



Managing Your Savings

NBP Fund Management Limited



NBP FINANCIAL SECTOR FUND

QUARTERLY REPORT
MARCH 31, 2023

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

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

Auditors

Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan.

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.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 unaudited financial statements of **NBP Financial Sector Fund (NFSF)** for the period ended March 31, 2023.

Fund's Performance

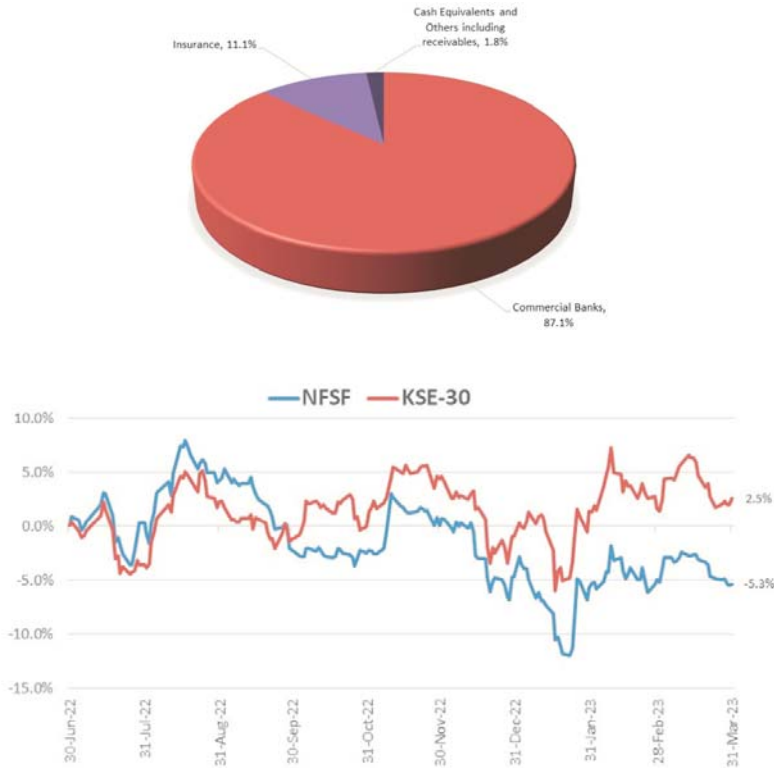
The equity market performance during 9MFY23 remained subdued, as the KSE-100 Index fell by 1,540 points to close at 40,001 points. During the period, the market remained very choppy and the Index exhibited large swings on both sides shaped by the news-flow.

The robust corporate profitability exhibited by the listed companies during September and December periods failed to excite investors. Rather, their focus remained on the state of economy which faced multi-faceted challenges continuing into this year, especially the precarious situation on the balance of payment (BOP) front held their attention. Compared to the previous year, the current account deficit (CAD) was brought under control due to various administrative measures taken by the authorities. However, the BOP was adversely affected by the elevated external debt repayments. Due to delay in meeting conditions of IMF, the program remained in abeyance and the external inflows dried up. Hence, SBP's FX reserves slipped from USD 9.8 billion to USD 4.2 billion on account of contractual loan repayments. Amid dwindling FX reserves, PKR witnessed steep devaluation (an unprecedented drop of 39% to settle at 283.8 against USD) at March-23 end, which also dented sentiments. Unprecedented rains led to floods in the country that not only caused massive devastation but further worsened economic outlook, as GDP estimates were trimmed down in successive revisions. Inflation, which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up due to acute supply disruptions & shortages. Average inflation clocked in at around 27.3% in 9MFY23 with the highest ever monthly inflation rate of 35.4% recorded in March-23. This prompted the central bank to aggressively increase Policy Rate to 20% from 13.75% at the start of the period. Political uncertainty also remained elevated during the period after provincial assemblies in Punjab and KPK were dissolved and the opposition, government, and the apex court engaged in a face-off.

