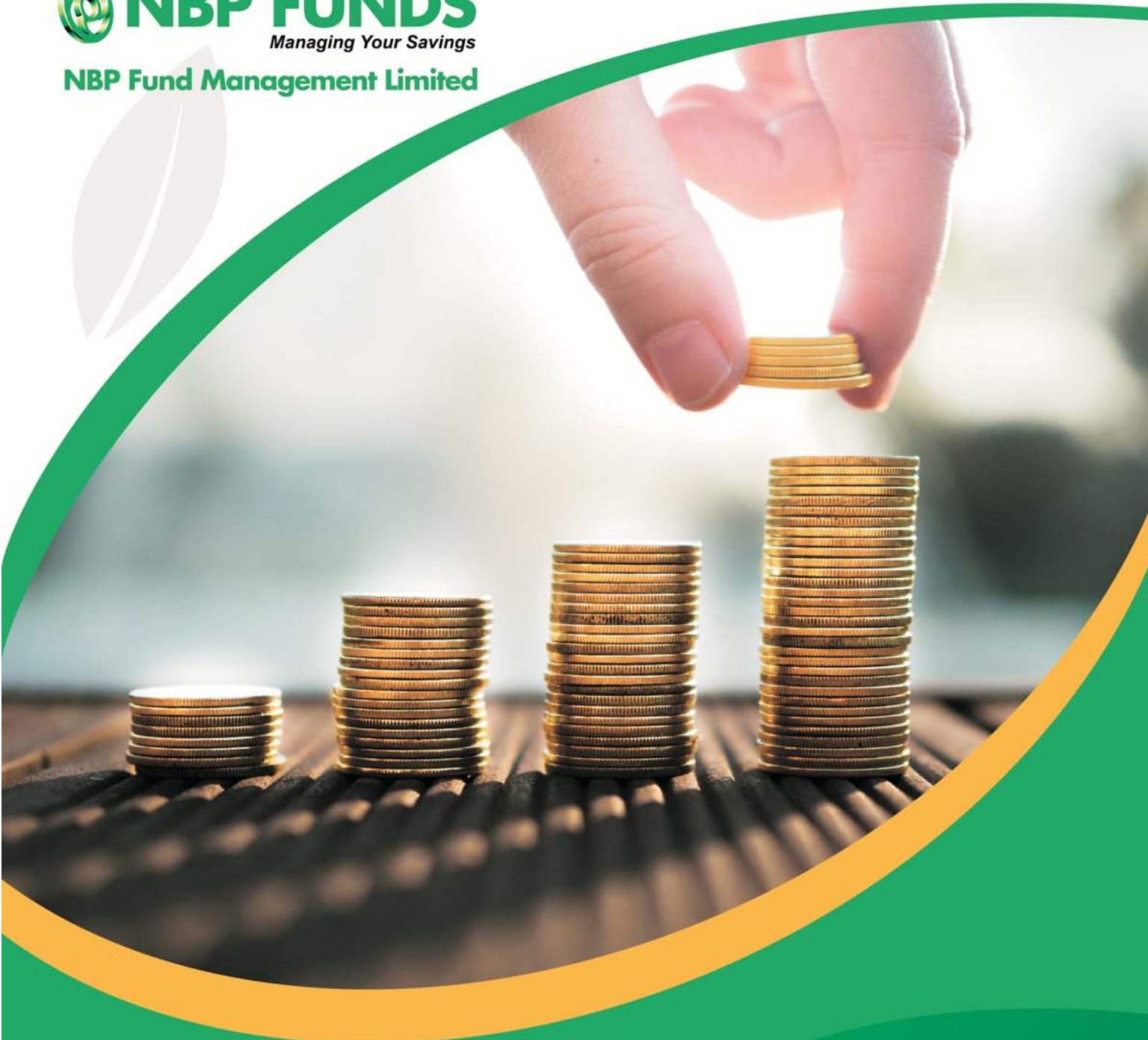




NBP FUNDS

Managing Your Savings

NBP Fund Management Limited



NBP
GOVERNMENT SECURITIES
SAVINGS 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."

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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Ruhail Muhammad	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Ruhail Muhammad	Chairman
Mr. Saad Amanullah Khan	Member
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member

Human Resource & 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 Shahr-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Khushali Microfinance Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Mobilink Microfinance Bank Limited
Telenor Microfinance Bank Limited
HBL Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Samba Bank Limited



Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block, 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.nbpffunds.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
Phone: 051-2514987
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



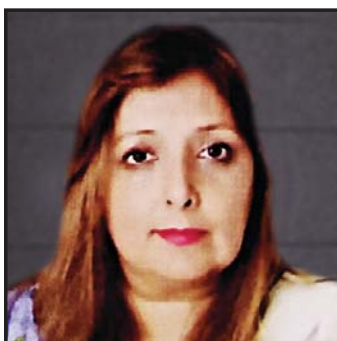
Mr. Tauqeer Mazhar
Director



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

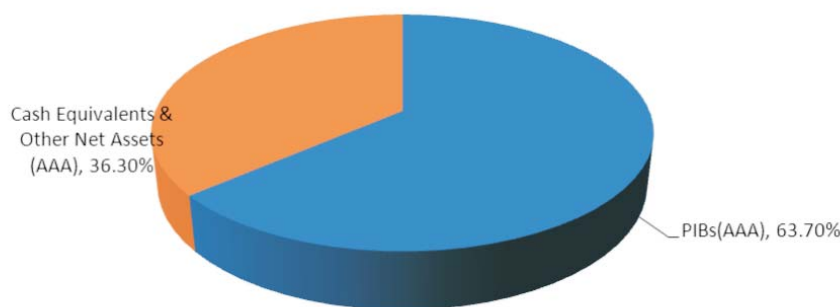
The Board of Directors of NBP Fund Management Limited is pleased to present the 9th Annual Report of **NBP Government Securities Savings Fund (NGSSF)** for the year ended June 30, 2023.

