

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP ISLAMIC SAVINGS 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

| | |
|-------------------------------------|---------------------------|
| Al Baraka Islamic Bank Limited | National Bank of Pakistan |
| Allied Bank Limited | Silk Bank Limited |
| Bank Alfalah Limited | Soneri Bank Limited |
| Bank Al Habib Limited | United Bank Limited |
| Bankislami Pakistan Limited | Faysal Bank Limited |
| Dubai Islamic Bank Pakistan Limited | |
| Habib Bank Limited | |
| Habib Metropolitan Bank Limited | |
| JS Bank Limited | |
| MCB Bank Limited | |
| Meezan Bank Limited | |

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
Phone: 051-2514987
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 Savings Fund (NBP-ISF)** for the period ended March 31, 2023.

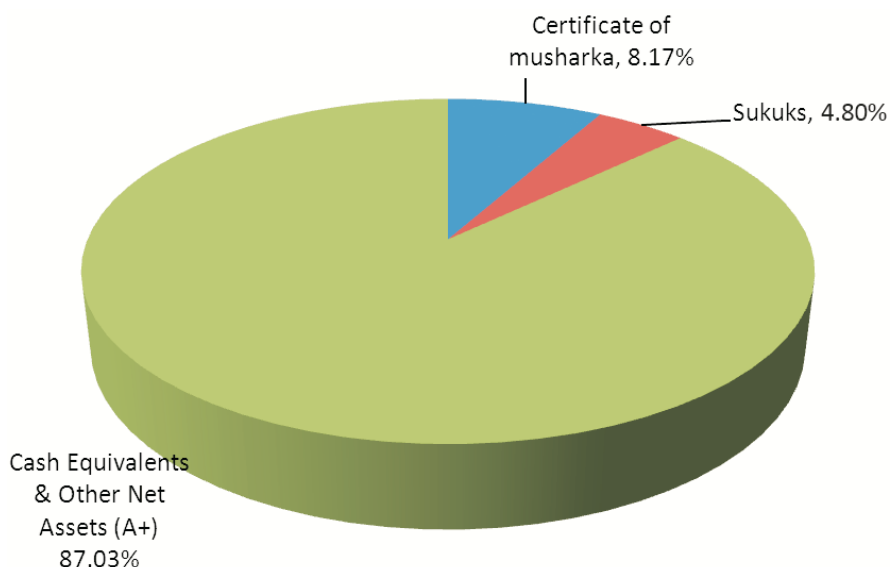
Fund's Performance

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-ISF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'AA- (f)' by PACRA.

The size of NBP Islamic Savings Fund has increased from Rs. 1,845 million to Rs. 3,643 million during the period (a notable increase of 97%). During the period, the unit price of the Fund has increased from Rs. 9.5511 on June 30, 2022 to Rs. 10.5125 on March 31, 2023, thus showing return of 13.4% 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. 302.39 million during the period. After deducting total expenses of Rs. 48.27 million, the net income is Rs. 254.12 million. The asset allocation of NBP-ISF 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 اسلامک سیونگ فنڈ (NBP-ISF) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

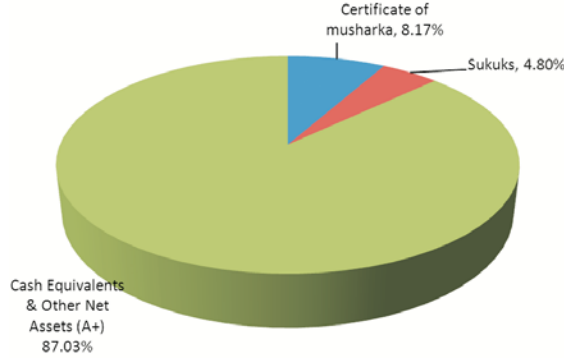
9MFY23 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے مانیٹری پالیسی کمیٹی (MPC) کے چھ اجلاس منعقد کیے اور پالیسی شرح میں 6.25 فیصد سے 20 فیصد تک کا اضافہ کیا۔ مختلف سخت انتظامی اقدامات اٹھائے گئے، تاہم، بیرونی اور مالیاتی مطابقت کے باعث افراط زر کے نقطہ نظر سے قلیل مدت کے خطرات برقرار رہے۔ مالیاتی بہاؤ میں 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-ISF کی شریعہ کمپلائنس آف فنانس کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے 'AA-(f)' کی مستحکم ریٹنگ دی گئی ہے۔

