345	163
Charity	12.2	14,294	10,549
Withholding tax		120	169
Capital gain tax		98	124
Others		402	924
		34,427	31,340

12.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

The Honorable Sindh High Court (SHC) through its recent order dated June 02, 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from July 01, 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated July 16, 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated June 02, 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from July 01, 2016, the Fund has discontinued making the provision in this regard.

- 12.2** According to the instructions of the shariah advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 1.429 million (June 30, 2022: Rs 1.059 million) is outstanding in this regard after making charity payments of Rs. 4 million (June 30, 2022: Rs. 3.3096 million) to charitable institutions.

13 CONTINGENCIES AND COMMITMENTS

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

14 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Management intends to distribute such accounting income for the year ending June 30, 2022 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period. Moreover supertax introduced in the Finance Act, 2015 is not applicable on funds as per section 4B of the Income Tax Ordinance, 2001.

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 / (LOSS) PER UNIT

Earnings / (loss) 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 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held	Value of investment after provision
-----Rupees in '000-----					
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no.7 of 2009	Sukuks	4,922	(4,922)	-

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

17 TOTAL EXPENSE RATIO

Total expense ratio (TER) of the Fund for the period ended December 31, 2022 is 4.11% (Dec 31, 2021: 3.94%) per annum which includes 0.30% (Dec 31, 2021: 0.23%) representing government levies on Collective Investment Schemes such as sales tax and Securities and Exchange Commission of Pakistan fee for the year.

18 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

18.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsor, NAFA Pension Fund, NAFA Provident Fund Trust being associates Management Company and other collective investment schemes managed by the Management Company and directors and officers of the Management Company, 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 and unit holders holding 10% or more units of the fund.

18.2 The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

18.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

18.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

18.5 Details of transaction with connected persons and related parties areas follows:

	(Un-audited)	
	December 31, 2022	December 31 2021
	----- Rupees in '000' -----	
NBP Fund Management Limited		
- The Management Company		
Remuneration of the Management Company	27,196	38,864
Sindh sales tax on remuneration of the Management Company	3,535	5,052
Reimbursement of operational expenses to the Management Company	2,720	4,989
Reimbursement of selling and marketing expenses	17,677	46,231
Sales and transfer load including sales tax	1,824	11,303
ADC charges for the period including sindh sales tax	33	215
Units issued / transferred in:		
Nil units (2021: 5,243,844)	-	86,185
Units redeemed / Transferred out 5,243,844 units (2021: nil units)	77,706	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,864	3,095
Sindh sales tax on remuneration of the Trustee	242	402
Settlement charges	184	157
Employees of the Management Company		
Units issued / transferred in:		
755,546 units (2021: 1,675,770 units)	11,809	28,024
Units redeemed / transferred out:		
878,115 units (2021: 1,652,513 units)	13,656	27,734
Khalid Mehmood - CFO		
Units issued / transferred in:		
24902 units (2021: 57,441)	390	1,000



	(Un-audited)	
	December 31, 2022	December 31 2021
	----- Rupees in '000' -----	
National Bank of Pakistan - Parent of the Management Company		
Profit on bank balances	-	5,554
NBP Islamic Income Fund		
Sale of Sukuk	-	102,133
Taurus Securities Limited - Subsidiary of Parent of the Management Company		
Brokerage charges	75	54
Bank Islami Pakistan Limited - Common directorship		
Profit on bank balances	4,993	1,552
International Steel Limited - Common directorship		
Nil Ordinary Shares sold (2021: 162,160)	-	12,154
Dividend income	-	1,134
Cherat Cement Company Limited - Common directorship		
Nil Ordinary Shares sold (2021: 126,900 Shares)	-	20,333
National Clearing Company of Pakistan Limited - Common directorship		
NCCPL Charges	-	121
Portfolio managed by Management Company		
Units issued / transferred in:		
Nil units (2021: 205,518)	-	3,450
Units redeemed / transferred out		
Nil units (2021: 205,518)	-	3,528
K-Electric Limited- Common Directorship		
Purchase of sukuks	50,000	-
Profit on sukuks	3,013	-
18.6 Amounts outstanding as at period / year end are as follows:	(Un-audited)	(Audited)
	December 31, 2022	June 30 2022
	----- Rupees in '000' -----	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	3,830	5,145
Sindh sales tax on remuneration of the Management Company	498	669
Reimbursement of operational expenses	1,253	1,723
Sales load	2,783	1,169
Sindh sales tax and Federal Excise Duty on sales and transfer load	17,911	17,701
ADC charges payable including sindh sales tax	119	124
Reimbursement of selling and marketing expenses	8,142	
Units held - Nil units (June 30, 2022: 5,243,844 units)	-	79,865



	(Un-audited) December 31, 2022	(Audited) June 30 2022
	----- Rupees in '000' -----	
Central Depository Company of Pakistan Limited- Trustee		
Remuneration of the Trustee	276	339
Sindh sales tax on remuneration of the Trustee	36	44
Settlement charges	28	92
Security deposit	100	100
Chief Financial Officer		
Investment held in the Fund nil units (2022: 24,902 units)	-	379
National Bank of Pakistan - Parent of the Management Company		
Bank balances	905	11,258
Markup on bank balances	4	126
Bank Islami Pakistan Limited - Common directorship		
Bank balances	203,512	92,236
Markup on bank balances	723	1,175
Employees of the Management Company		
Units held - 78,050 units (June 30, 2022:108,789 units)	1,192	1,657
Portfolio managed by Management Company		
Units held 835,575 units (June 30, 2022: 208,894 units)	12,756	3,181
K-Electric Limited- Common Directorship		
Investment in sukuks	50,000	-
Profit receivable	3,013	-

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

19 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.

Fair value hierarchy:

- 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

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