Fund's Performance

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, the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenure 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. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

The size of NBP Government Securities Savings Fund increased from Rs. 138 million to Rs. 5,427 million during the period (a manifold increase of 3823%). During the period, the unit price of the Fund has increased from Rs. 8.9246 (Ex-Div) on June 30, 2022 to Rs. 10.4544 on June 30, 2023, thus showing a return of 17.14% as compared to the benchmark return of 18.15% for the same period. The performance of the Fund is net of management fee and all other expenses. The Fund has been assigned a stability rating of 'AA- (f)' by PACRA.

The Fund has earned a total income of Rs. 318.60 million during the year. After deducting total expenses of Rs. 21.79 million, the net income is Rs. 296.81 million. The asset allocation of NGSSF, as on, June, 30, 2023 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 16.63% of the opening ex-NAV (17.31% 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, Messrs A.F. Ferguson & Co., 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 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 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 20 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 Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Ruhail Muhammad 4. 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 Mazhar 3. Ms. Mehnaz Salar 4. Mr. Ali Saigol 5. 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

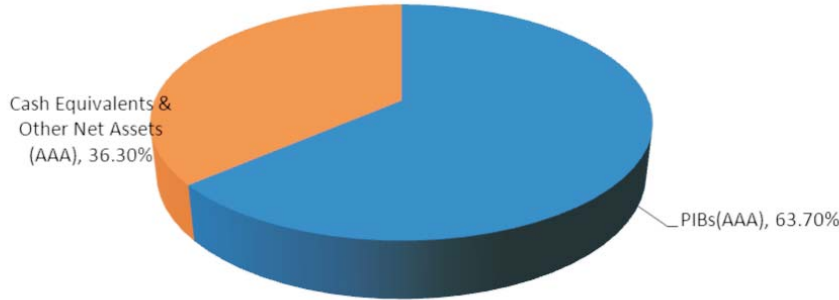
NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز سیونگز فنڈ کی نو ویں سالانہ رپورٹ برائے اختتامہ سال 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 9 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 بیس 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 مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے انفلوئرز اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ 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 چیلنجز اور خطرات کا باعث بنے ہیں۔ گورنمنٹ بونڈز منافعوں 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 سٹائیکس (27) ٹی بل نیلامیوں کا انعقاد کیا، جس میں 24.4 ٹریلین روپے کے ہدف اور 23.5 ٹریلین روپے کی میچورٹی کے مقابل 25.1 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی 3 ماہ، 6 ماہ اور 12 ماہ کی پیداوار میں بالترتیب 767 bps، 772 bps اور 763 bps کا اضافہ ہوا۔ اس کے علاوہ، SBP نے تیرہ (13) پی آئی بی نیلامیاں منعقد کیں اور 1.3 ٹریلین روپے وصول کئے، جہاں جون 2022 کی سطحوں سے 3 سالوں، 5 سالوں اور 10 سالوں کی پیداوار میں بالترتیب 6.02%، 3.15%، اور 2.40% کا اضافہ ہوا۔

موجودہ مدت کے دوران، NBP گورنمنٹ سیکورٹیز سیونگز فنڈ کا سائز 138 بلین روپے سے بڑھ کر 5,427 بلین روپے ہو گیا یعنی 3823% کا بھرپور اضافہ ہوا۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 8.9246 (Ex-Div) روپے سے بڑھ کر 30 جون 2023 کو 10.4544 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک منفعت 18.15% کے مقابلے میں 17.14% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کو PACRA کی طرف سے (f)-AA کی اسٹیبلٹی ریٹنگ تفویض کی گئی ہے۔

فنڈ نے سال کے دوران 318.60 بلین روپے کی مجموعی آمدنی کمائی۔ 21.79 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 296.81 بلین روپے ہے۔ 30 جون 2023 کو NBP گورنمنٹ سیکورٹیز سیونگز فنڈ کی ایسٹ ایلیکیشن درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV 16.63% فیصد (بنیادی قیمت کا 17.31% فیصد) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

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 ایکس آر ڈینس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2024 کو ختم ہونے والے سال کے دوبارہ تقرر کے لئے خود کو پیش کرتے ہیں۔

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

1. مینجمنٹ 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 بیرونی کی گئی ہے۔ شماریاتی 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 بیرونی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام منظم 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. پرفارمنس ٹیمبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، بی ای ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے نوٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ 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 روجیل محمد 4. جناب ہمایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1. شیخ محمد عبدالواحد سیٹھی (چیئر مین) 2. جناب توقیر مظہر 3. محترمہ مہناز سالار 4. جناب علی سیگل 5. جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 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 Government Securities Savings 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 Government Securities Savings Fund

NBP Government Securities Savings Fund (NGSSF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP Government Securities Savings Fund is to provide competitive return from portfolio of low credit risk by investing primarily in Government Securities.

Benchmark

6-Month PKRV

Fund Performance Review

This is the 9th Annual report since the launch of the Fund on July 10, 2014. The Fund size stands at Rs. 5.4 billion as of June 30, 2023. Since its inception, the Fund posted a return of 10.2% p.a. versus the benchmark return of 9.5% p.a. This translates into outperformance of 0.7% p.a. During FY23, the Fund posted a 17.1% return versus the benchmark return of 18.2%. The return of the Fund is net of the management fee.