NBP اسلامک سیونگ فنڈ کا ساٹھ ماہ کی مدت کے دوران 1,845 ملین روپے سے بڑھ کر 3,643 ملین روپے ہو گیا ہے (یعنی 97% کا قابل ذکر اضافہ ہوا)۔ مدت کے دوران فنڈ کی پونٹ قیمت 30 جون 2022 کو 9.5511 روپے سے بڑھ کر 31 مارچ 2023 کو 10.5125 روپے تک پہنچ گئی ہے، لہذا اسی مدت کے دوران 5.8% سالانہ منافع مارک منافع کے مقابلے میں 13.4% سالانہ منافع درج کروایا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 302.39 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 48.27 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 254.12 ملین روپے ہے۔

31 مارچ 2023 کو NBP-ISF کی ایسٹیلویشن درج ذیل ہے:



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمیٹی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر 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 مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 29 اپریل 2023

مقام: کراچی

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

| | Note | Unaudited March 31, 2023 | Audited June 30, 2022 |
|---|------|--------------------------------|-----------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Bank Balances | 4 | 3,173,263 | 1,309,827 |
| Investments | 5 | 472,706 | 548,554 |
| Profit Receivable | | 63,737 | 34,102 |
| Deposits, prepayments and other receivables | | 1,771 | 1,589 |
| Total assets | | 3,711,477 | 1,894,072 |
| LIABILITIES | | | |
| Payable to NBP Fund Management Limited - the Management Company | | 35,135 | 9,137 |
| Payable to Central Depository Company of Pakistan Limited - the Trustee | | 261 | 147 |
| Payable to the Securities and Exchange Commission of Pakistan | | 391 | 429 |
| Payable against redemption of units | | 24,069 | 10,692 |
| Accrued expenses and other liabilities | | 8,240 | 28,174 |
| Total liabilities | | 68,096 | 48,579 |
| NET ASSETS | | 3,643,381 | 1,845,493 |
| Unit holders' funds (As per statement attached) | | 3,643,381 | 1,845,493 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |
| | | Number of units | |
| NUMBER OF UNITS IN ISSUE | | 346,576,657 | 193,223,949 |
| | | Rupees | Rupees |
| NET ASSET VALUE PER UNIT | | 10.5125 | 9.5511 |

The annexed notes 1 to 14 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 |
| | (Rupees in '000) | | | |
| INCOME | | | | |
| (Loss) on sale of investments | - | (6) | - | (6) |
| Income from sukuk bonds | 21,793 | 5,846 | 6,593 | 2,781 |
| Income from bai muajjal | - | 1,116 | - | 1,116 |
| Income from term deposit | - | 9,562 | - | - |
| Profit on bank deposits | 244,326 | 84,316 | 118,137 | 34,567 |
| Income from commercial paper | 184 | 17,745 | - | 7,056 |
| Income on certificates of musharakah | 36,081 | 20,603 | 13,252 | 8,199 |
| Total Income | 302,384 | 139,182 | 137,982 | 53,713 |
| EXPENSES | | | | |
| Remuneration of NBP Fund Management Limited - the Management Company | 22,350 | 9,768 | 10,258 | 3,805 |
| Sindh Sales Tax on remuneration of the Management Company | 2,905 | 1,270 | 1,333 | 495 |
| Remuneration of Central Depository Company of Pakistan Limited - the Trustee | 1,466 | 1,212 | 640 | 392 |
| Sindh Sales Tax on remuneration of the Trustee | 191 | 158 | 84 | 51 |
| Reimbursement of operational expenses to the Management Company | 2,483 | 2,020 | 1,106 | 653 |
| Reimbursement of selling and marketing expenses | 16,614 | 12,208 | 7,253 | 4,255 |
| Annual fee to the Securities and Exchange Commission of Pakistan | 391 | 323 | 171 | 104 |
| Settlement and bank charges | 282 | 305 | 89 | 102 |
| Securities transaction cost | - | 3 | - | 3 |
| Annual listing fee | 21 | 21 | 7 | 7 |
| Auditors' remuneration | 735 | 500 | 131 | 149 |
| Fund Rating fee | 373 | 351 | 124 | 124 |
| Printing Charges | 46 | 58 | 25 | 18 |
| Legal and professional charges | 183 | 519 | 56 | 211 |
| Shariah advisor fee | 227 | 219 | 73 | 86 |
| Total Expenses | 48,267 | 28,935 | 21,350 | 10,455 |
| Net income from operating activities | 254,117 | 110,247 | 116,632 | 43,258 |
| Reversal / (Provision) for sindh workers' welfare fund | - | 22,002 | - | - |
| Net income for the period before taxation | 254,117 | 132,249 | 116,632 | 43,258 |
| Taxation | - | - | - | - |
| Net income for the period after taxation | 254,117 | 132,249 | 116,632 | 43,258 |
| Allocation of net income for the period | | | | |
| Net income for the period after taxation | 254,117 | 132,249 | 116,632 | 43,258 |
| Income already paid on units redeemed | (44,284) | (22,253) | (30,963) | (10,336) |
| | 209,833 | 109,996 | 85,669 | 32,922 |
| Accounting income available for distribution: | | | | |
| - Relating to capital gain | - | - | - | - |
| - Excluding capital gain | 209,833 | 109,996 | 85,669 | 32,922 |
| | 209,833 | 109,996 | 85,669 | 32,922 |

