



Managing Your Savings

NBP Fund Management Limited



NBP BALANCED FUND

ANNUAL REPORT
2023

AM1
Rated by PACRA

MISSION STATEMENT

"To become country's most
investor-focused company,
by assisting investors
in achieving their financial goals."

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	07
TRUSTEE REPORT TO THE UNIT HOLDERS	13
FUND MANAGER REPORT	14
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	17
STATEMENT OF ASSETS AND LIABILITIES	20
INCOME STATEMENT	21
STATEMENT OF COMPREHENSIVE INCOME	22
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	23
CASH FLOW STATEMENT	24
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	25
PERFORMANCE TABLE	54
PROXY ISSUED BY THE FUND	55

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 & Remuneration 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

Allied Bank Limited	MCB Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bank Al Habib Limited	Zarai Taraqiati Bank Limited
Bank Islami Pakistan Limited	Dubai Islamic Bank Limited
Faysal Bank Limited	Soneri Bank Limited
Habib Bank Limited	Summit Bank Limited
Habib Metropolitan Bank Limited	United Bank Limited
JS Bank Limited	

Auditors

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

Legal Advisor

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

Head Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Saad Amanullah Khan
Director



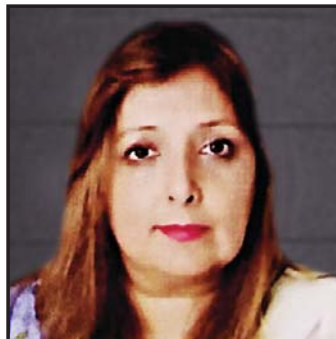
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Ruhail Muhammad
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Business
Development Officer



Mr. Muhammad Imran, CFA, ACCA
Head of Portfolio Management



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



Mr. Shahzad Mithani
Head of Corporate &
HNWIs Sales - South



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



Mr. Hassan Raza, CFA
Head of Research



Mr. Mustafa Farooq
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Seventeenth Annual Report of **NBP Balanced Fund** for the year ended June 30, 2023.

Fund's Performance

FY23 was a lackluster year for equities as the benchmark KSE-100 Index remained flat, falling slightly by 88 points. However, during the period, the market remained very volatile and the Index exhibited large swings on both sides.

The stock market performance remained subdued during the outgoing year as investors' confidence remained fragile shaped by worsening political and macro-economic outlook. On economic front, the precarious situation on balance of payment (BOP) troubled investors. Though the current account deficit (CAD), that stood at USD 2.6 bn as against USD 17.5 bn last year, was brought under control due to various administrative measures/restrictions, elevated external debt repayments of around USD 21 bn remained a cause of concern. 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 4.5 billion for the same reason. Amid steep drawdown in FX reserves, PKR witnessed massive devaluation of around 40% during FY23 that also dented sentiments. Unprecedented rains led to massive floods in the country that not only caused massive devastation but further worsened economic outlook as GDP growth was recorded at merely 0.3% during the year. Large Scale Manufacturing was particularly hit as its output dropped by around 10.3% during FY23. Inflation, which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up as acute supply disruptions & shortages put more pressure on prices. Average inflation clocked in at around 29.2% in FY23. This prompted the central bank to aggressively increase Policy Rate to 22% from 13.75% at the start of the period. Although listed corporate sector continued to post robust double-digit growth in profitability, despite imposition of higher taxes and anemic GDP growth, multi-faceted economic challenges and political uncertainty sapped sentiments, and weighed heavily on market performance. A key aspect during last year related to capital market was the sponsor buy back programs which remained a major redeeming factor where cumulative buybacks of around PKR 28 billion were announced reflecting immense sponsor confidence in their own companies.

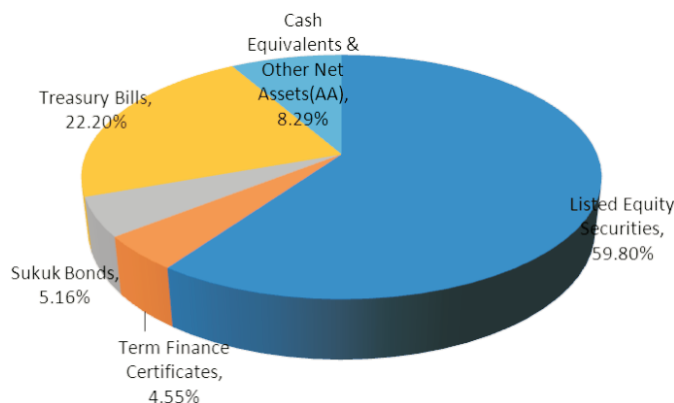
In terms of sector performance, Cements, Chemicals, Banks, Fertilizer, Oil & Gas Exploration Companies, Power Generation & Distribution, Sugar & Allied Industries, and Technology & Communication sectors outperformed the market. On the contrary, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Engineering, Food & Personal Care, Glass & Ceramics, Insurance, Leather & Tanneries, Miscellaneous, Oil & Gas Marketing, Paper & Board, Pharmaceutical, Refinery, Textile Composite, and Tobacco sectors lagged the market. On participants-wise market activity, Companies, Individual and Banks/DFIs emerged the largest net buyers with inflows of around USD 100 million, USD 84 and USD 74 million, respectively. On the contrary, Mutual Funds & Insurance lowered their net holdings by around USD 144 million & USD 124 million, respectively.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively.

The trading activity in corporate bonds remained slow, with the cumulative traded value standing at Rs. 7.9 billion (a 23% decrease from last year). However, the market witnessed some fresh issuance of TFCs and Sukuks, mostly in the Power & Distribution and Banking sectors.

During the fiscal year, NBP Balanced Fund increased by 2.6% versus the Benchmark increased by 10.8% translating into an underperformance of 8.2% during the year. NBF underperformance during the year was because the Fund was underweight in key stocks in Cement, Fertilizer, Inv. Banks / Inv. Cos. / Securities Cos, Power Generation & Distribution, and Oil & Gas Exploration Companies, sectors that outperformed the market and was overweight in key stocks in Cable & Electrical Goods, Commercial Banks, Engineering, Glass & Ceramics and Textile Composite, sectors that underperformed the market. Since its launch (January 19, 2007), the Fund has risen by 438.0%, versus the benchmark return of 262.4%, thus to date outperformance is 175.6%. This outperformance is net of management fee and all other expenses. The Fund size is 666 mln as of June 30, 2023.

NBP Balanced Fund has earned a total income of Rs.56.86 million during the year. After deducting total expenses of Rs.40.65 million, the net income is Rs.16.20 million. During the year, the unit price of NBP Balanced Fund has increased from Rs. 18.1367 (Ex-Div) on June 30, 2022 to Rs. 18.1595 on June 30, 2023. The resultant per unit gain is Rs.0.0228 (0.13%). The asset allocation of NBP Balanced Fund as on June 30, 2023 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 2.46% of the opening ex-NAV (4.47% of the par value) during the year ended June 30, 2023.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, as reduced by accumulated losses and capital gains, whether realized or unrealized, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, Grant Thornton Anjum Rahman Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2024.

Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.

10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. For the year ended June 30, 2023, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none">1. Mr. Khalid Mansoor2. Mr. Saad Amanullah Khan3. Mr. Ruhail Muhammad4. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none">1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)2. Mr. Tauqeer Mazhar3. Ms. Mehnaz Salar4. Mr. Ali Saigol5. Mr. Imran Zaffar

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: September 15, 2023
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP سرمایہ اضافہ فنڈ کی تیرہویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2023 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 23 ایکویٹیز کے لیے مایوس کن تھا کیونکہ شیئنگ مارک KSE-100 انڈیکس فلیٹ رہا، جس میں 88 پوائنٹس کی کمی واقع ہوئی۔ تاہم، اس عرصہ کے دوران، مارکیٹ بہت اتار چڑھاؤ کا شکار رہی اور انڈیکس نے بھی دونوں اطراف جھکاؤ دکھایا۔