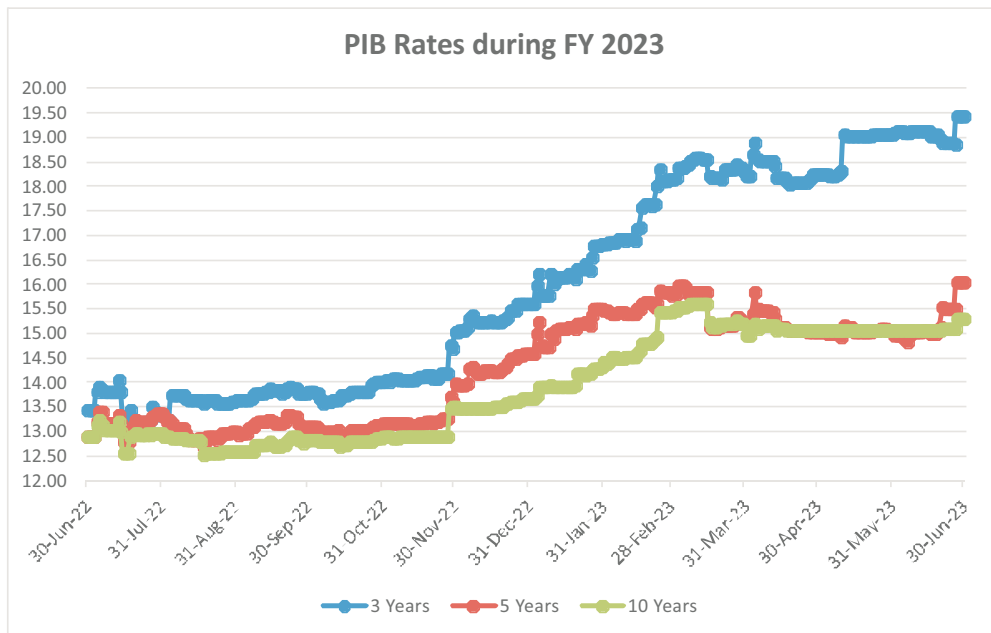
NBP Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or saving accounts with banks, which enhances the liquidity profile of the Fund.

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. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-23	30-Jun-22
PIBs	63.70%	35.86%
T-Bills	-	35.18%
Cash (Cash Equivalents) & Other Assets	36.3%	28.96%
Total	100%	100%

PIB yields during the year are shown in the below graph:



Distribution for the Financial Year 2023

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June-23	1.7313	12.1403	10.4090

Unit Holding Pattern of NBP Government Securities Savings Fund as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	64
1-1000	157
1001-5000	41
5001-10000	21
10001-50000	44
50001-100000	30
100001-500000	56
500001-1000000	16
1000001-5000000	49
5000000-10000000	8
10000001-100000000	12
Total	498

During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Savings Fund does not have any soft commission arrangement with any broker in the industry.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Government Securities Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Government Securities Savings Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement 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 the 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the 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. Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Net Asset Value (Refer notes 4 and 5 to the annexed financial statements)</p> <p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2023 amounted to Rs.1,915.81 million and Rs. 3,456.633 million respectively.</p> <p>The existence of bank balances and 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 amongst others included the following:</p> <ul style="list-style-type: none"> tested the design and operating effectiveness of the key controls for valuation of investments; obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2023 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and • obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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 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 of the Management Company for the Financial Statements Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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, 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company 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 management.

- Conclude on the appropriateness of 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 board of directors of the Management Company 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 board of directors of the Management Company 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 board of directors of the Management Company, 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 further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Date: September 21, 2023

UDIN: AR2023100619cGPzLKC6

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
ASSETS			
Bank balances	4	1,915,810	45,832
Investments	5	3,456,633	98,269
Deposits, prepayments and other receivables	6	3,489	874
Profit receivable	7	105,262	1,453
Total assets		5,481,194	146,428
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	8	19,044	5,872
Payable to the Central Depository Company of Pakistan Limited - the Trustee	9	287	7
Payable to the Securities and Exchange Commission of Pakistan	10	305	34
Payable against purchase of investments		141	-
Payable against redemption of units		15,657	-
Accrued expenses and other liabilities	11	19,171	2,191
Total liabilities		54,605	8,104
NET ASSETS		5,426,589	138,324
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,426,589	138,324
CONTINGENCIES AND COMMITMENTS	12		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE	13	519,071,888	13,288,874
		----- Rupees -----	
NET ASSET VALUE PER UNIT		10.4544	10.4090

The annexed notes 1 to 31 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

	2023	2022
Note	----- (Rupees in '000) -----	
Income		
Income on Market Treasury Bills	5,122	5,914
Income on Pakistan Investment Bonds	241,972	5,701
Profit on bank balances	78,137	5,490
Gain / (loss) on sale of investments - net	1,056	(887)
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(7,682)	(454)
5.3	(6,626)	(1,341)
Total income	318,605	15,764
Expenses		
Remuneration of NBP Fund Management Limited - the Management Company	4,616	355
8.1		
Sindh sales tax on remuneration of the Management Company	600	46
8.2		
Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	839	100
9.1		
Sindh sales tax on remuneration of the Trustee	109	13
9.2		
Annual fee of the Securities and Exchange Commission of Pakistan	305	35
10.1		
Reimbursement of allocated expenses	2,240	216
8.4		
Reimbursement of selling and marketing expenses	11,633	1,208
8.5		
Auditors' remuneration	655	519
15		
Securities transaction cost	309	10
Bank charges	94	58
Annual listing fee	27	25
Legal and professional charges	146	354
Annual rating fee	180	287
Printing charges	40	51
Total operating expenses	21,793	3,277
Net income from operating activities	296,812	12,487
Reversal of provision for Sindh Workers' Welfare Fund	-	4,681
Net profit for the year before taxation	296,812	17,168
Taxation	-	-
17		
Net profit for the year after taxation	296,812	17,168
Earning per unit	296,812	17,168
19		
Allocation of net income for the year:		
Net income for the year after taxation	296,812	17,168
Income already paid on units redeemed	(100,809)	(5,076)
	196,003	12,092
Accounting income available for distribution:		
- Relating to capital gains	1,056	-
- Excluding capital gains	194,947	12,092
	196,003	12,092

The annexed notes 1 to 31 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 profit for the year after taxation	296,812	17,168
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>296,812</u>	<u>17,168</u>