The annexed notes 1 to 14 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 income for the period after taxation | 254,117 | 132,249 | 116,632 | 43,258 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>254,117</u> | <u>132,249</u> | <u>116,632</u> | <u>43,258</u> |

The annexed notes 1 to 14 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 MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

| | Nine months period ended | | | | | |
|---|-----------------------------|-----------------------|------------------|----------------------|-----------------------|------------------|
| | March 31, 2023 | | | March 31, 2022 | | |
| | ------(Rupees in '000)----- | | | | | |
| Capital Value | Undistributed Income | Total | Capital Value | Undistributed Income | Total | |
| Net assets at the beginning of the period | 1,781,395 | 64,098 | 1,845,493 | 2,092,893 | 62,046 | 2,154,939 |
| Issuance of 396,237,841 units (2022: 90,786,304 units) | | | | | | |
| - Capital Value | 3,784,507 | - | 3,784,507 | 866,110 | - | 866,110 |
| - Element of income | 226,612 | - | 226,612 | 27,069 | - | 27,069 |
| Total proceeds on issuance of units | 4,011,119 | - | 4,011,119 | 893,179 | - | 893,179 |
| Redemption of 242,885,133 units (2022: 103,812,464 units) | | | | | | |
| - Capital Value | (2,319,820) | - | (2,319,820) | (990,381) | - | (990,381) |
| - Element of loss | (103,244) | (44,284) | (147,528) | (8,259) | (22,253) | (30,512) |
| Total payments on redemption of units | (2,423,064) | (44,284) | (2,467,348) | (998,640) | (22,253) | (1,020,893) |
| Total comprehensive income for the period | - | 254,117 | 254,117 | - | 132,249 | 132,249 |
| Net assets as at the end of the period | 3,369,450 | 273,931 | 3,643,381 | 1,987,432 | 172,042 | 2,159,474 |
| Undistributed income brought forward | | | | | | |
| - Realised | | 64,098 | | | 62,046 | |
| - Unrealised | | - | | | - | |
| | | <u>64,098</u> | | | <u>62,046</u> | |
| Accounting income available for distribution | | | | | | |
| - Relating to capital gain | | - | | | - | |
| - Excluding capital gain | | 209,833 | | | 109,996 | |
| | | <u>209,833</u> | | | <u>109,996</u> | |
| Undistributed income carried forward | | <u>273,931</u> | | | <u>172,042</u> | |
| Undistributed income carried forward | | | | | | |
| - Realised | | 273,931 | | | 172,042 | |
| - Unrealised | | - | | | - | |
| | | <u>273,931</u> | | | <u>172,042</u> | |
| | | | - (Rupees) - | | | - (Rupees) - |
| Net assets value per unit at beginning of the period | | | <u>9.5511</u> | | | <u>9.5401</u> |
| Net assets value per unit at end of the period | | | <u>10.5125</u> | | | <u>10.1452</u> |