رواں سال کے دوران سٹاک مارکیٹ کی کارکردگی کم رہی کیونکہ خراب سیاسی اور میکرو اکنامک نقطہ نظر کی وجہ سے سرمایہ کاروں کا اعتماد کمزور رہا۔ معاشی محاذ پر، ادائیگی کے توازن (BOP) کی نازک صورتحال نے سرمایہ کاروں کو پریشان کیا۔ اگرچہ کرنٹ اکاؤنٹ خسارہ (CAD) جو کہ گزشتہ سال 17.5 بلین امریکی ڈالر کے مقابلے میں 2.6 بلین امریکی ڈالر رہا، مختلف انتظامی اقدامات/پابندیوں کی وجہ سے کنٹرول میں لایا گیا، تاہم تقریباً 21 بلین ڈالر کے بیرونی قرضوں کی ادائیگی تشویش کا باعث بنی ہوئی ہے۔ آئی ایم ایف کی شرائط پوری کرنے میں تاخیر کی وجہ سے پروگرام قسط کا شکار رہا اور بیرونی رقوم کا بہاؤ کم ہو گیا۔ لہذا، اسی وجہ سے SBP کے زرمبادلہ ذخائر 9.8 بلین امریکی ڈالر سے کم ہو کر 4.5 بلین امریکی ڈالر پر آ گئے۔ زرمبادلہ ذخائر میں زبردست کمی کے درمیان، پاکستانی روپیہ نے مالی سال 23 کے دوران بڑے پیمانے پر قدر میں تقریباً 40% کی کمی دیکھی جس سے مارکیٹ کے حالات بھی مجروح ہوئے۔ غیر معمولی بارشوں نے ملک میں بڑے پیمانے پر سیلاب کی وجہ سے نہ صرف تباہی پائی بلکہ معاشی نقطہ نظر کو مزید خراب کر دیا کیونکہ سال کے دوران جی ڈی پی کی شرح منحوس 0.3 فیصد ریکارڈ کی گئی۔ خاص طور پر بڑے پیمانے کی مینوفیکچرنگ متاثر ہوئی کیونکہ مالی سال 23 کے دوران اس کی پیداوار میں تقریباً 10.3 فیصد کمی واقع ہوئی۔ مہنگائی، جو کہ کوڈٹی اپ سائیکل اور خوردہ ایندھن اور بجلی کی قیمتوں میں ایلو جھٹمنٹ کی وجہ سے پہلے ہی عروج پر تھی، مزید بڑھ گئی کیونکہ سپلائی میں شدید رکاوٹ اور قلت قیمتوں پر مزید باؤ ڈالا۔ مالی سال 23 میں اوسط مہنگائی تقریباً 29.2 فیصد تک پہنچ گئی۔ اس نے مرکزی بینک کو جارحانہ انداز میں پالیسی شرح کو 13.75 فیصد سے بڑھا کر 22 فیصد کرنے پر آمادہ کیا۔ اگرچہ سٹڈ زیادہ ٹیکسوں کے نفاذ جی ڈی پی میں کمی کے باوجود کارپوریٹ سیکٹور نے منافع میں دوہرے ہندسے کی مضبوط نمو جاری رکھی، کثیر جیتی اقتصادی چیلنجوں اور سیاسی غیر یقینی صورتحال نے جذبات کو مجروح کر دیا اور مارکیٹ کی کارکردگی پر بہت زیادہ باؤ ڈالا۔ کیپٹل مارکیٹ سے متعلق پچھلے سال کے دوران ایک اہم پہلو اسپانسر بے بیک پروگرام تھا جو کہ ایک اہم ریڈیٹنگ عنصر رہا جہاں تقریباً 28 بلین روپے کی مجموعی بائے بیکس کا اعلان کیا گیا جو ان کی اپنی کمپنیوں میں اسپانسر کے بے پناہ اعتماد کی عکاسی کرتا ہے۔

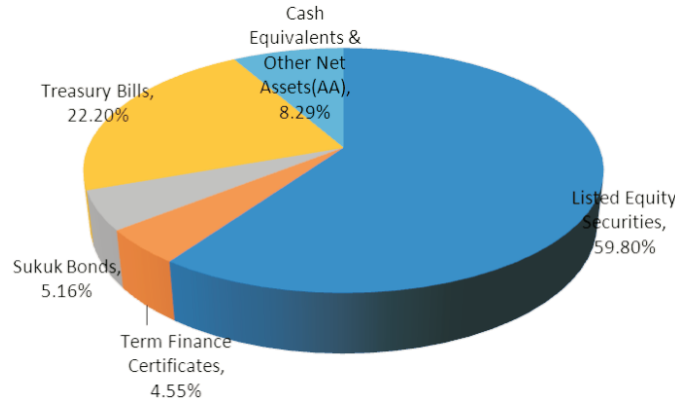
سیکٹور اور کارکردگی کے لحاظ سے سینٹ، کیپیکل، بینک، فریٹلائزر، آئل اینڈ گیس، ایکسپلوریشن کمپنیاں، پاور جنریشن اینڈ ڈسٹری بیوٹن، شوگر اینڈ الائیڈ اینڈ سٹیز، اور ٹیکسٹائل اور کمیونیکیشن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اس کے برعکس، آٹو اسمبلرز، آٹو پارٹس اور ایئر سیریز، کیپل اور الیکٹریکل سامان، انجینئرنگ، فوڈ اینڈ پراسسنگ، گلاس اینڈ سٹریٹس، انشورنس، لیڈر اینڈ ٹیکسٹائیز، ہتھیار، آئل اینڈ گیس مارکیٹنگ، پیپر اینڈ بورڈ، فارما سیوٹیکل، ریفاٹری، ٹیکسٹائل کمپوزٹ، اور تمباکو کے شعبوں نے مارکیٹ سے اہتر کارکردگی کا مظاہرہ کیا۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، کمپنیاں، انفرادی اور بینک/DFIs بالترتیب 100 بلین امریکی ڈالر، 84 بلین امریکی ڈالر اور 74 بلین امریکی ڈالر کی آمد کے ساتھ سب سے بڑے خالص خریدار رہے۔ اس کے برعکس، میو پیل فنڈز اور انشورنس نے اپنی خالص ہولڈنگز کو بالترتیب 144 بلین امریکی ڈالر اور 124 بلین امریکی ڈالر تک کم کر دیا۔

مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 19 اجلاس منعقد ہوئے اور ملکی غیر یقینی صورتحال اور بیرونی اکاؤنٹ پر مسلسل دباؤ کی وجہ سے افراط زر کے دباؤ کو روکنے، قیمتوں میں استحکام حاصل کرنے، اقتصادی استحکام کو یقینی بنانے، اور کرنسی کے دباؤ کو کم کرنے کے لیے پالیسی شرح کو 825 پیسے پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر میں ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نموکوں کو زور کر رہا ہے۔ مزید برآں، کم نئے افلو ز اور کم زور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر باؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنجی اور خطرات کا باعث بنے ہیں۔ گورنمنٹ بونڈز معاوضے نے بھی ان پالیسی اقدامات اور بڑھتی ہوئی افراط زر اور شرح سود کے نقطہ نظر کا جواب دیا۔ سیاسی اور معاشی غیر یقینی صورتحال کی وجہ سے مارکیٹ کے شرکاء کی دلچسپی کا جھکاؤ مختصر مدت کی طرف رہا۔ SBP نے سٹائٹس (27) ٹی بی ٹیل میوں کا انعقاد کیا، جس میں 24.4 ٹریلین روپے کے ہدف اور 23.5 ٹریلین روپے کی میچورٹی کے مقابلے میں 25.1 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلیز کی 3 ماہ، 6 ماہ اور 12 ماہ کی پیداوار میں بالترتیب 767 bps، 772 bps اور 763 bps کا اضافہ ہوا۔

کارپوریٹ بانڈز میں تھارتی سرگرمی سست رہی، جس کی مجموعی تجارت کی قیمت 7.9 بلین روپے (گزشتہ سال کے مقابلے میں 23 فیصد کمی) رہی۔ تاہم، مارکیٹ میں TFCS اور سکوک کے کچھ، زیادہ تر پار اور اینڈ ڈسٹری بیوٹن اور بینکنگ کے شعبوں میں تازہ اجراء کا مشاہدہ کیا گیا۔

مالی سال کے دوران، NBP ہیلنڈ فنڈ 10.8% بچ مارک اضافہ کے بخلاف 2.6% تک اضافہ ہوا جس کے نتیجے میں سال کے دوران 8.2% کی ایتر کارکردگی ظاہر کی۔ NBF نے سال کے دوران ایتر کارکردگی کا مظاہرہ کیا کیونکہ فنڈ نے سیمنٹ، فریلاز، انویسٹمنٹ بینکس / انویسٹمنٹ Cos / سیکورٹیز Cos، پاور جزیٹن اینڈ ڈسٹری بیوٹن، اینڈ آئل اینڈ گیس ایکسپلوریشن کمپنیز، سیکورٹیز جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا میں اہم اسٹاکس میں کم اہمیت دی، کیبل اینڈ الیکٹریکل ایشیا، کمرشل بینک، انجینئرنگ، گلاس اینڈ سرامکس اور ٹیکسٹائل کمپوزٹ، سیکورٹیز جنہوں نے مارکیٹ میں ایتر کارکردگی کا مظاہرہ کیا کے اہم اسٹاک کو زیادہ اہمیت دی گئی۔ اپنے آغاز (19 جنوری 2007) سے، فنڈ میں 262.4 فیصد بچ مارک ریٹرن کے مقابلے 438.0 فیصد کا اضافہ ہوا ہے، چنانچہ آج تک بہتر کارکردگی 175.6 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا سائز 30 جون 2022 کو 666 ملین ہے۔

NBP ہیلنڈ فنڈ کو سال کے دوران 56.86 ملین روپے کی کل آمدنی ہوئی ہے۔ 40.65 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 16.20 ملین روپے ہے۔ سال کے دوران، NBP ہیلنڈ فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 18.1367 (Ex-Div) روپے سے بڑھ کر 30 جون 2023 کو 18.1595 روپے ہو گئی۔ نتیجتاً یونٹ منافع 0.0228 روپے (0.13%) ہے۔ 30 جون 2023 کے مطابق NBP ہیلنڈ فنڈ کی ایسٹ ایبلویشن حسب ذیل ہے:



آمدنی کی تقسیم

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV کے 2.46 فیصد (بنیادی قیمت کا 4.47 فیصد) کا عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

تعمیر

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین اور جمع شدہ نقصانات منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر آگم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز گرانٹ تھارٹن انجم رحمان اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2024 کو ختم ہونے والے سال کی دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. مینیجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ مالیاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

- 8 پر فارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیرن مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، ای او، ای ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔

نام	کیٹگری
1 جناب خالد منصور 2 جناب سعد امان اللہ خان 3 جناب روحیل محمد 4 جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1 شیخ محمد عبدالواحد سبھی (چیرمین) 2 جناب توقیر مظہر 3 محترمہ ہنا ز سالار 4 جناب علی سیگل 5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ 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 رٹرنی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Balanced Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2023

FUND MANAGER REPORT

NBP Balanced Fund

NBP Balanced Fund (NBF) is an Open-ended Balanced Fund.