The annexed notes 1 to 31 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 the beginning of the year	95,984	42,340	138,324	170,323	42,214	212,537
Issuance of 976,998,217 units (2022: 8,901,994 units)						
- Capital value (at ex - net asset value per unit)	10,169,575	-	10,169,575	92,573	-	92,573
- Element of income	971,770	-	971,770	4,222	-	4,222
Total proceeds on issuance of units	11,141,345	-	11,141,345	96,795	-	96,795
Redemption of 471,215,203 units (2022: 16,051,253 units)						
- Capital value (at ex - net asset value per unit)	(4,904,879)	-	(4,904,879)	(166,919)	-	(166,919)
- Element of loss	(471,008)	(100,809)	(571,817)	(3,239)	(5,076)	(8,315)
Total payments on redemption of units	(5,375,887)	(100,809)	(5,476,696)	(170,158)	(5,076)	(175,234)
Total comprehensive income for the year	-	296,812	296,812	-	17,168	17,168
Cash distribution for the year ended June 30, 2022						
- @ Re 1.0622 per unit (Declared on: June 28, 2022)	-	-	-	(976)	(11,966)	(12,942)
Cash distribution for the year ended June 30, 2023						
- @ Re 1.7313 per unit (Date of declaration: June 23, 2023)	(497,750)	(175,446)	(673,196)	-	-	-
	(497,750)	(175,446)	(673,196)	(976)	(11,966)	(12,942)
Net assets at end of the year	5,363,692	62,897	5,426,589	95,984	42,340	138,324
Undistributed income brought forward						
- Realised income		42,794			42,641	
- Unrealised loss		(454)			(427)	
		42,340			42,214	
Accounting income available for distribution:						
- Relating to capital gains	1,056			-		
- Excluding capital gains	194,947			12,092		
	196,003			12,092		
Distribution during the year	(175,446)			(11,966)		
Undistributed income carried forward		62,897			42,340	
Undistributed income carried forward						
- Realised income		70,579			42,794	
- Unrealised loss		(7,682)			(454)	
		62,897			42,340	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			10.4090			10.3991
Net assets value per unit at the end of the year			10.4544			10.4090

The annexed notes 1 to 31 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 FROM OPERATING ACTIVITIES		
Net profit for the year after taxation	296,812	17,168
Adjustments:		
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.3 7,682	454
Reversal of provision for Sindh Workers' Welfare Fund	-	(4,681)
	304,494	12,941
(Increase) / decrease in assets		
Investments	(3,366,046)	(16,909)
Deposits, prepayments and other receivables	(2,615)	69
Profit receivable	(103,809)	2,361
	(3,472,470)	(14,479)
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company	13,172	(12)
Payable to the Central Depository Company of Pakistan Limited - the Trustee	280	(7)
Payable to the Securities and Exchange Commission of Pakistan	271	(24)
Payable against purchase of investments	141	(108,837)
Accrued expenses and other liabilities	16,980	378
	30,844	(108,502)
Net cash used in from operating activities	(3,137,132)	(110,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units - net of refund of element	10,643,595	95,819
Net payments against redemption of units	(5,461,039)	(178,234)
Dividend paid	(175,446)	(11,966)
Net cash generated from / (used in) financing activities	5,007,110	(94,381)
Net increase / (decrease) in cash and cash equivalents	1,869,978	(204,421)
Cash and cash equivalents at the beginning of the year	45,832	250,253
Cash and cash equivalents at the end of the year	18 1,915,810	45,832

The annexed notes 1 to 31 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 NBP Government Securities Savings Fund (the Fund) was established under a Trust Deed entered into between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2014 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.4 The Fund has been categorised as an open ended income scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.
- 1.5 The objective of the Fund is to provide unit holders with competitive return from a portfolio of low credit risk securities by investing primarily in government securities.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed the asset manager rating of AM1 as at June 22, 2023 (2022: AM1) to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of "AA-(f)" to the Fund dated March 28, 2023 (2022: "AA-(f)" dated March 29, 2022).
- 1.7 The title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

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 VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A 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 VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations, and therefore have not been detailed in these financial statements.

2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective:

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.4 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 recognized 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.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

2.6 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 are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

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 recognized at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognized 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 recognized at fair value and transaction costs are recognized in the Income Statement.

3.2.2 Classification and subsequent measurement

Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets 'at fair value through profit or loss'

Basis of valuation of Government securities

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenure of the securities.

3.2.4 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.2.5 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognized on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required by the SECP's Circular.

3.2.6 Regular way contracts

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.2.7 Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities

Financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognized at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

Provisions are recognized 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.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in 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.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to 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 is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

3.8 Distributions to unit holders

Distributions to the unit holders are recognized upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognized in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the 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 the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the year in which these arise.
- Income from government securities is recognized on an accrual basis using effective interest method.
- Profit on bank balances is recognized on an accrual basis using effective interest rate method.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the Trustee and annual fee of the SECP are recognized in the Income Statement on an accrual basis.

3.12 Taxation

The income of the Fund is exempt from income tax under 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 realized or unrealized, is distributed as cash dividend to the unit holders in cash.

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.

3.13 Earnings per unit

Earnings per unit is calculated by dividing the net income for the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 19.

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement.

	Note	2023 ----- Rupees in '000 -----	2022
4 BANK BALANCES			
Balances with banks in savings accounts	4.1	1,915,810	45,832
		<u>1,915,810</u>	<u>45,832</u>

- 4.1 These balances include Rs 0.169 million (2022: Rs 0.089 million) and Rs 0.088 million (2022: Rs. 0.084 million) maintained with National Bank of Pakistan and Telenor Microfinance Bank Limited that carries profit at the rate of 19.50% (2022: 12.25%) per annum and 19.50% (2022: 12.25%) per annum respectively. Other savings accounts of the Fund carry profit at the rate ranging from 12.25% to 22.45% per annum (2022: 6.5% to 18.28% per annum).