The annexed notes 1 to 14 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

| | <u>Nine months period ended</u> | |
|--|---------------------------------|-------------------------|
| | March 31, 2023 | March 31, 2022 |
| ------(Rupees in '000)----- | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income for the period before taxation | 254,117 | 132,249 |
| Adjustments | | |
| Loss on sale of investments | - | 6 |
| | <u>254,117</u> | <u>132,255</u> |
| (Increase) / decrease in assets | | |
| Investments | 75,848 | 218,895 |
| Profit receivable | (29,635) | (1,283) |
| Advances, deposits, prepayments and other receivables | (182) | 220 |
| | 46,031 | 217,832 |
| Increase / (decrease) in liabilities | | |
| Payable to the Management Company | 25,998 | 809 |
| Payable to the Trustee | 114 | (10) |
| Annual fee payable to Securities and Exchange Commission of Pakistan | (38) | (269) |
| Accrued expenses and other liabilities | (19,934) | (40,590) |
| | 6,140 | (40,060) |
| Net cash generated from operating activities | <u>306,288</u> | <u>310,027</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net receipts from issue of units | 4,011,119 | 893,179 |
| Net payments on redemption of units | (2,453,971) | (1,021,012) |
| Net cash generated / (used in) financing activities | 1,557,148 | (127,833) |
| Net increase in cash and cash equivalents during the period | <u>1,863,436</u> | <u>182,194</u> |
| Cash and cash equivalents at the beginning of the period | 1,309,827 | 1,095,575 |
| Cash and cash equivalents at the end of the period | <u><u>3,173,263</u></u> | <u><u>1,277,769</u></u> |

The annexed notes 1 to 14 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 Islamic Savings 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 Regulation) Rules, 2003 (the NBFC Rules).

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 classified as sharia compliant "income" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units 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.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely " Sindh Trust 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 18, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

Management Company has obtained approval of SECP, pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Savings Fund' with effect from March 14, 2017.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company on December 23, 2021, and has assigned stability rating of 'AA-(f)' to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- the 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 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 declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at and for the period ended 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

- 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 expenses and other factors. 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 audited financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2022.

| (Un-audited) | (Audited) |
|--------------|-----------|
| 31 March | 30 June |
| 2023 | 2022 |

----Rupees in "000"----

4 BANK BALANCES

| | | |
|------------------|------------------|------------------|
| Current accounts | 21,152 | 12,009 |
| Saving accounts | 3,152,111 | 1,297,818 |
| | <u>3,173,263</u> | <u>1,309,827</u> |

- 4.1 These savings accounts have an expected profit at rates ranging from 6.50% to 18.10% per annum (2022: 6.50% to 16.00% per annum). Balance maintained with related parties i.e. National Bank of Pakistan amount to Rs. 1.83 Million (2022: Rs. 2.35 Million) Bank Islami Pakistan amounted to Rs. 119.16 Million (2021:Rs.19.05 Million) respectively.

| 5 INVESTMENTS | (Un-audited) | (Audited) |
|----------------------------|-------------------------|----------------|
| | 31 March 2023 | 30 June 2022 |
| | ----Rupees in "000"---- | |
| Sukuks | 5.2 175,000 | 175,000 |
| Commercial Paper | 5.3 - | 49,816 |
| Certificates of musharakah | 5.4 297,706 | 323,738 |
| | 472,706 | 548,554 |

5.1 Non-performing Sukuks classified at fair value through profit or loss

| Name of the investee company | Number of certificates | | | | Market value as at 31 March 2023 | Investment as % of | |
|---|------------------------|-----------------------------|-------------------------|---------------------|----------------------------------|----------------------------|-----------------------------------|
| | As at 1 July 2022 | Purchases during the period | Sales during the period | As at 31 March 2023 | | Market value of net assets | Market value of total investments |
| | (Rupees in '000) | | | | ----- (%) ----- | | |
| New Allied Limited-1st issue (note 5.1.1) | 352,000 | - | - | 352,000 | - | - | - |
| New Allied Limited-2nd issue (note 5.1.1) | 1,000 | - | - | 1,000 | - | - | - |
| | 353,000 | - | - | 353,000 | - | - | - |

Carrying value of investments as at 31 March 2023 114,905

Accumulated impairment 114,905

5.1.1 These represent investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 9, 2009. 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.