Investment Objective of the Fund

Objective of NBF is to provide investors with a combination of capital growth and income. NBF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

Benchmark

Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 50% KSE-30 Total Return Index & 50% 3-Month KIBOR.

Fund Performance Review

This is the Seventeen annual report of the Fund. During the fiscal year, NBP Balanced Fund increased by 2.6% versus the Benchmark increased by 10.8% translating into an underperformance of 8.2% during the year. NBF underperformance during the year. Since its launch (January 19, 2007), the Fund has risen by 438.0%, versus the benchmark return of 262.4%, thus to date outperformance is 175.6%. This outperformance is net of management fee and all other expenses. The Fund size is 666 mln as of June 30, 2023.

NBF underperformance during the year was because the Fund was underweight in key stocks in Cement, Fertilizer, Inv. Banks / Inv. Cos. / Securities Cos, Power Generation & Distribution, and Oil & Gas Exploration Companies, sectors that outperformed the market and was overweight in key stocks in Cable & Electrical Goods, Commercial Banks, Engineering, Glass & Ceramics and Textile Composite, sectors that underperformed the market.

The chart below shows the performance of NBF against the Benchmark for the year.

NBF Performance vs. Benchmark during FY23



At the start of the year, NBF was around 64.5% invested in equities. During the year, we altered the allocation of the Fund based on the expected performance of different asset classes. Towards the end of the year, the allocation in equities was around 59.8%.

FY23 was a lackluster year for equities as the benchmark KSE-100 Index remained flat, falling slightly by 88 points. However, during the period, the market remained very volatile and the Index exhibited large swings on both sides.

The stock market performance remained subdued during the outgoing year as investors' confidence remained fragile shaped by worsening political and macro-economic outlook. On the political front, uncertainty & agitation remained elevated during the year and weighed on investors' sentiments. The dissolution of two provincial assemblies and uncertainty over continuity of federal government and contention between government and apex court caused jitters in the market. On economic front, the precarious situation on balance of payment (BOP) troubled investors. Though the current account deficit (CAD), that stood at USD 2.6 bn as against USD 17.5 bn last year, was brought under control due to various administrative measures/restrictions, elevated external debt repayments of around USD 21 bn remained a cause of concern. 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 4.5 billion for the same reason. Amid steep drawdown in FX reserves, PKR witnessed massive devaluation of around 40% during FY23 that also dented sentiments. Unprecedented rains led to massive floods in the country that not only caused massive devastation but further worsened economic outlook as GDP growth was merely recorded at 0.3% during the year. Large Scale Manufacturing was particularly hit as its output dropped by around 10.3% during FY23. Inflation, which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up as acute supply disruptions & shortages put more pressure on prices. Average inflation clocked in at around 29.2% in FY23. This prompted the central bank to aggressively increase Policy Rate to 22% from 13.75% at the start of the period. Although listed corporate sector continued to post robust double-digit growth in profitability, despite imposition of higher taxes and anemic GDP growth, multi-faceted economic challenges and political uncertainty sapped sentiments and weighed on market performance. A key aspect during last year related to capital market was the sponsor buy back programs which remained a major redeeming factor where cumulative buybacks of around PKR 28 billion were announced reflecting immense sponsor confidence in their own companies.

In terms of sector performance, Cements, Chemicals, Banks, Fertilizer, Oil & Gas Exploration Companies, Power Generation & Distribution, Sugar & Allied Industries, and Technology & Communication sectors outperformed the market. On the contrary, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Engineering, Food & Personal Care, Glass & Ceramics, Insurance, Leather & Tanneries, Miscellaneous, Oil & Gas Marketing, Paper & Board, Pharmaceutical, Refinery, Textile Composite, and Tobacco sectors lagged the market. On participants-wise market activity, Companies, Individual and Banks/DFIs emerged the largest net buyers with inflows of around USD 100 million, USD 84 and USD 74 million, respectively. On the contrary, Mutual Funds & Insurance lowered their net holdings by around USD 144 million & USD 124 million, respectively.

The trading activity in corporate bonds remained slow, with the cumulative traded value standing at Rs. 7.9 billion (a 23% decrease from last year). However, the market witnessed some fresh issuance of TFCs and Sukuks, mostly in the Power & Distribution and Banking sectors.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively.

SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 17.1 trillion. The sovereign yields also witnessed high movements resulting in sharp rise in secondary market yields, which maintained their high delta from the Policy Rate. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 770, 762 and 749 basis points, respectively.

During the period under question:

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-23	30-Jun-22
Equities / Stocks	59.8%	64.5%
TFCs / Sukuks	9.7%	12.8%
Cash Equivalents	11.2%	21.5%
T-Bills	22.2%	-
Commercial Papers	-	2.9%
Other Net Liabilities	(2.9%)	(1.7%)
Total	100.0%	100.0%

Distribution for the Financial Year 2023

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex-Div. Price
Interim	4.47%	18.6071	18.1606

Size of Unit Holding (Units)	# of Unit Holders
1-1000	166
1001-5000	81
5001-10000	17
10001-50000	48
50001-100000	5
100001-500000	15
5000001-10000000	1
10000001-100000000	1
Total	334

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision held	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
New Allied Electronics Limited I - Sukuk 25-JUL-07 25-JUL-25	Sukkuk	10,000,000	10,000,000	0	0.0%	0.0%
SHAKARGANJ FOODS (Rev) 10-JUL-18 10-JUL-25	Sukkuk	15,000,000	3,480,000	11,520,000	1.7%	1.6%
Saudi Pak Leasing Company Limited - Revised II 13-MAR-	TFC	27,547,410	27,547,410	0	0.0%	0.0%
Eden House Limited - Sukuk Revised 29-MAR-08 29-SEP-25	Sukkuk	9,843,750	9,843,750	0	0.0%	0.0%

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NBP Balanced Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and income statement, statement of comprehensive income, statement of movements in unit holder's fund, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2023 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and the Management Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
<p>Investments (refer note 6 to the financial statements)</p>	
<p>Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2023 amounted to Rs. 610.615 million (2022: Rs. 657.233 million).</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2023 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> obtained understanding of relevant controls placed by the Management Company applicable to the account balance; verified existence of investments from Central Depository Company (CDC) account statement, bank statements and other relevant documents; independently tested the valuations directly with the prices published on Mutual Fund Association of Pakistan (MUFAP) website. performed test of details on sale and purchase of investments on a sample basis. re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors (the Board) for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we report that in our opinion the Fund's financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other matter

- 1) The engagement partner on the audit resulting in this independent auditor's report is Muhammad Shaukat Naseeb.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 21, 2023
UDIN: AR202310126Gzhtd8Ms3

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

		2023	2022
	Note	-----Rupees in 000-----	
ASSETS			
Bank balances	4	74,322	177,792
Investments	5	610,615	657,233
Dividend and profit receivables	6	2,525	5,191
Advances, deposits and prepayments	7	3,898	3,891
Total assets		691,360	844,107
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	8	4,318	5,242
Payable to Central Depository Company of Pakistan Limited - Trustee	9	124	156
Payable to Securities and Exchange Commission of Pakistan	10	152	238
Payable against purchase of investment		5,584	5,375
Payable against redemption of units		-	5
Accrued expenses and other liabilities	11	15,388	14,267
Total liabilities		25,566	25,283
NET ASSETS		665,794	818,824
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		665,794	818,824
CONTINGENCIES AND COMMITMENTS	12		
		(Number of units)	
NUMBER OF UNITS IN ISSUE	13	36,663,750	45,147,265
		(Rupees)	
Net assets value per unit		18.1595	18.1367

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

INCOME	Note	2023	2022
-----Rupees in 000-----			
Income from term finance certificate and sukuks		13,599	15,221
Discount income on commercial paper		900	720
Discount income on treasury bills		28,011	9,464
Profit on bank deposits		9,545	13,668
Dividend income		38,036	59,529
Gain on sale of investments at fair value through profit or loss (FVTPL) - net		(2,366)	(33,781)
Net unrealised (diminution) / appreciation on re-measurement of investments at FVTPL		(30,869)	(106,483)
Total income / (loss)		56,856	(41,662)
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company		19,046	20,326
Sindh Sales Tax on Remuneration to Management Company		2,476	2,642
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,524	2,123
Sindh sales tax on remuneration to trustee		198	276
Reimbursement of selling and marketing expenses		9,904	19,492
Reimbursement of allocated expenses		1,524	2,322
Annual fee - Securities and Exchange Commission of Pakistan	10	152	238
Securities transaction costs		456	1,148
Auditors' remuneration	14	860	843
Settlement and bank charges		494	309
Mutual fund rating fee		316	265
Legal and professional charges		150	344
Printing and other charges		45	20
Annual listing fee		28	27
Impairment loss		3,480	-
Total expenses		40,652	50,375
Net income / (loss) from operating activities		16,204	(92,037)
Reversal of / (provision) against Sindh Workers' Welfare Fund	11.1	-	19,666
Net income / (loss) for the year before taxation		16,204	(72,371)
Taxation	15	-	-
Net income / (loss) for the year		16,204	(72,371)
Allocation of net income for the year			
Net income for the year		16,204	-
Income already paid on units redeemed		(273)	-
		15,931	-
Accounting income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains		15,931	-
		15,931	-

The annexed notes 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	-----Rupees in 000-----	
Net income / (loss) for the year	16,204	(72,371)
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	16,204	(72,371)

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2023

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	148,571	670,253	818,824	865,049	742,624	1,607,673
Issue of 1,476,264 units (2022: 1,821,349 units)						
- Capital value	26,802	-	26,802	35,260	-	35,260
- Element of income	22	-	22	434	-	434
Total proceeds on issuance of units	26,824	-	26,824	35,694	-	35,694
Redemption of 9,959,779 units (2022: 39,717,277 units)						
- Capital value	(180,638)	-	(180,638)	(768,907)	-	(768,907)
- Element of (loss) / income	850	(273)	577	16,735	-	16,735
Total payments on redemption of units	(179,788)	(273)	(180,061)	(752,172)	-	(752,172)
Total comprehensive (loss) /income for the year	-	16,204	16,204	-	(72,371)	(72,371)
Interim distribution for the year ended June 30,2023.						
- Cash distribution	-	(15,970)	(15,970)	-	-	-
- Refund of capital	(27)	-	(27)	-	-	-
	(27)	(15,970)	(15,997)	-	-	-
Net assets at end of the year	(4,420)	670,214	665,794	148,571	670,253	818,824
Undistributed income brought forward						
- Realised		776,736			554,672	
- Unrealised		(106,483)			187,952	
		670,253			742,624	
Accounting income available for distribution:						
Relating to capital gains		-			-	
Excluding capital gains		15,931			-	
		15,931			-	
Net loss for the year		-			(72,371)	
Interim distribution for the year ended June 30,2023.						
- Cash distribution		(15,970)			-	
Undistributed income carried forward		670,214			670,253	
Undistributed income carried forward						
- Realised income		701,083			776,736	
- Unrealised (loss)/ income		(30,869)			(106,483)	
		670,214			670,253	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			18.1367			19.3595
Net assets value per unit at end of the year			18.1595			18.1367

The annexed notes 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Note	-----Rupees in 000-----	
CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	16,204	(72,371)
Adjustments:		
Net unrealised diminution /(appreciation) on re-measurement of investments at FVTPL	30,869	106,483
	<u>47,073</u>	<u>34,112</u>
Decrease/(increase)in assets		
Investments	163,579	470,138
Dividend and profit receivables	2,666	(1,755)
Advances, deposits and prepayments	(6)	9,211
Receivable against sale of investment	-	-
	<u>166,239</u>	<u>477,594</u>
(Decrease) / Increase/in liabilities		
Payable to NBP Fund Management Limited - Management Company	(925)	(4,876)
Payable to Central Depository Company of Pakistan Limited - Trustee	(32)	(92)
Payable to Securities and Exchange Commission of Pakistan	(86)	(74)
Payable against purchase of investment	209	5,375
Accrued expenses and other liabilities	1,121	(21,709)
	<u>287</u>	<u>(21,376)</u>
Net cash generated from operating activities	213,599	490,330
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units - net of refund of element	26,825	35,843
Net payments against redemption of units	(180,067)	(752,249)
Dividend paid	(15,997)	-
Net cash used in financing activities	(169,239)	(716,406)
Net increase/(decrease) in cash and cash equivalents	44,360	(226,076)
Cash and cash equivalents at beginning of the year	177,792	403,868
Cash and cash equivalents at end of the year	222,152	177,792

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Balanced Fund 'the Fund' was established under a Trust Deed executed between the NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed and authorised by the Securities and Exchange Commission of Pakistan (SECP) on 01 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2 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 the 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 Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as a "balanced scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund is to provide its investors with a combination of capital growth and income. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments e.t.c.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an asset manager rating of 'AM1' to the Management Company as on 22 June, 2023 a short term performance ranking of 3 star and long term performance ranking of 4 star to the fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as trustee of the Fund.
- 1.7 During the year ended June 30,2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) 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 and the requirements VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations).

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 from the IFRS Standards, 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.

2.2 Initial application of standards, amendments or interpretations to existing standards

The following amendments and interpretations to published accounting and reporting standards that are applicable to the fund's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 1, 2022 but does not have any significant impact on the fund's financial reporting and therefore, have not been disclosed in these financial statements.

2.2.2 Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Fund

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the fund for the financial year beginning on July 1, 2022. The standard and amendments are not expected to have any material impact on the fund's financial reporting and, therefore, have not been disclosed in these financial statements.

2.3 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values. All the transactions have been accounted for an accrual basis except for the statement for cash flows.

2.5 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial Assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the income statement.

3.2.2 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3.2.2.1 Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

3.2.2.2 Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes only cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt and equity securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

3.2.2.3 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

3.2.5 Impairment of financial assets

Financial assets at amortised cost

The Fund applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortized costs other than debts securities. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Funds' historical experience and informed credit assessment and including forward-looking information.

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund Manager.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the income statement. The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.2.8 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.2.9 Securities purchased under repurchased agreement

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo transaction.

All reverse repo transactions are accounted for on the settlement date.

3.2.10 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is premeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.5 Taxation

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed among the unitholders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

3.6 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load if applicable, is payable to the investment facilitators and the Management Company/distributors.

Units redeemed are recorded at the redemption price, applicable to units for which the Management Company/distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.7 Element of Income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP

Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unit holders' fund.

3.8 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

3.9 Net assets value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.9.1 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

3.9.2 Distributions

Distributions declared are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

4 BANK BALANCES

	Note	2023 ----Rupees in 000----	2022
In current accounts		169	169
In savings accounts	4.1	<u>74,153</u>	<u>177,623</u>
		<u><u>74,322</u></u>	<u><u>177,792</u></u>

4.1 These carry a rate of return ranging from 10% to 22.60% (2022: 6.50% to 16.6%) per annum.

4.2 Cash and cash equivalents

	Note	2023 -----Rupees in 000-----	2022
Current accounts		169	169
Savings accounts		74,153	177,623
Treasury bills	5.6	<u>147,830</u>	-
		<u><u>222,152</u></u>	<u><u>177,792</u></u>

5 INVESTMENTS

Investments by category

Financial asset 'at fair value through profit or loss'

- Listed equity securities	5.1	398,121	528,179
- Term finance certificates - listed	5.2	-	-
- Term finance certificates - unlisted	5.3	30,294	30,859
- Sukuk bonds	5.4	34,370	74,095
- Commercial paper	5.5	-	24,100
- Treasury Bills	5.6	<u>147,830</u>	-
		<u><u>610,615</u></u>	<u><u>657,233</u></u>

NBP BALANCED FUND

Name of the investee company	Number of shares						Market value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2022	Purchases during the period	Bonus/Right shares received during the period	Right shares purchased/subscribed during the period	Sales during the period	As at 30 June 2023				
	(Number of Shares)						(Rupees in '0	%)		
Oil & Gas Exploration Companies										
Oil & Gas Development Company Limited	259,786	90,900	-	-	99,600	251,086	19,585	2.94%	3.21%	0.001%
Pakistan Oilfields Limited	15,528	550	-	-	5,985	10,093	4,055	0.61%	0.66%	0.001%
Pakistan Petroleum Limited	251,290	135,800	-	-	71,400	315,690	18,670	2.80%	3.06%	0.001%
Mari Petroleum Company Limited	20,633	-	1	-	5,229	15,405	23,332	3.50%	3.82%	0.002%
							65,642	9.86%	10.75%	
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited	75,350	4,700	1	-	25,172	54,879	6,092	0.91%	1.00%	0.002%
Hascol Petroleum Limited	777	-	-	-	-	777	4	0.00%	0.00%	0.000%
Attock Petroleum Limited	14,161	-	3,105	-	17,265	1	0	0.00%	0.00%	0.001%
							6,097	0.92%	1.00%	
Fertilizers										
Engro Fertilizers Limited	1	-	-	-	-	1	0.06	0.00	0.00	0.000%
Fauji Fertilizer Bin Qasim Limited	275,000	-	-	-	103,500	171,500	2,020	0.30%	0.33%	0.002%
Engro Corporation Limited	69,319	10,800	-	-	19,300	60,819	15,806	2.37%	2.59%	0.001%
Fauji Fertilizers Company Limited	184,701	55,000	-	-	19,500	220,201	21,677	3.26%	3.55%	0.001%
							39,503	5.93%	6.47%	
Chemicals										
Engro Polymer & Chemicals Limited	213,923	28,800	-	-	151,250	91,473	3,865	0.58%	0.63%	0.002%
Lotte Chemical Pakistan Limited	243,000	-	-	-	243,000	-	-	0.00%	0.00%	0.002%
							3,865	0.58%	0.63%	
Cement										
Fauji Cement Company Limited	479,500	23,500	59,313	-	562,312	1	0	0.00%	0.00%	0.002%
Kohat Cement Company Limited	191,250	95,556	-	-	14,637	272,169	47,213	7.09%	7.73%	0.010%
Attock Cement Pakistan Limited	83,300	59,500	-	-	-	142,800	11,834	1.78%	1.94%	0.006%
Lucky Cement Limited	44,497	600	-	-	22,590	22,507	11,751	1.76%	1.92%	0.001%
Maple Leaf Cement Factory Limited	144,319	37,000	-	-	181,319	-	-	0.00%	0.00%	0.001%
							70,798	10.63%	11.59%	
Automobile Parts & Accessories										
Thal Limited	11	-	-	-	-	11	2	0.00%	0.00%	0.000%
Panther Tyres Limited	64,200	-	-	-	28,500	35,700	720	0.11%	0.12%	0.32%
							721	0.11%	0.12%	
Textile Composite										
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	5,649	0.85%	0.93%	1.353%
Gul Ahmed Textile Mills Limited	283,160	2,500	41,272	-	79,300	247,632	4,410	0.66%	0.72%	0.005%
Kohinoor Textile Mills Limited	372,613	227,000	-	-	100,000	499,613	25,435	3.82%	4.17%	0.012%
Crescent Textile Mills Limited	12,000	154,000	-	-	18,000	148,000	1,909	0.29%	0.31%	0.001%
Nishat (Chunin) Limited	15,800	-	-	-	15,800	-	-	0.00%	0.00%	0.001%
Interloop Limited	54,091	-	948	-	55,037	2	0	0.00%	0.00%	0.001%
Nishat Mills Limited	137,300	-	-	-	20,800	116,500	6,614	0.99%	1.08%	0.004%
							44,018	6.61%	7.21%	
Technology & Communication										
Avaceon Limited	-	111	-	-	-	111	5	0.00%	0.00%	0.000%
Octopus Digital Limited	-	-	-	-	-	-	-	0.00%	0.00%	0.000%
Systems Limited	101,149	-	-	-	43,130	58,019	23,401	3.51%	3.83%	0.004%
							23,406	3.52%	3.83%	
Engineering & Electronics										
International Industries Limited	200	-	-	-	-	200	15	0.00%	0.00%	0.000%
Mughal Iron & Steel Industries	393,020	30,000	-	-	90,532	332,488	16,106	2.42%	2.64%	0.012%
Alisha Steels Limited	230,500	-	-	-	-	230,500	1,245	0.19%	0.20%	0.002%
Pak Electron Limited	463,380	-	-	-	159,500	303,880	2,750	0.41%	0.45%	0.005%
							20,115	3.02%	3.29%	
Power Generation & Distribution										
Lalpir Power Limited	231,500	-	-	-	19,500	212,000	3,169	0.48%	0.52%	0.006%
Pakgen Power Limited	131,000	5,000	-	-	136,000	-	-	0.00%	0.00%	0.004%
The Hub Power Company Limited	164,415	4,000	-	-	37,700	130,715	9,095	1.37%	1.49%	0.001%
							12,265	1.84%	2.01%	

NBP BALANCED FUND

Name of the investee company	Number of shares						Market value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2022	Purchases during the period	Bonus/Right shares received during the period	Right shares purchased/ subscribed during the period	Sales during the period	As at 30 June 2023				
	(Number of Shares)						(Rupees in '0		%)	
Commercial Banks										
Allied Bank Limited	37,800	-	-	-	37,800	-	-	0.00%	0.00%	0.000%
Bank Al-falah Limited	811,801	30,000	-	-	83,500	758,301	23,083	3.47%	3.78%	0.005%
Bank Al-Habib Limited	334,400	-	-	-	14,200	320,200	13,839	2.08%	2.27%	0.002%
Bank of Punjab	2,813	-	281	-	3,093	1	0	0.00%	0.00%	0.000%
Faysal Bank Limited	255,327	27,100	-	-	177,589	104,838	2,116	0.32%	0.35%	0.001%
Habib Bank Limited	313,880	-	-	-	115,200	198,680	14,549	2.19%	2.38%	0.002%
MCB Bank Limited	22,500	6,000	-	-	-	28,500	3,262	0.49%	0.53%	0.000%
Meezan Bank Limited	198	4,500	20	-	-	4,717	407	0.06%	0.07%	0.000%
United Bank Limited	176,891	-	-	-	44,100	132,791	15,608	2.34%	2.56%	0.001%
Askari Bank Limited	-	6500	975	-	-	7,475	97	0.01%	0.02%	0.001%
							72,962	10.96%	11.95%	
Glass and Ceramics										
Tariq Glass Industries Limited	127,490	2,200	28,448	-	58,598	99,540	6,779	1.02%	1.11%	0.009%
Shabbir Tiles & Ceramics Limited	776,000	85,000	-	-	24,000	837,000	6,964	1.05%	1.14%	0.056%
							13,742	2.06%	2.25%	
Paper & Board										
Packages Limited	1,450	-	-	-	1,450	-	-	0.00%	0.00%	0.000%
Roshan Packages Limited	68,000	-	-	-	68,000	-	-	0.00%	0.00%	0.005%
								0.00%	0.00%	
Food and Personal Care Products										
Shezan International Limited	6,930	-	-	-	-	6,930	731	0.11%	0.12%	0.007%
							731	0.11%	0.12%	
Automobile Assemblers and Accessories										
Honda Atlas Cars Limited	3,700	-	-	-	3,700	-	-	0.00%	0.00%	0.000%
Millat Tractors Limited	10,670	-	624	-	11,290	4	2	0.00%	0.00%	0.001%
							2	0.00%	0.00%	
Pharma And Biotech										
AGP Limited	37,500	-	-	-	1,000	36,500	2,062	0.31%	0.34%	0.001%
Highnoon Laboratories Limited	11,242	-	2,843	-	900	13,185	4,433	0.67%	0.73%	0.003%
Citi Pharma Limited	52,098	-	1	-	12,000	40,099	856	0.13%	0.14%	0.002%
The Searle Company Limited	22,083	-	5,521	-	3,709	23,895	916	0.14%	0.15%	0.001%
Abbott Laboratories	2,900	100	-	-	2,900	100	37	0.01%	0.01%	0.000%
IBL Healthcare Limited	46,460	-	4,396	-	10,800	40,056	1,304	0.20%	0.21%	0.007%
							9,606	1.44%	1.57%	
Footwear										
Service Global Footwear Limited	44,690	-	-	-	44,690	-	-	0.00%	0.00%	0.002%
Service Industries Limited	16,800	-	-	-	14,500	2,300	604	0.09%	0.10%	0.004%
							604	0.09%	0.10%	
Transportation and Warehouse										
Pakistan National Shipping Corporation	-	104,000	-	-	-	104,000	13,783			
Pakistan International Bulk Terminal Limited	328,500	-	-	-	265,000	63,500	261	0.04%	0.04%	0.002%
							14,044	0.04%	0.04%	
Total - 30 June 2023	9,539,795	1,230,717	147,749	-	3,343,877	7,574,384	398,121	59.80%	65.20%	
Total - 30 June 2022										
Carrying value as at June 30, 2023							424,569			
Market value as at June 30, 2022							398,121			
Carrying value as at June 30, 2022							637,899			

5.1.1 Investments include shares with market value of Rs. 63.183 million (30 June 2022: Rs. 85.66 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no.11 dated 23 October 2007 issued by the SECP.

Name of Investee Company	2023		2022	
	Shares Pledged	Market Value	Shares Pledged	Market Value
-----Rupees in '000'-----				
Aisha Steel Mills Limited	25,000	135	25,000	276
Allied Bank Limited	-	-	25,000	1,725
Attock Cement Pakistan Limited	10,000	829	10,000	665
Bank Alfalah Limited	100,000	3,044	100,000	3,200
Bank Al Habib Limited	190,000	8,212	190,000	11,031
Engro Polymer & Chemicals Limited	50,000	2,113	50,000	3,982
Fauji Cement Company Limited	-	-	100,000	1,417
Fauji Fertilizer Bin Qasim Limited	10,000	118	10,000	202
Fauji Fertilizer Company Limited	25,000	2,461	25,000	2,756
Habib Bank Limited	20,000	1,465	20,000	1,827
Lucky Cement Limited	14,000	7,309	34,000	15,607
Mcb Bank Limited	10,000	1,145	10,000	1,230
Mughal Iron And Steel Industries Ltd	100,000	4,844	100,000	5,764
Nishat Mills Limited	50,000	2,839	50,000	3,696
Oil & Gas Development Company Limited	144,000	11,232	144,000	11,328
Pakistan Petroleum Limited	179,500	10,616	179,500	12,118
Pakistan State Oil Company Limited	35,000	3,885	35,000	6,014
United Bank Limited	25,000	2,939	25,000	2,828
	987,500	63,183	1,132,500	85,666

5.1.2 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the Company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case.

During the year ended 30 June 2018, the Honorable Supreme Court of Pakistan (HSC) passed a judgement on 27 June 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs did not deposit the minimum 50% of the tax liability, as they did not have such tax in their book and accordingly the stay got vacated automatically during the year ended 30 June 2019. After that, the CISs have filed a fresh constitutional petition via CP 4653 dated 11 July 2019. In this regard, on 15 July 2019, the Honorable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favor of the CISs.