5	INVESTMENTS	Note	2023	2022
			Rupees in '000	
Financial assets 'at fair value through profit or loss'				
	Market Treasury Bills	5.1	-	48,669
	Pakistan Investment Bonds	5.2	3,456,633	49,600
			<u>3,456,633</u>	<u>98,269</u>

5.1 Market Treasury Bills

Issue date	Maturity Date	Tenor in months	Face value				Market value as at June 30, 2023	Market value as a percentage of	
			As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023		net assets of the Fund	total investments of the Fund
(Rupees in 000) ----- (%) -----									
March 10, 2022	September 8, 2022	6	50,000	-	50,000	-	-	-	-
January 13, 2022	July 14, 2022	6	-	15,000	15,000	-	-	-	-
January 27, 2022	July 28, 2022	6	-	15,000	15,000	-	-	-	-
February 10, 2022	August 11, 2022	6	-	10,000	10,000	-	-	-	-
June 30, 2022	September 22, 2022	3	-	50,000	50,000	-	-	-	-
July 14, 2022	October 6, 2022	3	-	50,000	50,000	-	-	-	-
July 28, 2022	October 20, 2022	3	-	50,000	50,000	-	-	-	-
August 11, 2022	November 3, 2022	3	-	50,000	50,000	-	-	-	-
November 3, 2022	January 26, 2023	3	-	15,000	15,000	-	-	-	-
August 25, 2022	November 17, 2022	3	-	35,000	35,000	-	-	-	-
November 17, 2022	February 9, 2023	3	-	25,000	25,000	-	-	-	-
January 26, 2023	April 20, 2023	3	-	15,000	15,000	-	-	-	-
June 22, 2023	September 21, 2023	3	-	500,000	500,000	-	-	-	-
Total			<u>50,000</u>	<u>830,000</u>	<u>880,000</u>	-	-	-	-
Carrying value as at June 2023							-		
Market value as at June 30, 2022							48,669		
Carrying value as at June 30, 2022							48,946		

5.2 Pakistan Investment Bonds

Issue date	Maturity Date	Tenor in years	Face value				Market value as at June 30, 2023	Market value as a percentage of	
			As at July 01, 2022	Purchased during the year	Sold during the year	As at June 30, 2023		net assets of the Fund	total investments of the Fund
(Rupees in 000) ----- (%) -----									
October 22, 2020	October 22, 2023	3	50,000	-	-	50,000	49,870	0.92%	1.44%
April 6, 2023	April 6, 2025	2	-	500,000	500,000	-	-	-	-
September 8, 2022	September 8, 2024	2	-	1,204,300	48,700	1,155,600	1,142,888	21.06%	33.06%

Issue date	Maturity Date	Tenor in years	Face value				Market value as at June 30, 2023	Market value as a percentage of	
			As at July 01, 2022	Purchased during the year	Sold during the year	As at June 30, 2023		net assets of the Fund	total investments of the Fund
			(Rupees in 000)				(%)		
February 9, 2023	February 9, 2025	2	-	1,295,000	-	1,295,000	1,276,741	23.53%	36.94%
November 17, 2022	November 17, 2027	5	-	10,000	-	10,000	9,486	0.17%	0.28%
August 26, 2021	August 26, 2023	2	-	1,205,000	225,000	980,000	977,648	18.02%	28.28%
December 30, 2021	December 30, 2023	2	-	2,105,000	2,105,000	-	-	-	-
Total			50,000	6,319,300	2,878,700	3,490,600	3,456,633	63.70%	100.00%
Carrying value as at June 30, 2023							<u>3,464,315</u>		
Market value as at June 30, 2022							<u>49,600</u>		
Carrying value as at June 30, 2022							<u>49,777</u>		

5.2.1 These carry rate of return ranging from 16.22% to 22.99% (2022: 13.19%) per annum.

5.3	Net unrealized diminution on re-measurement of investments classified as financial assets at fair value through profit or loss'	Note	2023	2022
			(Rupees in 000)	
	Market value of investments	5.1 & 5.2	3,456,633	98,269
	Less: carrying value of investments	5.1 & 5.2	<u>(3,464,315)</u>	<u>(98,723)</u>
			<u><u>(7,682)</u></u>	<u><u>(454)</u></u>

6 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with the Central Depository Company of Pakistan Limited*		102	102
Prepaid annual rating fee		94	89
Other receivables		2,654	44
Advance tax	6.1	<u>639</u>	<u>639</u>
		<u><u>3,489</u></u>	<u><u>874</u></u>

6.1 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 profit on debt 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 May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. The tax withheld on profit on debt securities amounts to Rs 0.639 million (2022: 0.639 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as other receivables as at June 30, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PROFIT RECEIVABLE	Note	2023	2022
			Rupees in '000	
	Profit receivable on bank balances		24,926	198
	Profit receivable on Pakistan Investment Bonds		<u>80,336</u>	<u>1,255</u>
			<u><u>105,262</u></u>	<u><u>1,453</u></u>

	Note	2023 ----- Rupees in '000 -----	2022 -----
8 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY			
Management fee payable	8.1	1,445	24
Sindh sales tax payable on remuneration of Management Company	8.2	188	3
Federal Excise Duty on remuneration of Management Company	8.3	1,865	1,865
Federal Excise Duty on sales load	8.3	371	371
Sales and transfer load payable		3,467	2,848
Sindh sales tax on sales load payable		472	390
Allocated expense payable	8.4	1,819	47
Selling and marketing expenses payable	8.5	9,339	262
ADC charges payable including sindh sales tax		33	17
Other payables		45	45
		19,044	5,872

- 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 per the following rates:

2023	2022
Rate applicable for the year ended June 30, 2023	Rate applicable for the year ended June 30, 2022
1.5% on net income, subject to floor and capping of 0.2% and 1% per annum of the average annual net assets.	1.5% on net income, subject to floor and capping of 0.2% and 1% per annum of the average annual net assets.

The remuneration is payable to the Management Company in arrears.

- 8.2 During the year, an amount of Rs 0.600 million (2022: Rs 0.046 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2022: 13%).

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.24 million (2022: Rs 2.24 million) is being retained in these financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2023 would have been higher by Re 0.0043 per unit (2022: Re 0.1683 per unit).

- 8.4 In accordance with Regulation 60 of the NBFC Regulations, an asset 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).

Accordingly, the Management Company based on its discretion has charged accounting and operational charges as per the following rates:

2023		2022
Rate applicable From July 1, 2022 till March 15, 2023	Rate applicable From March 16, 2023 till June 30, 2023	Rate applicable for the year ended June 30, 2022
0.125% of average annual net assets	0.15% of average annual net assets	0.125% of average annual net assets

- 8.5 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

The SECP through its circular 11 dated July 5, 2019 had revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum had been lifted and the asset management company was required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years had also been removed in the revised conditions.