5.2 Sukuks Certificate - At fair value through profit or loss

| Name of the investee company | As at 1 July 2022 | Purchases during the period | Sales / Matured during the period | As at 31 March 2023 | Market value as at 31 March 2023 | Investment as % of | |
|--|-------------------|-----------------------------|-----------------------------------|---------------------|----------------------------------|----------------------------|-----------------------------------|
| | | | | | | Market value of net assets | Market value of total investments |
| All sukuks have a face value of Rs. 100,000 each | | | | | | (Rupees in '000) | ----- (%) ----- |
| K-Electric | 50 | - | 50 | - | - | - | - |
| K-Electric | 50 | - | 50 | - | - | - | - |
| K-Electric | 75 | - | 75 | - | - | - | - |
| K-Electric (STS-7) | - | 55 | 55 | - | - | - | - |
| K-Electric (STS-8) | - | 50 | 50 | - | - | - | - |
| K-Electric (STS-9) | - | 50 | 50 | - | - | - | - |
| K-Electric (STS-10) | - | 25 | - | 25 | 25,000 | 0.69 | 5.29 |
| K-Electric (STS-15) | - | 150 | - | 150 | 150,000 | 4.12 | 31.73 |
| | 175 | 330 | 330 | 175 | 175,000 | 4.80 | 37.02 |

Carrying value of investments as at 31 March 2023

175,000

5.3 Commercial Paper

| Name of the investee company | Note | As at July 01, 2022 | Purchases during the period | Sales / Matured during the period | As at March 31, 2023 | Carrying Value as at March 31, 2022 | Carrying Value as at June 30 2022 | |
|-------------------------------------|------|---------------------|-----------------------------|-----------------------------------|----------------------|-------------------------------------|-----------------------------------|--|
| Lucky Electric Power Company Ltd | | 49,816 | - | 49,816 | - | 0.00 | 49,816 | |
| | | | | 49,816 | - | | | |
| Carrying value as at March 31, 2023 | | | | | | | - | |

5.4 Certificates of Musharakah

| Name of the Investee Company | Rating of Investee Company | Maturity date | Profit rate | As at July 1, 2022 | Placed during the period | Matured during the period | Market value as at March 31, 2023 | Percentage in relation to | |
|------------------------------|----------------------------|---------------|-------------|------------------------------|--------------------------|---------------------------|-----------------------------------|----------------------------------|------------------------|
| | | | | | | | | Total market value of investment | Net assets of the Fund |
| | | | % | ----- (Rupees in '000) ----- | | | | ----- % ----- | |
| MODARABA | | | | | | | | | |
| First Habib Modaraba | AA+, PACRA | 26-Apr-22 | 10.75% | 323,738 | - | 323,738 | - | - | - |
| First Habib Modaraba | AA+, PACRA | 26-Oct-22 | 15.75% | - | 275,000 | 275,000 | - | - | - |
| First Habib Modaraba | AA+, PACRA | 26-Jan-23 | 15.75% | - | 285,917 | 285,917 | - | - | - |
| First Habib Modaraba | AA+, PACRA | 26-Apr-23 | 17.85% | - | 297,706 | - | 297,706 | 62.98 | 8.17 |
| | | | | 323,738 | 858,623 | 884,655 | 297,706 | 63 | 8 |
| Total as at March 31, 2023 | | | | | | | <u>297,706</u> | | |

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 0.85% per annum w.e.f March 07, 2022 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 unit holders. 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

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 2.47% including 0.18% (2022: 1.79% including 0.11%) representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date 20 June, 2019, total expense ratio has been limited to 2.5% for Income Funds.

10 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan (SECP) vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to categorize funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'income scheme'.

The SECP vide Circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

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 | % of net assets | % of gross assets |
|-----------------------------------|--|--------------------|--------------------------------------|----------------|-------------------------------------|-----------------|-------------------|
| New Allied Electronics - Sukuk I | Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009 | Sukuk | 110,000 | (110,000) | - | - | - |
| New Allied Electronics - Sukuk II | Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009 | Sukuk | 4,905 | (4,905) | - | - | - |

10.1 At the time of purchase, these term finance certificates and sukuks were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