Further, the Finance Act, 2018 effective from 1 July 2018 has omitted Section 236M of income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 1.06 million (30 June 2022: Rs. 1.06 million) and not yet deposited in CDC account of department of Income Tax. The details of the bonus shares withheld are as follows:

Name of the company	2023		2022	
	Number of shares withheld	Market value as at June 30, 2023	Number of shares withheld	Market value as at June 30, 2022
	Rupees in 000		Rupees in 000	
Pakistan State Oil	1,142	127	1,142	196
Hascol	777	4	777	3
Faysal Bank Limited	27,327	551	27,327	630
Kohinoor Textile Mills Limited	4,639	236	4,639	232
	33,885	918	33,885	1,061

5.2 Term finance certificates - listed - at fair value through profit or loss

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				As at 30 June 2023 Market value/Carrying value	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2022	Purchases during the year	Disposals during the year	As at 30 June 2023			
Saudi Pak Leasing Company Limited (note 5.2.1)	10,000	-	-	10,000	(Rupees in '000)	----- (%) -----	-

5.2.1 This represents investment in term finance certificates with original term of nine years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on 26 December 2011 with a new maturity in March 2017. The said TFCs complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as Non Performing Asset (NPA) since 30 April 2014. The amount of provision of Rs. 27.547 million 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 circular.

5.3 Term finance certificates - unlisted - at fair value through profit or loss

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise.

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 01 July 2022	Purchases during the year	Disposals/ Maturity during the year	As at 30 June 2023			
Jahangir Siddiqui and Company Limited	17,100	-	-	17,100	10,705	1.61	1.75
Soneri Bank Limited	-	200	-	200	19,589	2.94	3.21
	17,100	200	-	17,300	30,294		

5.3.1 Significant terms and conditions of term finance certificates and sukuks outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Unsecured							
Listed term finance certificates							
Saudi Pak Leasing Company Limited	10,000	Monthly	2,755	6.87% Fixed rate	13 March 2008	13 March 2017	Unrated
Unlisted term finance certificates							
Jahangir Siddiqui Company Limited	17,100	Semi Annually	625	6 Month KIBOR offer rate	18 July 2017	18 July 2023	AA+
Soneri Bank Limited	200	Semi Annually	99,980	6 Month KIBOR offer rate plus 1.7%	26-Dec-22	26-Dec-32	A+

5.4 Sukuk bonds - unlisted - at fair value through profit or loss

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

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2023 (Rupees in '000)	Market value as a percentage of net assets (%)	Market value as a percentage of total investments
	As at 01 July 2022	Purchases during the year	Disposals during the year	As at 30 June 2023			
Hub Power Company Limited	500	-	-	500	12,537	1.88	2.05
Mughal Iron & Steel Industries Limited	15	-	-	15	10,313	1.55	1.69
Shakarganj Food Products Limited (note 5.4.3)	30	-	-	30	11,520	1.73	1.89
New Allied Electronics Industries (Private) Limited (note 5.4.1)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 5.4.2)	10,000	-	-	10,000	-	-	-
Total as at 30 June 2023	42,545	-	-	42,545	34,370	5.16	5.63

5.4.1 This represents 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 NPA by MUFAP since January 09, 2009. The amount of provision of Rs. 10 million 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 circular.

5.4.2 This represents investment in privately placed sukuk bonds with a term of five years. On May 06, 2011, the issuer has defaulted its scheduled principal and profit payment and therefore it was classified as NPA by MUFAP. The amount of provision of Rs. 9.844 million 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 circular.

5.4.3 This represents investment in privately placed sukuks with a term of seven years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since May 02, 2023. The amount of provision of Rs. 3.48 million 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 circular.

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

5.4.5 Significant terms and conditions of sukus bonds outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Secured							
Unlisted sukuk							
New Allied Electronics Industries (Private) Limited	32,000	Quarterly	313	3 Month KIBOR offer rate plus 2.6%	27 July 2007	25 July 2016	Unrated
Eden Housing Limited	10,000	Quarterly	984	3 Month KIBOR offer rate plus 3%	31 March 2008	29 September 2016	Unrated

5.5 Commercial Papers

Name of the investee company	Note.	Face value				Carrying value as at June 30, 2023	Carrying value as at June 30, 2022
		As at July 01, 2022	Placements made during the period	Sales / matured during the period	As at June 30, 2023		
-----Rupees in '000-----							
China Power	5.5.1	24,100	-	(24,100)	-	-	24,100
		24,100	-	(24,100)	-	-	24,100

Total Cost of Placements

-

Market value as at June 30, 2023

-

5.6

Issue date	Tenor	As at July 01, 2022	Purchased during the year	Disposed/matured during the year	As at June 30, 2023	Carrying amount as at June 30, 2023	Carrying amount as at June 30, 2022
-----Rupees in '000-----							
May 04, 2023	3 Months	-	1,960,000	1,810,000	150,000	147,830	-

Issue date	Tenor	As at July 01, 2022	Purchased during the year	Disposed/matured during the year	As at June 30, 2023
-----Rupees in '000-----					
22 August 2022	3 Months	-	235,000	235,000	-
11 August 2022	3 Months	-	175,000	175,000	-
11 August 2022	3 Months	-	60,000	60,000	-
30 June 2022	3 Months	-	175,000	175,000	-
14 July 2022	3 Months	-	175,000	175,000	-
2 June 2022	3 Months	-	100,000	100,000	-
10 March 2022	6 Months	-	175,000	175,000	-
28 July 2022	3 Months	-	175,000	175,000	-
2 June 2022	3 Months	-	75,000	75,000	-
28 April 2022	3 Months	-	80,000	80,000	-
9 February 2023	3 Months	-	150,000	150,000	-
17-NOV-22	3 Months	-	100,000	100,000	-
17-NOV-22	3 Months	-	135,000	135,000	-
4 May 2023	3 Months	-	150,000	-	150,000
Total as at June 30, 2023		-	1,960,000	1,810,000	150,000

6	DIVIDEND AND PROFIT RECEIVABLES	Note	2023	2022
			-----Rupees in 000-----	
	Profit receivable on savings accounts		1,031	1,900
	Dividend receivable		-	26
	Accrued markup on term finance certificates and sukus		9,957	12,452
	Less: Income suspended over non-performing term finance certificates and sukus	5.2.1, 5.4.1 & 5.4.2	(8,463)	(9,187)
			<u>1,494</u>	<u>3,265</u>
			<u>2,525</u>	<u>5,191</u>

7	ADVANCES, DEPOSITS AND PREPAYMENTS			
	Advance tax	7.1	882	882
	Security deposits with:			
	- Central Depository Company of Pakistan Limited		100	100
	- National Clearing Company of Pakistan Limited		2,750	2,750
	Prepaid fee	7.2	166	159
			<u>3,898</u>	<u>3,891</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit and investment paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of inland Revenue (CIR) is not produced before him by the withholder. The tax withhold on dividends and profit on bank deposits as at 30 June 2023 amounts to Rs. 0.882 million (2022: Rs. 0.882 million).

7.2 This represents the prepaid the credit rating fees to PACRA.

8	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2023	2022
			-----Rupees in 000-----	
	Management Remuneration	8.1	1,371	1,692
	Sindh Sales Tax on management remuneration	8.2	178	220
	Sales and transfer load		15	92
	Sindh Sales Tax on sales load		2	12
	Reimbursement of Selling and marketing expense	8.3	2,414	2,794
	Reimbursement of Allocated expenses	8.4	337	430
	ADC Share including sindh sales tax		1	2
			<u>4,318</u>	<u>5,242</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration as follows:

- From 1 May 2022 to 30 June 2023, at the rate of 2.5% of the average annual net assets of the Fund.

8.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2022: 13%) was charged on management remuneration and sales load.

- 8.3 As per Circular 11 of 2019 dated 5 July 2019 issued by SECP, 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 condition for charging of selling and marketing expense to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 5 of 2017 and circular No. 05 of 2018. These expense shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expense:

Effective Dates	Applicable Rates
From Feb 02, 2022 till June 30, 2023	1.3% per annum of average daily net assets

- 8.4 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged accounting and operational charges under the following rates:

- From 26 July 2021 to 30 June 2023, at the rate of 0.20% of the average annual net assets of the Fund.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2023 -----Rupees in 000-----	2022
Trustee remuneration	9.1	112	138
Sindh Sales Tax on Trustee remuneration	9.2	12	18
		<u>124</u>	<u>156</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows.

Net assets	Tariff per annum
-Up to Rs. 1 billion.	-0.20% per annum of net asset.
-On an amount exceeding Rs. 1 billion.	-Rs. 2.0 million plus 0.10% per annum of net asset value exceeding Rs. 1,000 million.

The remuneration is paid to Trustee monthly in arrears.

- 9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh of 13% (30 June 2022: 13%) was charged on trustee remuneration.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	2023 -----Rupees in 000-----	2022
Annual fee payable	<u>152</u>	<u>238</u>

- 10.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorized as a balanced scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan. With effect from 1st July 2019 SECP has revised its fee rate to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears. The fee is paid annually in arrears.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2023	2022
-----Rupees in 000-----			
Federal Excise Duty on management remuneration	11.1	11,587	11,587
Federal Excise Duty on sales load		818	818
Dividend payable		493	493
Auditors' remuneration		631	708
Brokerage fee		98	91
Settlement and bank charges		765	67
Withholding tax		582	158
Legal and professional charges		134	130
Others		234	199
CGT Payable		47	16
		<u>15,388</u>	<u>14,267</u>

11.1 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 11.587 (30 June 2022: Rs. 11.587 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.3160 (June 2022: Rs. 0.2566) per unit.

12 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 30 June 2023 (2022: Nil).