In terms of sector performance, Cements, Banks, Fertilizer, Oil & Gas Exploration Companies, Power Generation & Distribution, Sugar & Allied Industries, Technology & Communication, and Transport sectors outperformed the market. On the contrary, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Chemicals, Engineering, Food & Personal Care, Glass & Ceramics, Insurance, Leather & Tanneries, Oil & Gas Marketing, Paper & Board, Pharmaceutical, Refinery & Textile Composite sectors lagged the market. On participants-wise market activity, Companies, Banks/DFIs and Individual emerged the largest net buyers with inflows of around USD 82 million, USD 60 and USD 58 million, respectively. On the contrary, Mutual Funds & Insurance lowered their net holdings by around USD 111 million & USD 105 million, respectively.

The size of NBP Financial Sector Fund has decreased from Rs. 372 million to Rs 282 million during the period, i.e., a decrease of 24%. During the period, the unit price of NBP Financial Sector Fund (NFSF) has decreased from Rs 8.2214 on June 30, 2022 to Rs. 7.7823 on March 31, 2023, thus showing a decrease of 5.3%. The Benchmark for the same period increased by 2.5%. Thus, the Fund has underperformed its Benchmark by 7.8% during the period under review. Since inception, the unit price of NBP Financial Sector Fund has decreased from Rs. 9.6486 (Ex-Div) on February 14, 2018 to Rs. 7.7823 on March 31, 2023, thus showing a decrease of 19.3%. The Benchmark for the same period decreased by 0.7%. Thus, the Fund has underperformed its Benchmark by 18.6% during the period under review. This performance is net of management fee and all other expenses.

NBP Financial Sector Fund has earned a total loss of Rs. 5.55 million during the period. After incurring total expenses of Rs. 12.26 million, the net loss is Rs. 17.81 million. The asset allocation of the Fund as on March 31, 2023 is as follows:



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: April 29, 2023
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2023ء کو ختم ہونے والی نو ماہی کے لئے NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

9MFY23 کے دوران ایکویٹی مارکیٹ کی کارکردگی مست رہی، کیونکہ شیئنگ مارک KSE-100 انڈیکس 1,540 پوائنٹس گرنے کے بعد 40,001 پوائنٹس پر بند ہوا۔ تاہم، اس عرصے کے دوران، مارکیٹ بہت متذبذب کا شکار رہی اور انڈیکس نے خبروں کے بہاؤ کی صورت میں اتار چڑھاؤ کی نمائش کی۔

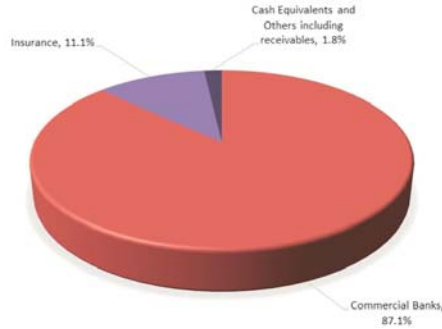
ستمبر اور دسمبر کے دوران لسٹڈ کمپنیوں کی طرف سے پیش کردہ مضبوط کارپوریٹ منافع سرمایہ کاروں کو بڑھ جوش کرنے میں ناکام رہا۔ جبکہ، ان کی توجہ معیشت پر مرکوز رہی جس نے اس سال تک جاری رہنے والے کثیرالجہتی چیلنجز کا سامنا کیا، خاص طور پر ادائیگی کے توازن (BOP) پر غیر یقینی صورتحال ان کی توجہ کا مرکز رہی۔ گزشتہ سال کے مقابلے میں، اگرچہ حکام کی جانب سے مختلف انتظامی اقدامات کے باعث کرنٹ اکاؤنٹ خسارہ (CAD) کو کنٹرول میں لایا گیا، تاہم، اس سال، بیرونی قرضوں کی ادائیگیوں میں اضافہ سے BOP بُری طرح متاثر ہوا۔ آئی ایم ایف کی شرائط پوری کرنے میں تاخیر کی وجہ سے پروگرام قفل کا شکار رہا اور بیرونی قرضوں کا بہاؤ کم ہو گیا۔ لہذا، معاہدے کے تحت قرض کی ادائیگیوں کی وجہ سے اسٹیٹ بینک پاکستان کے FX ذخائر 9.8 بلین امریکی ڈالر سے کم ہو کر 4.2 بلین امریکی ڈالر رہ گئے۔ کم ہوتے ہوئے FX کے ذخائر کے ساتھ ساتھ پاکستانی روپیہ میں مارچ-23 کے آخر میں زبردست گراؤ (ایک امریکی ڈالر کے مقابلے میں 283.8 روپے یعنی 39 فیصد کی غیر معمولی کمی) دیکھی، جس نے معاشی جذبات کو بھی نقصان پہنچایا۔ غیر معمولی بارشوں کے نتیجے میں ملک میں تباہ کن سیلاب آیا جس نے نہ صرف بڑے پیمانے کی تباہی مچائی بلکہ اقتصادی نقطہ نظر کو مزید خراب کر دیا کیونکہ GDP کے تخمینے لگانا نظر ثانی میں کم کیے گئے تھے۔ مزید برآں، جو کہ تجارتی اشیاء کو دوبارہ کارآمد بنانا اور خوردہ ایندھن اور بجلی کی قیمتوں میں مطابقت کی وجہ سے پہلے ہی عروج پر تھی، مزید بڑھ گئی کیونکہ رسد میں شدید رکاوٹ اور قلت نے قیمتوں پر مزید دباؤ ڈالا۔ مارچ-23 میں ریکارڈ کی گئی اب تک کی سب سے زیادہ ماہانہ افراط زر 35.4 فیصد کے ساتھ 9MFY23 میں اوسط مہنگائی تقریباً 27.3 فیصد تک پہنچ گئی۔ اس نے مرکزی بینک کو جارحانہ انداز میں پالیسی ریٹ 13.75 فیصد سے بڑھا کر 20 فیصد کرنے پر آمادہ کیا۔ اس عرصہ کے دوران سیاسی غیر یقینی صورتحال کا بھی سامنا رہا پنجاب اور KPK میں صوبائی اسمبلیاں تحلیل ہونے اور اپوزیشن، حکومت اور سپریم کورٹ کے آمنے سامنے ہونے کے بعد سرمایہ کاروں کے جذبات بُری طرح متاثر ہوئے۔

سیکٹرز اور کارکردگی کے لحاظ سے سیمنٹ، بینک، فریٹ لائر، آئل اینڈ گیس ایکسپلوریشن کمپنیاں، پاور جنریشن اینڈ ڈسٹری بیوشن، شوگر اینڈ الائیڈ انڈسٹریز، ٹیکسٹائل اور کمپوزٹس، اور ٹرانسپورٹ سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اس کے برعکس، آٹو اسمبلرز، آٹو پارٹس اور ایسیریز، کمپل اور الیکٹریکل سامان، کیمیکل، انجینئرنگ، فوڈ اینڈ پوسٹل کیٹری، گلاس اینڈ سیرامکس، انشورنس، لیڈر اینڈ ٹیکسٹائل، آئل اینڈ گیس مارکیٹنگ، ہیپرا اینڈ بورڈ، فارماسیوٹیکل، ریفرنسری اور ٹیکسٹائل کمپوزٹ سیکٹرز مارکیٹ میں پیچھے رہ گئے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، کمپنیاں، بینک/DFIs اور انفرادی سرمایہ کار بالترتیب 82 بلین امریکی ڈالر، 60 بلین امریکی ڈالر اور 58 بلین امریکی ڈالر کی آمد کے ساتھ بڑے خالص خریدار رہے۔ اس کے برعکس، میو جیل فنڈز اور انشورنس نے اپنی خالص ہولڈنگ میں بالترتیب 111 بلین امریکی ڈالر اور 105 بلین امریکی ڈالر کی کمی ظاہر کی۔

NBP فنانسینشل سیکٹرز فنڈ کا ساؤنڈ اس مدت کے دوران 372 ملین روپے سے کم ہو کر 282 ملین روپے ہو گیا یعنی 24% کی کمی ہوئی۔ اس مدت کے دوران، NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے پوزٹ کی قیمت 30 جون 2022 کو 8.2214 روپے سے کم ہو کر 31 مارچ 2023 کو 7.7823 روپے ہو چکی ہے، لہذا 5.3% کی کمی ظاہر کی۔ اسی مدت کے دوران شیئنگ مارک میں 2.5% کا اضافہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے شیئنگ مارک سے 7.8% بہتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے پوزٹ کی قیمت (Ex-Div) 9.6486 روپے سے کم ہو کر 31 مارچ 2023 کو 7.7823 روپے ہو گئی، لہذا 19.3% کی کمی ہوئی ہے۔ اسی مدت کے لئے شیئنگ مارک میں 0.7% کی کمی ہوئی۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے شیئنگ مارک سے 18.6% بہتر رہی۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP فنانسینشل سیکٹرز فنڈ کو موجودہ مدت کے دوران 5.55 بلین روپے کا مجموعی نقصان ہوا۔ 12.26 بلین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص نقصان 17.81 بلین روپے ہے۔

31 مارچ 2023 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



NFSF کی کارکردگی سے مقابلہ سچ مارک



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز
NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 29 اپریل 2023

مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023

		Un-Audited March 31, 2023	Audited June 30 2022
	Note	-----Rupees in '000-----	
ASSETS			
Balances with banks		12,773	13,757
Investments	4	277,491	359,045
Profit and Dividend receivable		8,756	268
Advances, deposits and other receivables		2,954	2,948
Receivable against sale of units		33,202	-
Preliminary expenses and floatation costs		-	414
Total Assets		335,176	376,432
LIABILITIES			
Payable to the Management Company		2,238	3,034
Payable to Central Depository Company of Pakistan Limited - Trustee		65	73
Payable to Securities and Exchange Commission of Pakistan		52	89
Payable against redemption of units		50,000	-
Accrued expenses and other liabilities		343	740
Total Liabilities		52,698	3,936
NET ASSETS		282,478	372,496
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		282,478	372,496
Number of units in issue		36,297,612	45,308,186
CONTINGENCIES AND COMMITMENTS	5		
NET ASSET VALUE PER UNIT		7.7823	8.2214

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Note -----(Rupees in '000)-----				
INCOME				
Net (loss) / gain on sale of investments	(5,069)	4,460	(9,017)	1,862
Dividend Income	37,929	32,218	18,925	17,537
Profit on bank deposits	1,440	599	730	241
Net unrealised (diminution) / appreciation on re-measurement as 'financial assets at fair value through profit or loss'	(39,848)	1,141	(7,865)	(11,666)
Total (loss) / income	(5,548)	38,418	2,773	7,974
EXPENSES				
Remuneration of Management Company	3,898	5,035	1,235	1,654
Sindh sales tax on remuneration of the Management Company	506	655	160	216
Reimbursement of Accounting and operational expenses	181	656	(1)	221
Reimbursement of Selling and marketing expense	5,324	6,831	1,685	2,261
Remuneration of Trustee	519	671	164	220
Sindh Sales Tax on remuneration of the Trustee	68	87	22	28
Annual fee - Securities and Exchange Commission of Pakistan	52	67	16	22
Amortisation of preliminary expenses and floatation costs	414	503	76	165
Securities transaction cost	344	295	159	115
Printing charges	61	54	26	17
Annual listing fee	21	21	7	7
Auditors' remuneration	467	430	152	150
Settlement and bank charges	297	252	120	79
Legal & Professional charges	105	327	19	88
Total Expenses	12,257	15,884	3,840	5,243
Net (loss) / income from operating activities	(17,805)	22,534	(1,067)	2,731
Reversal of Sindh Workers' Welfare Fund	-	2,695	-	-
Net (loss) / income for the period before taxation	(17,805)	25,229	(1,067)	2,731
Taxation	-	-	-	-
Net (loss) / income for the period after taxation	(17,805)	25,229	(1,067)	2,731
Allocation of net income for the period:				
Net income for the period after taxation	-	25,229	-	-
Income already paid on units redeemed	-	(3,682)	-	-
	-	21,547	-	-
Accounting income available for distribution:				
-Relating to capital gains	-	5,601	-	-
-Excluding capital gains	-	15,946	-	-
	-	21,547	-	-

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	Nine Months Ended		Quarter Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	------(Rupees in '000)-----			
Net (loss) / income for the period after taxation	(17,805)	25,229	(1,067)	2,731
Other Comprehensive Income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(17,805)</u>	<u>25,229</u>	<u>(1,067)</u>	<u>2,731</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Nine Months Ended March 31, 2023	March 31, 2022
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	(17,805)	25,229
Adjustments		
Amortization of preliminary expenses and floatation costs	414	503
(Reversal of) against Sindh Workers' Welfare Fund	-	(2,695)
Net unrealised (appreciation) on re-measurement as 'financial assets at fair value through profit or loss'	39,848	(1,141)
	<u>22,457</u>	<u>21,896</u>
Decrease / (Increase) in assets		
Investments	41,706	(4,242)
Profit and Dividend receivable	(8,488)	(8,180)
Advances, deposits and other receivables	(6)	(5)
	<u>33,212</u>	<u>(12,427)</u>
(Decrease) in liabilities		
Payable to the Management Company	(796)	96
Payable to the Trustee	(8)	3
Payable to the Securities and Exchange Commission of Pakistan	(37)	(45)
Accrued expenses and other liabilities	(397)	(1,160)
	<u>(1,238)</u>	<u>(1,106)</u>
Net cash generated from operating activities	<u>54,431</u>	<u>8,363</u>
Net receipts from issue of units	252,856	198,375
Net payments on redemption of units	(308,271)	(206,585)
Net cash (used in) from financing activities	<u>(55,415)</u>	<u>(8,210)</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(984)</u>	<u>153</u>
Cash and cash equivalents at the beginning of the period	13,757	13,827
Cash and cash equivalents at the end of the period	<u><u>12,773</u></u>	<u><u>13,980</u></u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Financial Sector Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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 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 is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange.

The Fund is categorized as an Open-End "Financial Sector Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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

The Pakistan Credit Rating Agency (PACRA) has reaffirmed an Asset Manager Rating of AM 1 to the Management Company. The Fund has not yet been rated..

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document 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

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

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2022.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2023.

These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

	(Un-Audited) March 31, 2023	(Audited) June 30, 2022		
4 INVESTMENTS	Note			
Financial assets at fair value through profit or				
- Listed equity securities	4.1	<table border="1" style="border-collapse: collapse; width: 100%;"> <tr> <td style="text-align: center;">277,491</td> <td style="text-align: center;">359,045</td> </tr> </table>	277,491	359,045
277,491	359,045			

4.1 Investments in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2022	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2023	Market Value as at March 31, 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid up capital of investee company held
	Number of shares				(Rupees in '000)		%		
COMMERCIAL BANKS									
Allied Bank Limited	104,500	-	-	104,500	-	-	-	-	-
Askari Bank Limited	424,000	604,500	149,325	108,000	1,069,825	16,668	5.90	6.01	0.07
Bank Al-Falah Limited	1,633,770	100,000	-	367,000	1,366,770	39,336	13.93	14.18	0.09
Bank Al-Habib Limited	909,871	15,000	-	150,830	774,041	32,897	11.65	11.86	0.07
Bank Of Punjab Limited	815,063	-	-	815,062	1	-	0.00	0.00	0.00
Faysal Bank Limited	1,462,875	264,000	-	1,067,400	659,475	14,357	5.08	5.17	0.04
Habib Bank Limited	569,081	163,500	-	298,897	433,684	31,780	11.25	11.45	0.03
Habib Metropolitan Bank Limited	588,000	-	-	89,500	498,500	14,696	5.20	5.30	0.05
MCB Bank Limited	51,900	118,500	-	24,500	145,900	16,779	5.94	6.05	0.01
National Bank Of Pakistan	83,000	-	-	81,500	1,500	32	0.01	0.01	0.00
United Bank Limited	372,451	105,200	-	124,629	353,022	37,618	13.32	13.56	0.03
Meezan Bank Limited	303,266	200,100	27,387	90,800	439,953	41,883	14.83	15.09	0.02
INSURANCE									
Adamjee Insurance Company Lim	768,500	-	-	87,000	681,500	18,032	6.38	6.50	0.19
IGI Holdings Limited	152,500	-	-	3,300	149,200	13,413	4.75	4.83	0.10
					6,573,371	277,491	98	100	
Carrying value as at March 31, 2023						317,339			

4.2 Investments include shares with market value of Rs 62.157 (June 30, 2022: Rs 65.557) 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 SECP.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2023 and June 30, 2022.

6 REIMBURSEMENT OF SELLING AND MARKETING EXPENSES

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 2.05% per annum of the net assets of the Fund.

7 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2023 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

8 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 4.72% (March 31, 2022: 4.73%) which includes 0.24% (March 31, 2022: 0.24%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 4.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "equity" scheme.

9 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 9.1** 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 sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and officers of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 9.2** The transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3** Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 9.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

-----Unaudited -----
Nine months ended
March 31, March 31,
2023 2022
 -----(Rupees in '000)-----

9.5 Details of the transactions with connected persons are as follows:

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	3,898	5,035
Sindh sales tax on remuneration of the Management Company	506	655
Reimbursement of Accounting and operational expenses	181	656
Reimbursement of Selling and marketing expense	5,324	6,831
Sale load and transfer load during the period	30	17
Sindh sales tax on sales load and transfer load	4	2

Central Depository Company of Pakistan Limited - Trustee

Remuneration	519	671
Sindh Sales Tax on remuneration of Trustee	68	87

Employees of the Management Company

Units issued / transferred In 4,131,100 (2022: 4,292,487)	33,158	41,956
Units redeemed / transferred out 4,058,996 (2022: 4,472,572)	32,838	43,497

Portfolios Managed by Management Company

Units redeemed / transferred out Nil (2022: 205,253)	-	1,932
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Taurus Securities Limited (Subsidiary of Parent)

Brokerage	30	18
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Bank Islami Pakistan Limited (Common Directorship)

Profit on bank deposits	683	183
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National Bank of Pakistan (Parent Company)

Shares purchased: Nil (2022: 83,000)	-	2,972
Shares sold: 81,500 (2022: Nil)	1,969	-

National Clearing Company of Pakistan Limited*

NCCPL charges	-	244
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United Bank Limited (More than 10% unit holding in the Fund)

Shares purchased: 105,200 (2022: 21,000)	10,699	2,993
Shares sold: 124,629 (2022: 126,300)	13,183	17,256
Dividend Income	6,447	6,931
Profit on bank deposits	2	23
Units redeemed / transferred out 6,424.836 (2022: Nil)	50,000	-

CDC Trustee NBP Sarmaya Izafa Fund

Buy of equity securities: Nil (2022: 50,000)	-	7,236
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Haider Amjad

Units issued / transferred In 14,408 (2022: Nil)	115	-
Units redeemed / transferred out 14,408 (2022: Nil)	116	-

	Un-audited March 31, 2023	Audited June 30, 2022
------(Rupees in '000)-----		
9.6 Amounts outstanding as at period end		
NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	431	486
Sindh Sales Tax on remuneration of Management Company	56	63
Reimbursement of Accounting and operational charges	-	218
Reimbursement of Selling and marketing expenses	1,685	2,235
Sales load and transfer load payable	58	28
Sindh Sales Tax payable on sales load and transfer load	8	4
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	58	65
Sindh Sales Tax on remuneration	7	8
Security deposit	100	100
Employees of the Management Company		
Units held - 81,196 (June 30, 2022: 9,091)	632	75
National Bank of Pakistan - Parent Company		
Shares held - 1,500 (June 30, 2022: 83,000)	32	2,320
Bank balances	103	106
Dividend receivable	83	83
Portfolios Managed by Management Company		
Units held - 33,193 (June 30, 2022: Nil)	258	-
BankIslami Pakistan Limited - (Common Directorship)		
Bank balances	8,295	8,497
Profit receivable	69	89
United Bank Limited (More than 10% unit holding in the Fund)		
Units held - 19,417,930 (June 30, 2022: 25,842,766)	151,116	212,464
Shares held - 353,022 (June 30, 2022: 372,451)	37,618	42,135
Dividend Receivable	3,654	
Profit receivable	3	-
Taurus Securities Limited - subsidiary of Parent Company		
Brokerage payable	20	17
National Clearing Company of Pakistan Limited*		
NCCPL charges payable	-	34
Security deposit	-	2,500

"Current balances with these parties have not been disclosed as they did not remain connected persons and related parties during the period.

10 FAIR VALUE MEASUREMENT

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

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

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

10.1 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 29, 2023.

12 GENERAL

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

12.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

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