Accordingly, the Management Company has charged such expenses at the rate of 0.70% from July 1, 2022 till March 9, 2023 and 0.77% from March 10, 2023 till June 30, 2023 (2022: 0.70%) of the average annual net assets of the Fund during the year. This has also been approved by the Board of Directors of the Management Company.

9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2023	2022
			----- Rupees in '000 -----	
	Trustee fee payable	9.1	254	6
	Sindh sales tax payable	9.2	33	1
			<u>287</u>	<u>7</u>

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.055% (2022: 0.065% from June 1, 2021 to October 2, 2021 and 0.055% from October 3, 2021 to June 30, 2022) per annum of average annual net assets. Accordingly the Fund has charged trustee fee at the above mentioned rate during the year.

- 9.2 During the year, an amount of Rs 0.109 million (2022: 0.013 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2022: 13%).

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2023	2022
			-----Rupees in '000-----	
	Annual fee payable	10.1	<u>305</u>	<u>34</u>

- 10.1 Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2022: 0.02%) of the average annual net assets of the Fund.

	2023	2022
	-----Rupees in '000-----	
11 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	548	281
Withholding tax payable	18,362	1,692
Bank charges payable	74	49
Printing charges payable	5	10
Legal and professional charges payable	182	159
	<u>19,171</u>	<u>2,191</u>

12 CONTINGENCIES AND COMMITMENTS

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

	2023	2022
	----- Number -----	
13 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	13,288,874	20,438,133
Add: units issued during the year	976,998,217	8,901,994
Less: units redeemed during the year	471,215,203	16,051,253
Total units in issue at the end of the year	<u>519,071,888</u>	<u>13,288,874</u>

14 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

	2023	2022
	-----Rupees in '000-----	
15 AUDITORS' REMUNERATION		
Annual audit fee	259	235
Half yearly review	105	95
Other certification	218	110
Out of pocket expenses	73	79
	<u>655</u>	<u>519</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2023 is 1.42% (2022: 1.90%) which includes 0.07% (2022: 0.05%) representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. The TER excluding government levies is 1.35% (2022: 1.85%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as an income scheme.

17 TAXATION

The income of the Fund is exempt from income tax under 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 realized or unrealized, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon 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 cash, 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.

18	CASH AND CASH EQUIVALENTS	Note	2023	2022
			-----Rupees in '000-----	
	Bank balances	4	1,915,810	45,832
			<u>1,915,810</u>	<u>45,832</u>

19 EARNINGS PER UNIT

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

20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

20.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

20.2 Transactions with connected persons / related parties are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

20.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

20.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

20.5 Allocated expenses and selling and marketing expenses are reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.

20.6 Details of the transactions with related parties / connected persons during the year are as follows:

	2023	2022
	-----Rupees in '000-----	
NBP Fund Management Limited - the Management Company		
Management fee	4,616	355
Sindh sales tax on remuneration to Management Company	600	46
Reimbursement of selling and marketing expenses	11,633	1,208
Reimbursement of allocated expenses	2,240	216
Sindh sales tax on sales and transfer load	80	16
Sales and transfer load charged	619	124
ADC charges including sindh sales tax	17	8
National Bank of Pakistan - Parent company		
Purchase of Market Treasury Bills	-	31,607
Profit on bank deposits	4	9
National Fullerton Asset Management Limited- Employees Provident Fund		
Units issued: 3,382,299 units (2022: Nil)	36,767	-
Units redeemed: 1,561,306 units (2022: Nil)	18,955	-
Employees of the Management Company		
Dividend reinvestment units: 503 units (2022: 103 units)	5	1
Units issued: 6,132,721 units (2022: 48,858 units)	72,674	527
Units redeemed: 6,112,332 units (2022: 81,260 units)	73,286	903

	2023	2022
	-----Rupees in '000-----	
Portfolio Managed by Management Company		
Dividend reinvestment units: 2,836,232 units (2022: Nil)	29,539	-
Units issued: 133,678,541 units (2022: Nil)	1,424,786	-
Units redeemed: 35,750,427 units (2022: Nil)	424,344	-
NBP Financial Sector Income Fund		
Sell of Pakistan Investment Bonds	-	35,787
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration to the Trustee	839	100
Sindh sales tax on remuneration to the Trustee	109	13
BankIslami Pakistan Limited - common directorship*		
Profit on bank balances	-	34
Khushhali Bank Limited - common directorship*		
Profit on bank balances	-	11
Franey N. Irani - unit holder with 10% or more holding*		
Dividend reinvestment: Nil units (2022: 199,394 units)	-	2,074
ASML Employees Provident Fund Trust - unit holder with 10% or more holding *		
Dividend reinvestment: Nil (2022: 213,411 units)	-	1,906
Units issued: Nil (2022: 439,804 units)	-	4,943
Abbott Laboratories Pakistan Limited Staff Pension Fund - unit holder with 10% or more holding *		
Dividend re-invest units issued: 4,561,660 units (2022: Nil)	47,510	-
Units issued: 88,803,926 units (2022: Nil)	924,360	-
20.7 Amounts outstanding as at year end are as follows:		
NBP Fund Management Limited - the Management Company		
Management fee payable	1,445	24
Sindh sales tax payable on remuneration of the Management Company	188	3
Federal Excise Duty on remuneration of the Management Company	1,865	1,865
Federal Excise Duty on sales load	371	371
Sales and transfer load payable	3,467	2,848
Sindh sales tax on sales load payable	472	390
Reimbursement of allocated expense payable	1,819	47
Reimbursement of selling and marketing expenses payable	9,339	262
ADC charges payable including sindh sales tax	33	17
Other payables	45	45
Employees of the Management Company		
Units held: 33,595 units (2022: 12,703 units)	351	132
National Fullerton Asset Management Limited- Employees Provident Fund		
Units held: 1,820,993 units (2022: Nil)	19,037	-
Portfolio Managed by Management Company		
Units held: 100,764,346 units (2022: Nil)	1,053,432	-
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee payable	254	6
Sindh sales tax payable on Trustee fee	33	1
Security deposit	102	102
National Bank of Pakistan - Parent company		
Bank balance in savings accounts	169	89
Profit receivable	-	1

	2023	2022
	-----Rupees in '000-----	
Bank Islami Pakistan Limited*		
Bank balance in savings accounts	-	556
Profit receivable	-	-
Telenor Microfinance Bank Limited - common directorship		
Bank balance in savings account	88	84
Profit receivable	-	1
Khushhali Bank Limited - common directorship*		
Bank balance in savings account	-	50
Profit receivable	-	2
Franey N. Irani - unit holder with 10% or more holding		
Units held: Nil (2022: 2,496,836 units)	-	25,990
ASML Employees Provident Fund Trust - unit holder with 10% or more holding *		
Units held: Nil (2022: 2,303,418 units)	-	23,976
Abbott Laboratories Pakistan Limited Staff Pension Fund - unit holder with 10% or more holding *		
Units held: 93,365,586 units (2022: Nil)	976,081	-

21 FINANCIAL INSTRUMENTS BY CATEGORY

	----- 2023 -----		
	At amortised cost	At fair value through profit or loss	Total
	-----Rupees in '000-----		
Financial assets			
Bank balances	1,915,810	-	1,915,810
Investments	-	3,456,633	3,456,633
Deposits and other receivables	2,756	-	2,756
Profit receivable	105,262	-	105,262
	<u>2,023,828</u>	<u>3,456,633</u>	<u>5,480,461</u>
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	19,044	-	19,044
Payable to the Central Depository Company of Pakistan Limited - the Trustee	287	-	287
Payable against purchase of investments	141	-	141
Payable against redemption of units	15,657	-	15,657
Accrued expenses and other liabilities	809	-	809
	<u>35,938</u>	<u>-</u>	<u>35,938</u>
	----- 2022 -----		
	At amortised cost	At fair value through profit or loss	Total
	-----Rupees in '000-----		
Financial assets			
Bank balances	45,832	-	45,832
Investments	-	98,269	98,269
Profit receivable	1,453	-	1,453
Deposits and other receivables	146	-	146
	<u>47,431</u>	<u>98,269</u>	<u>145,700</u>

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	5,872	-	5,872
Payable to the Central Depository Company of Pakistan Limited - the Trustee	7	-	7
Payable against purchase of investments	-	-	-
Payable against redemption of units	-	-	-
Accrued expenses and other liabilities	499	-	499
	<u>6,378</u>	<u>-</u>	<u>6,378</u>

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund 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 the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

22.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk and price risk.

(i) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2023, the Fund is exposed to such risk on its balances held with banks and investments in Pakistan Investment Bonds. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date 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 19.16 million (2022: Rs 0.46 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds Pakistan Investment Bonds which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date 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. 34.57 million (2022: Rs. 0.98 million).

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2023 can be determined as follows:

----- 2023 -----					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- Rupees in '000 -----

Financial assets

Bank balances	12.25% - 22.5%	1,915,810	-	-	-	1,915,810
Investments	16.22% - 22.99%	-	1,027,518	2,429,115	-	3,456,633
Deposits and other receivables		-	-	-	2,756	2,756
Profit receivable		-	-	-	105,262	105,262
		1,915,810	1,027,518	2,429,115	108,018	5,480,461

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	19,044	19,044
Payable to the Central Depository Company of Pakistan Limited - the Trustee		-	-	-	287	287
Payable against purchase of investments		-	-	-	141	141
Payable against redemption of units		-	-	-	15,657	15,657
Accrued expenses and other liabilities		-	-	-	809	809
		-	-	-	35,938	35,938

On-balance sheet gap (a)

	1,915,810	1,027,518	2,429,115	72,080	5,444,523
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
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Total profit rate sensitivity gap (a+b)

	1,915,810	1,027,518	2,429,115		
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Cumulative profit rate sensitivity gap

	1,915,810	1,027,518	3,456,633		
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----- 2022 -----					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- Rupees in '000 -----

Financial assets

Bank balances	6.5% - 18.28%	45,832	-	-	-	45,832
Investments	7.2% - 14.47%	-	48,669	49,600	-	98,269
Profit receivable		-	-	-	1,453	1,453
Deposits and other receivables		-	-	-	146	146
		45,832	48,669	49,600	1,599	145,700

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	5,872	5,872
Payable to the Central Depository Company of Pakistan Limited - the Trustee		-	-	-	7	7
Payable against purchase of investments		-	-	-	-	-
Payable against redemption of units		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	499	499
		-	-	-	6,378	6,378

On-balance sheet gap (a)

	45,832	48,669	49,600	(4,779)	139,322
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
--	---	---	---	---	---

Total profit rate sensitivity gap (a+b)

	45,832	48,669	49,600		
--	--------	--------	--------	--	--

Cumulative profit rate sensitivity gap

	45,832	48,669	49,600		
--	--------	--------	--------	--	--

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market respectively.

22.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also 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 redemptions during the year.

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the liabilities that are payable on demand have been included in the maturity grouping of one month:

----- 2023 -----						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

----- Rupees in '000 -----

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company
Payable to the Central Depository Company of Pakistan Limited - the Trustee
Payable against purchase of investments
Payable against redemption of units
Accrued expenses and other liabilities

19,044	-	-	-	-	-	19,044
287	-	-	-	-	-	287
141	-	-	-	-	-	141
15,657	-	-	-	-	-	15,657
261	548	-	-	-	-	809
35,390	548	-	-	-	-	35,938

----- 2022 -----						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company

Payable to the Central Depository Company of Pakistan Limited - the Trustee

Payable against purchase of investments

Payable against redemption of units

Accrued expenses and other liabilities

5,872	-	-	-	-	-	5,872
7	-	-	-	-	-	7
-	-	-	-	-	-	-
-	-	-	-	-	-	-
218	281	-	-	-	-	499
6,097	281	-	-	-	-	6,378

22.3 Credit risk

22.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2023		2022	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Bank balances	1,915,810	1,915,810	45,832	45,832
Investments	3,456,633	-	98,269	-
Deposits and other receivables	2,756	2,756	146	146
Profit receivable	105,262	24,926	1,453	198
	<u>5,480,461</u>	<u>1,943,492</u>	<u>145,700</u>	<u>46,176</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets. Investment in government securities and its accrued profit, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

22.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks are as follows:

Rating	% of financial assets exposed to credit risk	
	2023	2022
Bank balances and accrued profit thereon		
AAA	0.14%	0.78%
AA+	0.03%	11.90%
AA-	35.21%	3.64%
A+	0.01%	0.12%
A	0.00%	15.11%
A-	0.02%	0.04%
	<u>35.41%</u>	<u>31.59%</u>

24 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' Fund is represented by redeemable units. These units are entitled to dividends 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 restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 22, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

25 UNIT HOLDING PATTERN OF THE FUND

Category	2023			2022		
	Number of unit holders	Investment amount	Percentage of total	Number of unit holders	Investment amount	Percentage of total
	(Rupees in '000)			(Rupees in '000)		
Individuals	444	2,473,301	45.58	297	85,420	61.75
Retirement funds	27	2,498,276	46.04	6	35,537	25.69
Others	1	19,037	0.35	10	17,367	12.56
Associated company and directors	26	435,976	8.03	-	-	-
	<u>498</u>	<u>5,426,589</u>	<u>100</u>	<u>313</u>	<u>138,324</u>	<u>100</u>

26 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2023		2022	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest One Markets Limited	30.11%	Continental Management (Private) Limited	96.83%
Icon Securities (Private) Limited	25.54%	Paramount Capital (Private) Limited	3.17%
Alfalah CLSA Securities (Private) Limited	22.59%		
Continental Exchange (Private) Limited	11.11%		
J.S. Global Capital Limited	6.38%		
Continental Management (Private) Limited	3.95%		
BIPL Securities Limited	0.21%		
Magenta Capital (Private) Limited	0.11%		

27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	35
Mr. Salman Ahmed (note 27.1)	Head of Fixed Income	CFA	18
Mr. Asim Wahab Khan	Chief Investment Officer	CFA	17
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	12
Mr. Usaman Bin Razi	Senior Manager Fixed Income	BE / MBA	19

27.1 The name of the Fund Manager is Salman Ahmed. Other funds being managed by the Fund Manager are as follows:

- NBP Islamic Daily Dividend Fund
- NBP Riba Free Savings Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Savings Fund
- NBP Islamic Income Fund
- NBP Islamic Money Market Fund
- NBP Islamic Mustahkam Fund
- NBP Government Securities Liquid Fund
- NBP Money Market Fund
- NBP Mahana Amdani Fund
- NBP Financial Sector Income Fund
- NBP Income Opportunity Fund
- NBP Savings Fund
- NBP Mustahkam Fund
- NBP Income Fund Of Fund
- NBP Government Securities Fund - I

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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, April 29, 2023 and June 01, 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 (note 28.1)	2	2	-	
Ruhail Muhammad (note 28.2)	3	3	-	
Dr. Amjad Waheed	6	6	-	

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

28.2 Mr. Ruhail Muhammad was opted as Director on the Board with effect from October 04, 2022.

29 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

30 GENERAL

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

31 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 Period ended June 30, 2023	For the Period ended June 30, 2022	For the Period ended June 30, 2021	For the Period ended June 30, 2020	For the Period ended June 30, 2019	For the Period ended June 30, 2018
Net assets (Rs. '000')	5,426,589	138,324	212,537	692,173	1,092,297	143,889
Net Income / (loss) (Rs. '000')	296,812	17,168	11,662	133,433	57,364	7,384
Net Asset Value per units (Rs.)	10.4544	10.4090	10.3991	10.3490	10.3196	10.8208
Offer price per unit	10.5725	10.5266	10.5166	10.4659	10.4362	10.9431
Redemption price per unit	10.4544	10.4090	10.3991	10.3490	10.3196	10.8208
Ex - Highest offer price per unit (Rs.)	10.5725	10.5266	10.5166	10.4976	10.4362	
Ex - Lowest offer price per unit (Rs.)	9.0289	9.5439	9.8529	8.5399	9.6886	
Ex - Highest redemption price per unit (Rs.)	10.4544	10.4090	10.3991	10.3803	10.3196	
Ex - Lowest redemption price per unit (Rs.)	8.9280	9.4372	9.7726	8.5399	9.5770	
Opening Nav of Fiscal Year	8.9246	9.4353	9.8763	8.5372	9.5704	
Total return of the fund	17.14%	10.32%	5.29%	21.16%	7.83%	
Capital growth	0.51%	0.10%	0.51%	1.78%	0.16%	
Income distribution as a % of e x nav	16.63%	10.21%	4.79%	19.38%	7.67%	5.01%
Income distribution as a % of par value	17.31%	10.62%	4.97%	20.00%	7.91%	5.16%
Interim distribution per unit				2.0001		
Final distribution per unit	1.7313	1.0622	0.4972		0.7905	0.5162
Distribution dates						
Interim				29-Oct-19		
Interim				28-Nov-19		
Interim				27-Dec-19		
Interim				28-Jan-20		
Interim				27-Feb-20		
Interim				27-Mar-20		
Interim				29-Apr-20		
Interim				29-May-20		
Final	23-Jun-22	28-Jun-22	23-Jun-21		26-Jun-19	4-Jul-18
Average annual return (launch date 10-07-14)						
(Since inception to June 30, 2023)	10.23%					
(Since inception to June 30, 2022)		9.39%				
(Since inception to June 30, 2021)			9.26%			
(Since inception to June 30, 2020)				9.93%		
(Since inception to June 30, 2019)					7.80%	
(Since inception to June 30, 2017)						
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	36 Days	182 Days	174 Days	662 Days	146 Days	13 Days
"Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up."						

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