13 NUMBER OF UNITS IN ISSUE	2023	2022
(Number of units)		
Total units in issue at beginning of the year	45,147,265	83,043,193
Add: units issued against		
- Sale	1,476,264	1,821,349
- Refund of capital at zero value	-	-
Less: units redeemed	(9,959,779)	(39,717,277)
Total units in issue at end of the year	<u>36,663,750</u>	<u>45,147,265</u>

14 AUDITORS' REMUNERATION

	2023	2022
-----Rupees in 000-----		
Audit fee	501	455
Half yearly review	200	182
Income certification	100	-
Out of pocket expenses	59	206
	<u>860</u>	<u>843</u>

15 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% of the accounting income for the year as reduced by accumulated losses and capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2023 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the year.

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.

16 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA OF ASSIGNED CATEGORY

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated 06 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Balanced Fund'.

The SECP vide circular no. 16 dated 07 July 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 Funds or with investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Value as a percentage of net assets	Value as a percentage of gross assets
			----- (Rupees in '000) -----		-----	----- (%) -----	-----
New Allied Electronic Industries (Private) Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates	10,000	(10,000)	-	-	-
Saudi Pak Leasing Company	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (16.1)	27,547	(27,547)	-	-	-
Shakarganj Foods Products Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuks	15,000	(3,480)	11,520	1.73%	1.89%
Eden Housing Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuks	9,844	(9,844)	-	-	-
Total			<u>62,391</u>	<u>(50,871)</u>	<u>11,520</u>		

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

16.2 The management is taking steps to ensure compliance with the above requirements.

17 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 4.87% per annum (2022: 4.24% per annum). Total expense ratio (excluding government levies) is 4.50% per annum (2022: 3.98% per annum)

18 FINANCIAL INSTRUMENTS BY CATEGORY

June 30,2023

	At Amortised Cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
Assets			
Bank balances	74,322	-	74,322
Investments	-	610,615	610,615
Dividend and profit receivables	2,525	-	2,525
Deposits	2,850	-	2,850
Receivable against transfer of units	-	-	-
	<u>79,697</u>	<u>610,615</u>	<u>690,312</u>

Liabilities

Payable to NBP Fund Management Limited - Management Company	4,318	-	4,318
Payable to Central Depository Company of Pakistan - Trustee	124	-	124
Accrued expenses and other liabilities	2,355	-	2,355
	<u>6,796</u>	<u>-</u>	<u>6,796</u>

June 30,2022

Assets

Bank balances	177,792	-	177,792
Investments	-	657,233	657,233
Dividend and profit receivables	5,191	-	5,191
Deposits	2,850	-	2,850
Receivable against sale of investment	-	-	-
	<u>185,833</u>	<u>657,233</u>	<u>843,066</u>

Liabilities

Payable to NBP Fund Management Limited - Management Company	5,242	-	5,242
Payable to Central Depository Company of Pakistan Limited - Trustee	156	-	156
Accrued expenses and other liabilities	1,688	-	1,688
	<u>7,086</u>	<u>-</u>	<u>7,086</u>

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fund Management Limited (NBP Funds) 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, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding 10 percent or more units of the Fund.

19.2 The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.

19.3 Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

19.4 The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

19.5 Transactions during the year:	2023	2022
	-----Rupees in 000-----	
NBP Fund Management Limited Management Company		
Management Remuneration	19,046	20,326
Sindh Sales Tax on remuneration of Management Company	2,476	2,642
Selling and Marketing Expense	9,904	19,492
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,524	2,322
Sales Load	102	528
Adc charges	1	2
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,524	2,123
Sindh Sales Tax on remuneration of Trustee	198	276
CDS charges	2	38
Employees of the Management Company		
Units issued: 221,532 (2022: 46,709 units)	3,994	900
Dividend Re-invest Units Issued: 131 (2022: Nil)	2	-
Units redeemed: 223,028 (2022: 59,766 units units)	4,004	1,156
Pakistan Stock Exchange*		
Listing Fee	28	-
NBP Employees Pension Fund		
Dividend Re-invest Units Issued: 710,300 (2022: Nil)	12,898	-
National Clearing Company Limited (NCCPL)		
NCCPL Charges	365	219
Ronak Iqbal Lakhani		
Units issued: 44,692 (2022: Nil)	812	-
Units redeemed: 6,545,256 (2022: Nil)	118,000	-
International Steel Limited		
Shares purchased: Nil Shares(2022: 4,000 Shares)	-	407
Shares sold: Nil Shares(2022: 29,600 Shares)	-	2,003
Dividend Income	-	207
Fauji Fertilizer Company Limited		
Shares purchased: 55,000 Shares(2022: 45,500 Shares)	5,632	4,768
Shares sold: 19,500 Shares(2022: 208,400 Shares)	2,021	20,807
Dividend Income	4,631	4,094

	2023	2022
	-----Rupees in 000-----	
Gul Ahmed Textile Mills Limited		
Shares purchased: 2,500 Shares(2022: 23,700 Shares)	58	831
Shares sold: 79,300 Shares(2022: 59,500 Shares)	1,783	2,553
Taurus Securities Limited		
Brokerage Charges	63	167
19.6 Amounts outstanding as at year end:		
NBP Fund Management Limited - Management Company		
Management remuneration payable	1,371	1,692
Sindh Sales Tax payable	178	220
Selling and marketing expense	2,414	2,794
Allocated expenses	337	430
Sales load and Sindh Sales Tax payable	17	104
Adc share including sindh sales tax	1	2
Employees of the Management Company		
Units held: 6,388 units (2022: 7,752 units)	116	141
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	112	138
Sindh Sales Tax payable	12	18
Settlement charges payable	268	123
Security deposit	100	100
Gul Ahmed Textile Mills Limited		
Ordinary shares held: 247,632 (2022: 283,160 shares)	4,410	9,574
Fauji Fertilizer Company Limited		
Ordinary shares held: 220,201 (2022: 184,701 shares)	21,677	20,358
Ronak Iqbal Lakhani		
Units held: units 2,182,958 ((2022: 8,683,522 units)	39,641	157,490
National Bank of Pakistan		
Bank Balance in current account	354	270
NBP Employees Pension Fund		
Units held: 29,597,015 units (2022: 28,886,715 units)	537,467	523,910
Bank Islami Pakistan Limited		
Bank Balance in savings account	2,581	468
National Clearing Company of Pakistan Limited (NCCPL)		
NCCPL Charges Payable	207	9
Security Deposits	2,750	2,750

*Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at the year 30 June 2023.

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA & CFA	35
2	Mr. Asim Wahab Khan	CIO	17
3	Mr. Salman Ahmed	CFA	18
4	Mr. Hassan Raza	ACCA, BSC and CFA	12

NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	CFA	NISIF, NIRIF, NIEF, NIAAEF, NSIF, NBF, NSF, NIAAF-II, NIAAF-III, NICPP-VI, NFSF & NGEIF

21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

List of brokers by percentage of commission paid during the year ended 30 June 2023:

Particulars	Percentage (%)
1 Taurus Securities Ltd.	15.63%
2 Arif Habib Securities Limited	7.02%
3 D.J.M Securities (Pvt) Limited	6.09%
4 Adam Securities (Pvt) Limited	6.02%
5 Foundation Securities	4.58%
6 Sc Securities Pvt Ltd	4.22%
7 Optimus Capital Management Limited	4.12%
8 Insight Securities (Pvt.) Limited	4.04%
9 Efg Hermes Pakistan Ltd	3.82%
10 Bma Capital Management Limited	3.80%

List of brokers by percentage of commission paid during the year ended 30 June 2022:

Particulars	Percentage (%)
1 Optimus Capital Management Limited.	17.75%
2 Efg Hermes Pakistan Limited.	17.27%
3 Taurus Securities Limited.	15.49%
4 Bma Capital Management Limited.	9.52%
5 Topline Securities Limited.	3.44%
6 Alfalah Securities Private Limited.	2.94%
7 Insight Securities Private Limited.	2.71%
8 J.S. Global Capital Limited.	2.46%
9 Aqeel Karim Dehdi Securities Private Limited.	1.98%
10 Foundation Securities.	1.98%

22 PATTERN OF UNIT HOLDING

June 30,2023	Number of unit holders	Investment amount (Rupees in '000)	Percentage ---- (%) ---
Category			
Individuals	322	109,022	16%
Associated Companies and Directors	1	537,467	81%
Insurance Companies	1	203	0%
Retirement Funds	6	18,631	3%
Others	4	472	0%
	<u>334</u>	<u>665,795</u>	<u>100%</u>

June 30,2022

Category

Individuals	355	273,740	33%
Associated company and directors	1	523,911	64%
Insurance company	1	198	0.02%
Retirement funds	7	20,513	3%
Others	4	462	0%
	<u>368</u>	<u>818,824</u>	<u>100%</u>

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 86th, 87th, 88th, 89th, 90th and 91st Board Meetings were held on July 06, 2022, September 27, 2022, October 29, 2022, February 21, 2023 and April 29, 2023 and June 1, 2023 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held / Applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	6	6	-	
Tauqeer Mazhar	6	5	1	91st Meeting
Mehnaz Salar	6	6	-	
Ali Saigol	6	6	-	
Imran Zaffar	6	5	1	89th Meeting
Khalid Mansoor	6	6	-	
Saad Amanullah Khan	6	6	-	
*Humayun Bashir	2	2	-	
**Ruhail Muhammad	3	3	-	
Amjad Waheed	6	6	-	

* Mr. Humayun Bashir retired from the Board with effect from October 04, 2022

** Mr. Ruhail Muhammad opted as Director on the board with effect from October 22, 2022.

24 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

The Fund's risk management policies are established to identify and analyze the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of listed equity securities, money market investments such as government securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