11 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

11.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 11.2 The transactions with connected persons and related parties are carried out at agreed terms.
- 11.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 11.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.
- 11.5 **Details of the transactions with connected persons during the period are as follows:**

| | Unaudited | |
|---|-----------------------------|-------------------|
| | Nine months period ended | |
| | March 31, 2023 | March 31, 2022 |
| | ------(Rupees in '000)----- | |
| NBP Fund Management Limited | | |
| Management Company | | |
| Management fee expense for the period | 22,350 | 9,768 |
| Front end load for the period | 21,294 | 2,598 |
| Sindh Sales tax on management fee | 2,905 | 1,270 |
| Allocation of operational expenses from the Management Company | 2,483 | 2,020 |
| Reimbursement Selling and marketing expense | 16,614 | 12,208 |
| Units Issued / Transferred in 695,836 units (2022: 10,067 Units) | 7,125 | 100 |
| Units Redeemed / Transferred Out 582,816 units (2022: 8,119 Units) | 5,949 | 82 |
| ADC Charges and Sindh sales Tax on ADC Charges | 364 | 427 |
| Central Depository Company of Pakistan- Trustee | | |
| Trustee fee for the period | 1,466 | 1,212 |
| Sindh Sales tax on remuneration of Trustee | 191 | 158 |
| Employees of Management Company | | |
| Units issued 1,838,260 units (2022: 533,193 units) | 18,581 | 5,200 |
| Units redeemed 1,650,196 units (2022: 440,322 units) | 16,775 | 4,326 |
| Dr AMJAD WAHEED - CHEIF EXECUTIVE - CEO | | |
| Units issued 4,804 units (2022: Nil units) | 50 | - |
| Khalid Mehmood - Chief Financial Officer of Management Company | | |
| Units issued / transferred in Nil units (2022: Nil units) | - | - |
| Units redeemed / transferred out Nil units (2022: 6,158 units) | - | 60 |
| Bank Islami Pakistan Limited (Common Directorship with Management Co.) | | |
| Profit on Savings account | 31,788 | 13,037 |
| Profit on Term deposit receipt | - | 9,562 |
| Placement of Term deposit receipt | - | 1,266,929 |
| K-Electric limited (Common directship) | | |
| Certificate of Sukuk | 330,000 | - |
| Income on Sukuk | 21,793 | - |

| 11.6 | Amounts outstanding as at period end | (Un-Audited) As at 31 March 2023 | (Audited) As at 30 June 2022 |
|---|--|--|------------------------------------|
| | | Rupees in '000 | |
| NBP Fund Management Limited | | | |
| Management Company | | | |
| | Remuneration of the Management Company | 4,035 | 1,897 |
| | Sindh sales tax payable on Remuneration of the Management Company | 525 | 247 |
| | Operational expenses | 1,106 | 662 |
| | Sales load | 18,788 | 867 |
| | Sindh sales tax and Federal Excise Duty on sales load | 3,064 | 734 |
| | Reimbursement Selling and marketing expense | 7,253 | 4,503 |
| | ADC Charges and Sindh sales Tax on ADC Charges | 364 | 227 |
| | Investment held in the Fund 246,849 units (June, 2022 : 133,830 units) | 2595 | 1,278 |
| Central Depository Company of Pakistan Limited - Trustee | | | |
| | Remuneration payable | 231 | 130 |
| | Sindh Sales Tax on remuneration of Trustee | 30 | 17 |
| | Security deposits | 100 | 100 |
| | Settlement charges | 30 | 19 |
| National Bank of Pakistan - Sponsor | | | |
| | Balance in savings accounts | 1,831 | 2,351 |
| | Profit receivable | 18 | 4 |
| Employees of Management Company | | | |
| | Investment held in the Fund 714,822 units (June, 2022 : 526,758 units) | 7,515 | 5,031 |
| Dr AMJAD WAHEED - CHEIF EXECUTIVE - CEO | | | |
| | Investment held in the Fund 4,804 units (June, 2022 : Nil units) | 51 | - |
| Bank Islami Pakistan Limited (Common Directorship with the Management Company) | | | |
| | Balance in savings accounts | 119,160 | 19,052 |
| | Profit receivable from savings accounts | 11,427 | 104 |
| K-Electric limited (Common directship) | | | |
| | Certificate of Sukuk | 175,000 | - |
| | Receivable on Sukuk | 3,180 | - |

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

12.1 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).

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 29, 2023.

14 GENERAL

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

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose 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.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds