

NBP FUNDS

Managing Your Savings

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Islamic Savings

FCM

NBP Fund Management Limited



NBP ISLAMIC INCOME 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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

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

Auditors

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

Legal Advisor

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

Head Office:

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

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 Islamic Income Fund (NBP-IIF)** for the period ended March 31, 2023.

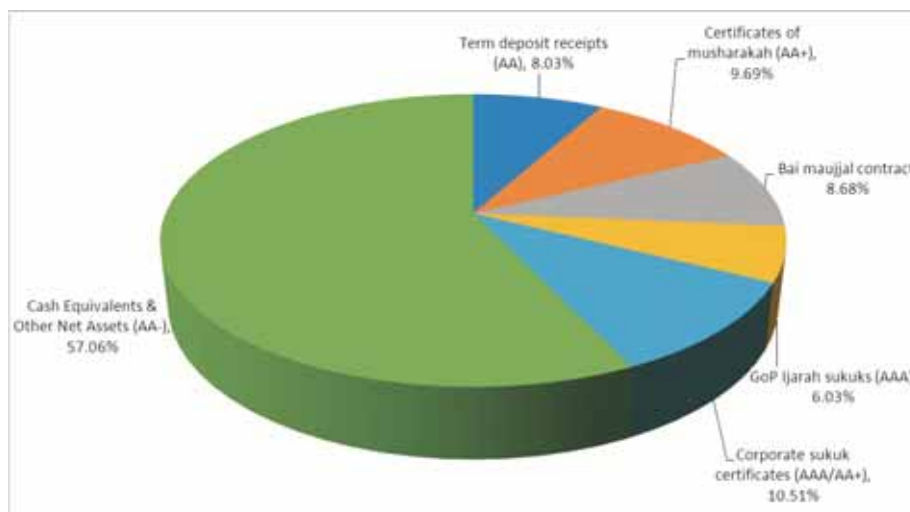
Fund's Performance

The market witnessed issuance of a decent size of corporate sukuk to meet the increasing funding need for fixed capital investments and working capital, respectively. While the trading activity in corporate sukuk improved with traded value of around Rs. 4.9 billion compared to Rs. 3.2 billion during the same period last year, the overall activity remained less than encouraging. During 9MFY23, the State Bank of Pakistan (SBP) held six Monetary Policy Committee (MPC) meetings and increased the Policy Rate by 6.25% to 20%. Various stringent administrative measures were taken, however, near-term risks to inflation outlook from external and fiscal adjustments persisted. The CPI inflation averaging at 27.3% YoY coupled with a decline in financial inflows, rising global interest rates and domestic uncertainties, continued to exert pressure on FX reserves and led to significant deterioration in exchange rate. The net liquid foreign exchange reserves with SBP stands at only USD 4.2 billion at March end, posing serious challenges and persistent risks to the financial stability & fiscal consolidation. Sovereign yields also responded to these policy actions and to the rising inflation & interest rate outlook.

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

The size of NBP Islamic Income Fund has decreased from Rs. 7,533 million to Rs. 6,223 million during the period (a decline of 17%). During the period, the unit price of the Fund has increased from Rs. 10.0384 on June 30, 2022 to Rs. 11.1283 on March 31, 2023, thus showing return of 14.5% as compared to the benchmark return of 5.8% for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs 856.21 million during the period. After deducting total expenses of Rs 80.84 million, the net income is Rs. 775.37 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-IIF.



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Date April 29, 2023
Place: Karachi.

Director

ڈائریکٹرز رپورٹ

NBP فنڈ میجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2023ء کو ختم ہونے والی نو ماہی کے لئے NBP اسلامک انکم فنڈ (NBP-IIF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

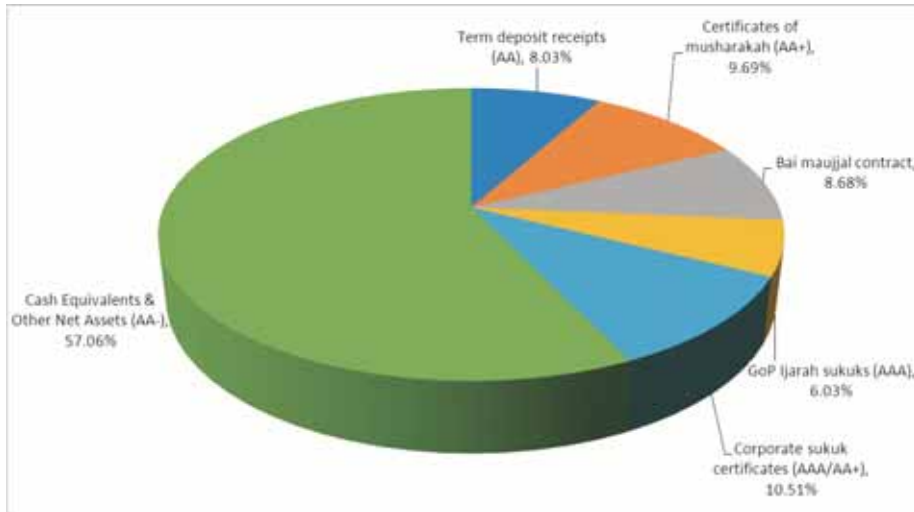
مارکیٹ نے بالترتیب فیکسڈ کیپیٹل انویسٹمنٹ اور ورکنگ کیپیٹل کی بڑھتی ہوئی فنڈنگ کی ضرورت کو پورا کرنے کے لیے کارپوریٹ سکوک کے معقول سائز کا اجراء دیکھا۔ 9MFY23 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے مانیٹری پالیسی کمیٹی (MPC) کے چھ اجلاس منعقد کیے اور پالیسی کی شرح میں 6.25 فیصد سے 20 فیصد تک کا اضافہ کیا۔ مختلف سخت انتظامی اقدامات اٹھائے گئے، تاہم، بیرونی اور مالیاتی مطابقت کے باعث افراط زر کے نقطہ نظر سے قلیل مدت کے خطرات برقرار رہے۔ مالیاتی بہاؤ میں کمی، بڑھتی ہوئی عالمی شرح سود اور مقامی غیر یقینی صورتحال کے ساتھ ساتھ 27.3 فیصد سالانہ اوسط CPI افراط زر نے FX ذخائر پر دباؤ ڈالنا جاری رکھا اور شرح مبادلہ میں نمایاں گراؤ کا باعث بنی۔ SBP کے پاس خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر مارچ کے آخر میں صرف 4.2 بلین امریکی ڈالر رہ گئے، جو مالیاتی اور مالی استحکام کے لیے سنگین چیلنجز اور مستقل خطرات کا باعث ہیں۔ حکومتی شرح منافع نے بھی ان پالیسی اقدامات اور بڑھتی ہوئی افراط زر اور شرح سود کے نقطہ نظر کا اثر لیا

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

NBP اسلامک انکم فنڈ کا سائز 7,533 ملین روپے سے کم ہو کر اس مدت کے دوران 6,223 ملین روپے ہو گیا (یعنی 17% کی کمی ہوئی) ہے۔ اس مدت کے دوران، فنڈ کے پونڈ کی قیمت 30 جون 2022 کو 10.0384 روپے سے بڑھ کر 31 مارچ 2023 کو 11.1283 روپے ہو گئی۔ لہذا فنڈ نے اسی مدت میں بیچ مارک منافع 5.8% کے مقابلے 14.5% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 856.21 ملین روپے کی مجموعی آمدنی ہوئی۔ 80.84 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 775.37 ملین روپے ہے۔

مندرجہ ذیل چارٹ NBP-IIF کی ایسٹ ایلوکییشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





اظہار تشکر

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

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

مخائب 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 DECEMBER 31, 2023

		Unaudited March 31, 2023	Audited June 30, 2022
Note		-----Rupees in '000-----	
ASSETS			
	Bank balances	4 3,408,601	5,471,730
	Investments	5 2,672,498	2,011,357
	Profit receivable	206,501	108,047
	Prepayments, deposits and other receivables	520	443
	Receivable against issuance of units	1,115	485
	Preliminary expenses and floatation costs	369	57,330
	Total assets	6,289,604	7,649,392
LIABILITIES			
	Payable to NBP Fund Management Limited - Management Company	17,213	14,224
	Payable to Central Depository Company of Pakistan Limited - Trustee	485	488
	Payable to the Securities and Exchange Commission of Pakistan	1,132	990
	Payable against redemption of units	32,321	66,255
	Payable against purchase of investments	-	-
	Accrued expenses and other liabilities	15,323	34,225
	Total liabilities	66,474	116,182
	NET ASSETS	6,223,130	7,533,210
	UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	6,223,130	7,533,210
	CONTINGENCIES AND COMMITMENTS		
	NUMBER OF UNITS IN ISSUE	559,215,212	750,442,762
	NET ASSET VALUE PER UNIT	11.1283	10.0384

The annexed notes 1 to 14 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	For the nine months period ended March 31, 2023	For the nine months period ended March 31, 2022	Quarter Ended March 31, 2023	Quarter Ended March 31, 2022
INCOME				
Profit on bank balances	572,707	133,430	153,709	62,920
Income on Term Deposit	39,771	12,202	26,758	-
Income on sukuk certificates	163,976	70,336	63,237	28,378
Income on certificate of Musharika	81,007	29,420	29,217	12,203
Income on Islamic commercial papers	6,669	46,811	-	16,885
Income on Bai Maujjal contract	5,366	1,116	5,366	1,116
(Loss) on investment	(15)	(6)	(50)	(6)
Net unrealised appreciation /(diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(13,272)	8,520	(9,353)	2,212
Total income	856,209	301,829	268,884	123,708
EXPENSES				
Remuneration of NBP Fund Management Limited - Management Company	49,971	18,479	15,849	7,197
Sindh sales tax on remuneration of the Management Company	6,496	2,402	2,060	935
Reimbursement of Allocated expenses	7,151	4,166	2,239	1,503
Reimbursement of Selling and marketing expense	9,056	3,199	3,161	1,202
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,246	2,500	1,299	902
Sindh sales tax on remuneration of the Trustee	552	325	169	117
Annual fee of the Securities and Exchange Commission of Pakistan	1,132	667	346	241
Amortisation of preliminary expenses and floatation costs	117	350	39	115
Auditors' remuneration	431	373	98	77
Legal and professional charges	128	281	42	35
Listing fee	21	21	7	7
Shariah advisor fee	991	377	316	83
Settlement and bank charges	325	89	22	19
Printing expenses	75	74	25	25
Securities Transaction Cost	12	24	10	3
Rating fee	137	246	45	72
Total operating expenses	80,841	33,573	25,727	12,533
Net income from operating activities	775,368	268,256	243,157	111,175
Reversal / (provision) for Sindh Workers' Welfare Fund - net	-	1,577	-	-
Net income for the period before taxation	775,368	269,833	243,157	111,175
Taxation	-	-	-	-
Net income for the period after taxation	775,368	269,833	243,157	21,612
Allocation of net income for the period				
- Net income for the period after taxation	775,368	269,833	243,157	111,175
- Income already paid on units redeemed	(322,046)	(105,620)	(169,708)	(47,944)
	453,322	164,213	73,449	63,231
Accounting income available for distribution:				
- Relating to capital gains	-	8,514	-	2,206
- Excluding capital gains	453,322	155,699	73,449	61,025
	453,322	164,213	73,449	63,231

The annexed notes 1 to 14 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2023

	For the nine months period ended March 31, 2023	For the nine months period ended March 31, 2022	Quarter Ended March 31, 2023	Quarter Ended March 31, 2022
-----Rupees in '000'-----				
Net income for the period after taxation	775,368	269,833	243,157	111,175
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>775,368</u>	<u>269,833</u>	<u>243,157</u>	<u>111,175</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	For the nine months period ended March 31, 2023			For the nine months period ended March 31, 2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	7,513,947	19,263	7,533,210	3,242,640	4,016	3,246,656
Issuance of 750,137,783 units (2022: 955,215,002 units)						
- Capital value	7,530,183	-	7,530,183	9,565,141	-	9,565,141
- Element of income	304,927	-	304,927	282,829	-	282,829
Total proceeds on issuance of units	7,835,110	-	7,835,110	9,847,970	-	9,847,970
Redemption of 941,365,333 units (2022 760,136,946)						
- Capital value	(9,449,802)	-	(9,449,802)	(7,611,707)	-	(7,611,707)
- Element of loss	(148,709)	(322,046)	(470,755)	(124,486)	(105,620)	(230,106)
Total payments on redemption of units	(9,920,553)	(322,046)	(9,920,557)	(7,736,193)	(105,620)	(7,841,813)
Total comprehensive income for the period	-	775,368	775,368	-	269,833	269,833
Net assets at end of the period	5,428,504	472,585	6,223,130	5,354,417	168,229	5,522,646
Undistributed income brought forward						
- Relating to capital gains		1,013			3,414	
- Excluding capital gains		18,250			602	
		19,263			4,016	
Accounting income available for distribution:						
- Relating to capital gains		-			8,514	
- Excluding capital gains		453,322			155,699	
		453,322			164,213	
Cash distribution on October 14, 2020 @ Re 0.1121 per unit		-			-	
Undistributed income carried forward		472,585			168,229	
Undistributed income carried forward:						
- Realised income		485,857			159,709	
- Unrealised income		(13,272)			8,520	
		472,585			168,229	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			10.0384			10.0136
Net asset value per unit at the end of the period			11.1283			10.6347

The annexed notes 1 to 14 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

	For the nine months period ended March 31, 2023	For the nine months period ended March 31, 2022
	Rupees in '000	Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	775,368	269,833
Adjustments		
Net unrealised (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' (Reversal) / provision for Sindh Workers' Welfare Fund	13,272 -	(8,520) (1,577)
Amortisation of preliminary expenses and floatation costs	117	350
	13,389	(9,747)
(Increase) in assets		
Investments	(674,413)	(585,743)
Profit receivable	(98,454)	(50,862)
Prepayment, deposit and other receivable	(77)	49
Preliminary expenses and floatation costs	56,844	-
	(716,100)	(636,556)
(Decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	2,989	9,174
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	218
Payable to the Securities and Exchange Commission of Pakistan	142	429
Payable against purchase of investments	-	(101,326)
Accrued expenses and other liabilities	(18,903)	(809)
	(15,775)	(92,314)
Net cash flows generated from / (used in) operating activities	56,883	(468,784)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	7,834,480	9,834,701
Amount paid against redemption of units	(9,954,491)	(7,853,405)
Net cash flows (used in) / generated from financing activities	(2,120,012)	1,981,296
Net increase in cash and cash equivalents during the period	(2,063,129)	1,512,512
Cash and cash equivalents at the beginning of the period	5,471,730	1,492,721
Cash and cash equivalents at the end of the period	3,408,601	3,005,233

The annexed notes 1 to 14 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

The Pakistan Credit Rating Agency (PACRA) has reaffirmed the asset manager rating of the Management Company of AM1 on June 22, 2022 (June 30, 2022: AM1). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at A+(f) dated October 19, 2022 (June 30, 2022: A+(f) on April 19, 2022).

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

2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and 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 IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the period ended June 30, 2022.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at March 31, 2023.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- 3.1** 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, 2022. 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
----- Rupees in '000 -----			
4	BANK BALANCES		
	Balances with banks in:		
	Current accounts	99,761	14,215
	Savings accounts	3,308,840	5,457,515
		<u>3,408,601</u>	<u>5,471,730</u>

- 4.1** These bank balances carry rate ranging from 6.5% to 18.25% (2022: 6.5% to 16%) per annum

5 INVESTMENTS

At fair value through profit or loss

Islamic commercial papers		-	348,375
GoP Ijarah sukuks	5.1	375,193	100,030
Corporate sukuk certificates	5.2	654,318	1,067,821
Term deposit receipts	5.3	500,000	-
Bai Maujjal Contract	5.5	540,153	-
Certificates of musharakah	5.4	602,834	495,131
		<u>2,672,498</u>	<u>2,011,357</u>

5.1 GOP - Ijarah sukuks

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Sold during the period	As at March 31, 2023	Carrying value as at March 31, 2023	Market value as at March 31, 2023	Unrealised diminution	Market value as a percentage of	
											total investments of the Fund	net assets of the Fund
				Number of certificates			Rupees in '000			%		
GoP Ijarah sukuks XXI (Note 5.2.1)	Semi-annually	May 29, 2025	Weighted average 6	1,000	-	-	1,000	100,030	99,080	(950)	3.71%	1.59%
GoP Ijarah sukuks - VRR 26 (Note 5.2.1)	Semi-annually	October 26, 2027	Weighted average 6	-	2,750	-	2,750	275,000	272,360	(2,640)	10.19%	4.38%
GoP Ijarah sukuks - VRR 25 (Note 5.2.1)	Semi-annually	April 27, 2027	Weighted average 6	-	38	-	38	3,784	3,753	(32)	0.14%	0.06%
Total as at March 31, 2023 (un-audited)								378,814	375,193	(3,622)	14.04%	6.03%
Total as at June 30, 2022 (audited)								100,630	100,030	(600)	4.97%	1.33%

5.2 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchases during the period	Sold / redeemed during the period	As at March 31, 2023	Carrying value as at March 31, 2023	Market value as at March 31, 2023	Unrealised (diminution) / appreciation	Market value as a percentage of	
												total investments of the Fund	net assets of the Fund
				Number of certificates			Rupees in '000			%			
POWER GENERATION & DISTRIBUTION													
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	March 19, 2024	1 year KIBOR plus base rate of 1.9%	500	-	-	500	26,216	25,125	(1,091)	0.94%	0.40%
Hub Power Holdings Limited (Non-traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700	-	-	700	70,000	71,393	1,393	2.67%	1.15%
Engro Powergen Thar (Private) Limited (Non-traded) (Face value of Rs 5,000 per certificate)	A, PACRA	Quarterly	August 2, 2024	3 months KIBOR plus base rate of 1.70%	60,000	-	-	60,000	242,391	235,246	(7,145)	8.80%	3.78%
The Hub Power Company Limited (Traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.9%	700	-	-	700	20,235	17,633	(2,602)	0.66%	0.28%
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	AA+, VIS	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.7%	10,000	1,990	-	11,990	55,126	54,921	(205)	2.06%	0.88%
K-Electric short-term sukuk - 10 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi-annually	April 05, 2023	6 months KIBOR plus base rate of 0.70%	-	750	750	-	250,000	250,000	-	9.35%	4.02%
Total as at March 31, 2023 (un-audited)								663,968	654,318	(9,650)	24.48%	10.51%	
Total as at June 30, 2022 (audited)								1,048,971	1,067,821	18,850	53.11%	14.17%	

5.3 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Matured during the period	As at March 31, 2023	Carrying value as at March 31, 2023	Market value as at March 31, 2023	Unrealised appreciation	Market value as a percentage of	
											total investments of the Fund	net assets of the Fund
				Rupees in '000						%		
COMMERCIAL BANKS												
Bank Alfalah Limited - Islamic Banking	AA+, PACRA	May 2, 2023	18.20%	-	500,000	-	500,000	500,000	500,000	-	18.71%	8.03%
Total as at March 31, 2023 (un-audited)								500,000	500,000	-	18.71%	8.03%
Total as at June 30, 2022 (audited)								-	-	-	-	-

5.4 Certificates of musharakah

Name of investee company	Rating	Maturity date	Profit rate	----- Face Value -----				Carrying value as at March 31, 2023	Market value as at March 31, 2023	Unrealised appreciation	Market value as a percentage of	
				As at July 1, 2022	Placed during the period	Matured during the period	As at March 31, 2023				total investments of the Fund	net assets of the Fund
----- (Rupees in '000) -----												
NON-BANK ISLAMIC FINANCIAL INSTITUTIONS												
First Habib Modaraba	AA+, PACRA	June 20, 2023	20.00%	341,905	-	-	341,904	341,904	341,904	-	12.79%	5.49%
First Habib Modaraba	AA+, PACRA	April 26, 2023	20.00%	260,930	-	-	260,930	260,930	260,930	-	9.76%	4.19%
Total as at March 31, 2023 (un-audited)								602,834	602,834	-	22.56%	9.69%
Total as at June 30, 2022 (audited)								495,131	495,131	-	24.60%	6.57%

5.5 Bai Maujjal Contract

NON-BANK ISLAMIC FINANCIAL INSTITUTIONS												
Pak-Oman Inv. Co. Ltd.	AA+, PACRA	April 13, 2023	19.60%	-	270,013	-	270,013	270,013	270,013	-	10.10%	4.34%
Pak-Oman Inv. Co. Ltd.	AA+, PACRA	April 14, 2023	19.60%	-	270,140	-	270,140	270,140	270,140	-	10.11%	4.34%
Total as at March 31, 2023 (un-audited)								540,153	540,153	-	20.21%	8.68%
Total as at June 30, 2022 (audited)								-	-	-	0.00%	0.00%

6 CONTINGENCIES AND COMMITMENTS

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

7 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 0.29% per annum of the net assets of the Fund.

8 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.

9 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 1.43% (March 31, 2022: 1.01%) which includes 0.15% (March 31, 2022: 0.11%) representing Government Levy, Sindh Worker's Welfare Fund and the SECP Fee. The prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "Shariah Compliant Income" scheme.

10 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

- 10.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 10.2** Transactions with connected persons / related parties are executed on an arm's length and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 10.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 11.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 11.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 11.6** Details of transactions with related parties / connected persons during the period are as follows:

	For the nine months period ended March 31, 2023	For the nine months period ended March 31, 2022
Rupees in '000'		
NBP Fund Management Limited - Management Company		
Remuneration of NBP Fund Management Limited - Management Company	49,971	18,479
Sindh sales tax on remuneration of the Management Company	6,496	2,402
Reimbursement of allocated expenses	7,151	4,166
Reimbursement of selling and marketing expenses	9,056	3,199
Preliminary expenses and floatation costs borne by the Management Company	117	350
Sales and transfer load and Sindh Sales Tax on sales load	15,390	7,493
ADC charges including Sindh sales tax	931	362
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,246	2,500
Sindh sales tax on remuneration of the Trustee	552	325
Settlement Charges	143	31
Employees of NBP Fund Management Limited		
Dividend re-invest units issued - 11		
Dividend Re-invest Units Issued nil (2022: Nil)	-	-
Units issued: 16,253,603 units (2022: 29,962,372 units)	170,484	308,538
Units redeemed: 18,815,177 units (2021: 26,596,172 units)	197,188	275,390
CDC Trustee NBP Islamic Sarmaya Izafa Fund		
Purchase of Sukuk	-	102,133
Portfolio Managed by Management Company		
Units issued - 12,501,742 (2022: 18,564,900 units)	132,504	189,920
Units redeemed - 37,218,145 (2022: 25,335,549 units)	392,454	262,880

	For the nine months period ended March 31, 2023	For the nine months period ended March 31, 2022
	Rupees in '000'	
K-Electric Limited*		
Purchase of Sukuk	1,639,379	-
Sale of Sukuk	900,182	-
Income on Sukuk	86,742	-
NAFA Islamic Active Allocation Plan - I		
Units issued: 592,934 units (2022: 757,757)	6,296	7,876
Units redeemed - 454,014 (2022: 174,041 units)	4,735	1,825
NAFA Islamic Active Allocation Plan - II		
Units issued: 626,904 units (2022: 688,017)	6,650	7,137
Units redeemed - 386,344 (2022: 77,138 units)	4,010	808
NAFA Islamic Active Allocation Plan - III		
Units issued: 3,928,194 units (2022: 2,265,515)	41,820	23,485
Units redeemed - 2,780,019 (2022: 278,721)	29,824	2,954
NAFA Islamic Active Allocation Plan - IV		
Units issued: 4,374,818 units (2022: 1,935,620)	46,480	20,065
Units redeemed - 5,774,358 (2022: 230,341)	61,800	2,415
NAFA Islamic Active Allocation Plan - IV		
Units issued: 4,374,818 units (2022: 1,935,620)	46,480	20,065
Units redeemed - 5,774,358 (2022: 230,341)	61,800	2,415
NAFA Islamic Active Allocation Plan - V		
Units issued: 1,727,818 units (2022: 1,533,518)	18,336	16,005
Units redeemed - 894,634 (2022: 785,027)	9,477	8,270
NAFA Islamic Active Allocation Plan - VI		
Units issued: 437,573 units (2022: 674,905)	4,671	7,067
Units redeemed - 284,078 (2022: 443,679)	3,057	4,700
NAFA Islamic Active Allocation Plan - VII		
Units issued: 906,872 units (2022: 525,453)	9,648	5,461
Units redeemed - 436,329 (2022: 105,519)	4,566	1,114
NAFA Islamic Active Allocation Plan - VIII		
Units issued: 1,809,646 units (2022: 887,323)	19,295	9,225
Units redeemed - 1,813,808 (2022: 278,548)	19,468	2,926
Bank Islami Pakistan Limited		
Placement in term deposit receipts	-	1,306,837
Income on Bank Deposit	24,946	8,227
Income on Term deposit	-	10,467
National Bank of Pakistan - Parent of the Management Company		
Profit on bank balances**	-	3
Khalid Mehmood - Chief Financial Officer of Management Company		
Units issued: 95,700 units (2022: 282,674)	1,000	2,900
Units redeemed: 98,810 units (2022: 221,046)	1,036	2,304

11.7 Amounts / balances outstanding as at period end are as follows

	As at March 31, 2023	As at June 30, 2022
Rupees in '000'		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	5,636	4,770
Sindh sales tax on remuneration of the Management Company	717	604
Reimbursement of allocated expenses payable	2,239	2,018
Reimbursement of selling and marketing expenses payable	3,161	2,113
Sales and transfer load payable	4,586	3,691
Sindh sales tax payable on sales load	588	480
ADC charges payable including Sindh sales tax	133	395
Other payable	153	153
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	429	432
Sindh sales tax payable on Trustee remuneration	56	56
Settlement charges payable	115	10
Security deposit	100	100
Employees of NBP Fund Management Limited		
Units held: 9,997,048 units (June 30, 2022: 12,558,623 units)	111,250	126,068
Portfolio Managed by Management Company		
Units held in the Fund: 15,335,666 units (June 30, 2022: 39,209,749 units)	170,660	393,604
NAFA Islamic Active Allocation Plan - I		
Units held: 918,794 units (June 30, 2022: 779,875 units)	10,225	7,829
NAFA Islamic Active Allocation Plan - II		
Units held: 963,791 units (June 30, 2022: 723,231 units)	10,725	7,260
NAFA Islamic Active Allocation Plan - III		
Units held: 3,194,192 (June 30, 2022: 2,046,018 units)	35,546	20,539
NAFA Islamic Active Allocation Plan - IV		
Units held: 668,369 units (June 30, 2022: 2,067,909 units)	7,438	20,759
NAFA Islamic Active Allocation Plan - V		
Units held: 1,813,949 units (June 30, 2022: 980,765 units)	20,186	9,845
NAFA Islamic Active Allocation Plan - VI		
Units held: 426,616 units (June 30, 2022: 273,122 units)	4,748	2,742
NAFA Islamic Active Allocation Plan - VII		
Units held: 1,043,542 units (June 30, 2022: 572,998 units)	11,613	5,752
NAFA Islamic Active Allocation Plan - VIII		
Units held: 776,964 units (June 30, 2022: 781,125 units)	8,646	7,841
Bank Islami Pakistan Limited		
Bank balances	83,465	7,495
Term Deposit	-	-
Profit receivable on Bank deposit	578	63
Profit receivable on Term Deposit	-	-

	As at March 31, 2023	As at June 30, 2022
Rupees in '000'		

National Bank of Pakistan (Parent Company)

Bank balances	890	1,073
Profit receivable on Bank deposit	-	-

K-Electric Limited*

Sukuk certificates	304,920	-
Profit receivable on sukuk certificates	2,354	-

Khalid Mehmood - Chief Financial Officer of Management Company

Units held: 2,417 units (2022: 5,548 units)	27	55
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* Prior period figures have not been presented as the person was not a related party / connected person of the Fund as at June 30, 2022.

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

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

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

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

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

13 GENERAL

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

14 DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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