24.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

Management of market risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

24.1.1 Currency risk

Currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

24.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(a) Sensitivity analysis for variable rate instruments

As at 30 June 2023, the Fund holds KIBOR based interest bearing term finance certificates and bank balances exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2023, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 1.044 million (30 June 2022: Rs. 2.085 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

Yield/interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

Exposed to yield / interest rate risk

30-Jun-23

On-balance sheet financial instruments

Financial assets

Yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	Total
10 % - 22.6%	74,153	-	-	169	74,322
18.5 % - 23.9%	-	-	212,494	398,121	610,615
	-	-	-	2,525	2,525
	-	-	-	2,850	2,850
	74,153	-	212,494	403,665	690,312

Financial liabilities

Payable to NBP Fund Management Limited - Management Company	-	-	-	4,318	4,318
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	124	124
Accrued expenses and other liabilities	-	-	-	2,355	2,355
	-	-	-	6,796	6,796

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

30-Jun-22

On-balance sheet financial instruments

Financial assets

Bank balances	400,319	-	-	3,549	403,868
Investments	-	126,195	40,769	1,066,890	1,233,854
Dividend and profit receivables	-	-	-	3,436	3,436
Receivable against sale of investment	-	-	-	-	-
Deposits	-	-	-	2,850	2,850
	400,319	126,195	40,769	1,076,725	1,644,008

Financial liabilities

Payable to NBP Fund Management Limited - Management Company	-	-	-	10,118	10,118
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	248	248
Accrued expenses and other liabilities	-	-	-	2,020	2,020
	-	-	-	12,386	12,386

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities 'at fair value through profit and loss'.

The Fund manages the risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund or weight of that company in KSE 30 index, whichever is higher, with overall limit of 25% to a single industry sector of the net assets of the Fund or weight of that sector in KSE 30 index, whichever is higher (the limit set by offering documents). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. (Refer note 6.1 for exposure limits).

In case of 5% increase / decrease in KSE 30 index on 30 June 2023, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 19.91 million (2022: Rs. 26.409 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 30 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2023 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 30 index.

24.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Term Finance Certificates is limited as the counter parties are financial institutions with reasonably high credit ratings. While bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarizes the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2023 and 30 June 2022.

Name of Bank	Ratings	2023	2022
		-----Rupees in 000-----	
ALLIED BANK LIMITED	AAA	31	522
BANK AL HABIB LIMITED		65	492
HABIB BANK LIMITED		207	177
MCB BANK LIMITED		7,805	3,343
MEEZAN BANK LIMITED		7	188
NATIONAL BANK OF PAKISTAN		354	270
UBL AMEEEN (ISLAMIC BANKING BARANCH)		1	1
UNITED BANK LIMITED		237	213
ASKARI BANK LIMITED		AA+	16
BANK ALFALAH LIMITED	11,939		97,819
BANK ISLAMI PAKISTAN LIMITED	2,581		468
HABIB METROPOLITAN BANK LIMITED	60		129
DUBAI ISLAMIC BANK PAKISTAN LTD	AA	4	83
FAYSAL BANK LIMITED		74	70
JS BANK LIMITED	AA-	451	393
SONERI BANK LIMITED		50,492	73,611
		74,322	177,792

The maximum exposure to credit risk before any credit enhancement as at 30 June 2023 is the carrying amount of the financial assets. Concentration of credit risk.

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

24.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in the market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten percent of the net assets up to 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

30-Jun-23	Up to three months	Over three months and up to one year	Over one year	Total
----- (Rupees in '000) -----				
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	4,318	-	-	4,318
Payable to Central Depository Company of Pakistan Limited - Trustee	124	-	-	124
Accrued expenses and other liabilities	2,355	-	-	2,355
	<u>6,796</u>	<u>-</u>	<u>-</u>	<u>6,796</u>
Unit holders' fund	<u>665,794</u>	<u>-</u>	<u>-</u>	<u>665,794</u>
30-Jun-22				
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	5,242	-	-	5,242
Payable to Central Depository Company of Pakistan Limited - Trustee	156	-	-	156
Accrued expenses and other liabilities	1,688	-	-	1,688
	<u>7,086</u>	<u>-</u>	<u>-</u>	<u>7,086</u>
Unit holders' fund	<u>818,824</u>	<u>-</u>	<u>-</u>	<u>818,824</u>

25 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.

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

30-Jun-23	Carrying value			Fair value				
	At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	398,121	-	-	398,121	398,121	-	-	398,121
- Treasury bills	147,830	-	-	-	-	147,830	-	147,830
- Term finance certificate	30,295	-	-	30,295	-	30,295	-	30,295
- Sukkuks	34,370	-	-	34,370	-	34,370	-	34,370
- Commercial paper	-	-	-	-	-	-	-	-
	610,615	-	-	462,785	398,121	212,494	-	610,615
Financial assets not measured at fair value								
Bank balances	-	74,322	-	74,322	-	-	-	-
Dividend and profit receivables	-	2,525	-	2,525	-	-	-	-
Deposits	-	2,850	-	2,850	-	-	-	-
Receivable against sale of investment	-	-	-	-	-	-	-	-
	-	79,697	-	79,697	-	-	-	-
Financial liabilities not measured at fair value								
Payable to National Investment Trust Limited - Management Company	-	4,318	-	4,318	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	124	-	124	-	-	-	-
Accrued expenses and other liabilities	-	2,355	-	2,355	-	-	-	-
	-	6,796	-	6,796	-	-	-	-

30-Jun-22	Carrying value			Fair value				
	At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	398,121	-	-	398,121	398,121	-	-	398,121
- Term finance certificate	30,295	-	-	30,295	-	30,295	-	30,295
- Sukkuks	34,370	-	-	34,370	-	34,370	-	34,370
- Term deposit receipt	-	-	-	-	-	-	-	-
	<u>462,785</u>	<u>-</u>	<u>-</u>	<u>462,785</u>	<u>398,121</u>	<u>64,664</u>	<u>-</u>	<u>462,785</u>
Financial assets not measured at fair value								
Bank balances	-	74,322	-	74,322	-	-	-	-
Dividend and profit receivables	-	2,525	-	2,525	-	-	-	-
Deposits	-	2,850	-	2,850	-	-	-	-
Receivable against sale of investment	-	-	-	-	-	-	-	-
	<u>-</u>	<u>79,697</u>	<u>-</u>	<u>79,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to National Investment Trust Limited - Management Company	-	4,318	-	4,318	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	124	-	124	-	-	-	-
Accrued expenses and other liabilities	-	2,355	-	2,355	-	-	-	-
	<u>-</u>	<u>6,796</u>	<u>-</u>	<u>6,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

25.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

25.2 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

26 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units.

As at 30 June 2023, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Fund shall be one hundred million rupees at all time during the life of the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 24, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

27 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **September 15, 2023**.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the Year Ended June 30,2023	For the Year Ended June 30,2022	For the Year Ended June 30,2021	For the Year Ended June 30,2020	For the Year Ended June 30,2019	For the Year Ended June 30,2018
Net assets (Rs. '000')	665,794	818,824	1,607,673	1,381,719	1,404,134	1,654,024
Net Income/(Loss) (Rs. '000')	16,204	(72,371)	266,143	99,043	(133,647)	(118,970)
Net Asset Value per units (Rs.)	18.1595	18.1367	19.3595	16.6917	16.4866	18.0084
Selling price per unit	18.7751	18.7515	20.0158	17.2575	17.0446	18.6189
Redemption price per unit	18.1595	18.1367	19.3595	16.6917	16.4866	18.0084
Ex - Highest offer price per unit (Rs.)	19.1181	20.8027	20.4580	19.5827	19.2010	20.1548
Ex - Lowest offer price per unit (Rs.)	17.2720	18.5562	16.9263	14.6604	16.9231	17.4387
Ex - Highest redemption price per unit (Rs.)	18.4912	20.1206	19.7872	18.9406	18.5716	19.4940
Ex - Lowest redemption price per unit (Rs.)	16.7058	17.9478	16.3714	14.1797	16.3682	16.8669
Fiscal Year Opening Nav	17.7015	19.3595	16.2323	15.5344	18.0084	19.2708
Total return of the fund	2.59%	-6.3%	19.3%	7.4%	-8.45%	-6.20%
Capital growth	0.13%	-6.3%	16.4%	7.4%	-8.45%	-6.20%
Income distribution as % of Ex-NAV	2.46%	-	2.83%	1.32%	-	0.00%
Income distribution as % of Par Value	4.47%	-	5.55%	6.13%	-	0.00%
Distribution						
Interim Distribution per unit	0.4465	-	0.5554	1.0214	-	-
Final distribution per unit	-	-	-	-	-	-
Distribution dates						
Interim	27-Jun-2023		23-Jun-21	24-Jun-20		
Interim						
Interim						
Final						
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2023)	10.8%					
(Since inception to June 30, 2022)		11.3%				
(Since inception to June 30, 2021)			12.7%			
(Since inception to June 30, 2020)				12.18%		
(Since inception to June 30, 2019)					12.57%	
(Since inception to June 30, 2018)						14.60%
(Since inception to June 30, 2017)						
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
Portfolio Composition (see Fund Manager report)						

Statement of past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Balanced Fund** duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. www.nbpfunds.com. A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NBP BALANCED FUND			
Resolutions	For	Against	Abstain*
15	15	Nil	N/A
100%	100%	-	-

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@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds