

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP ISLAMIC DAILY DIVIDEND FUND

ANNUAL REPORT
2023

AM1
Rated by PACRA

MISSION STATEMENT

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



Contents

| | |
|--|-----------|
| FUND'S INFORMATION | 03 |
| DIRECTORS' REPORT | 07 |
| TRUSTEE REPORT TO THE UNIT HOLDERS | 13 |
| FUND MANAGER REPORT | 14 |
| STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES | 16 |
| REPORT OF THE SHARI'AH SUPERVISORY BOARD | 17 |
| INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS | 18 |
| STATEMENT OF ASSETS AND LIABILITIES | 21 |
| INCOME STATEMENT | 22 |
| STATEMENT OF COMPREHENSIVE INCOME | 23 |
| STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND | 24 |
| CASH FLOW STATEMENT | 25 |
| NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS | 26 |
| PERFORMANCE TABLE | 52 |

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource & Remuneration Committee

| | |
|-----------------------------------|----------|
| Mr. Khalid Mansoor | Chairman |
| Shaikh Muhammad Abdul Wahid Sethi | Member |
| Mr. Ali Saigol | Member |
| Mr. Saad Amanullah Khan | Member |

Strategy & Business Planning Committee

| | |
|-------------------------|----------|
| Mr. Saad Amanullah Khan | Chairman |
| Mr. Tauqeer Mazhar | Member |
| Mr. Ali Saigol | Member |
| Mr. Imran Zaffar | Member |
| Mr. Khalid Mansoor | Member |

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi.

Bankers to the Fund

Askari Bank Limited
Bank Alhabib Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited
Dubai Islamic Bank Limited
Allied Bank Limited
National Bank Of Pakistan
JS Bank Limited
Bank Islami Pakistan Limited
Zarai Taraqti Bank Limited
Faysal Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Fax: 051-4859031

Peshawar Office:

Opposite Gul Haji Plaza, 2nd Floor
National Bank Building
University Road Peshawar,
UAN: 091-111 111 632
Fax: 091-5703202

Multan Office:

Khan Center, 1st Floor, Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2 & 4

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Saad Amanullah Khan
Director



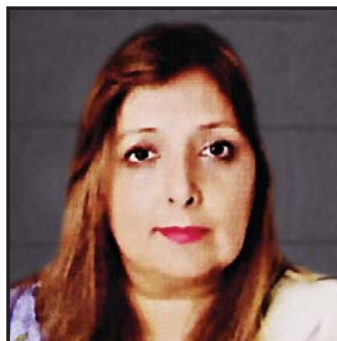
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Ruhail Muhammad
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Business
Development Officer



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



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



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



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



Mr. Hassan Raza, CFA
Head of Research



Mr. Mustafa Farooq
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 4th Annual Report of **NBP Islamic Daily Dividend Fund (NIDDF)** for the year ended June 30, 2023.

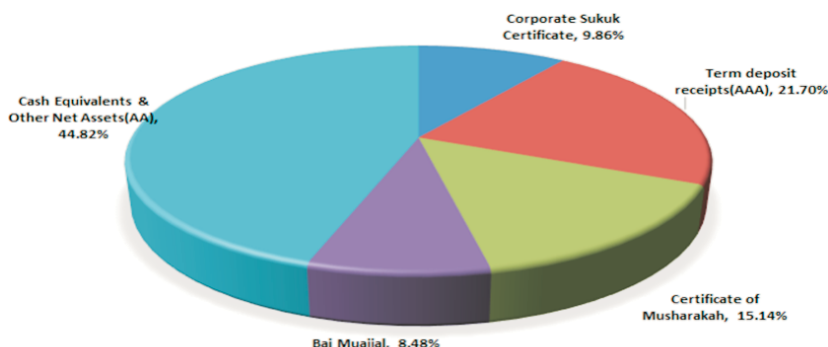
Fund's Performance

The market witnessed some fresh issuance of short-term corporate sukuks mainly in the Power sector to meet the increasing funding requirements. 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

NIDDF is categorized as Shariah Compliant Money Market Fund and has been awarded stability rating of 'AA+ (f)' by PACRA. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks / Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

The size of NBP Islamic Daily Dividend Fund has increased from Rs. 11,192 million to Rs. 19,820 million during the period (a notable growth of 77%). During the period, the unit price of the Fund has increased from Rs. 8.5576 (Ex-Div) on June 30, 2022 to Rs. 10.0000 on June 30, 2023, thus showing a return of 16.86% as compared to the benchmark return of 6.23% for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 2,915.28 million during the year. After deducting total expenses of Rs. 141.79 million, the net income is Rs. 2,773.49 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIDDF.



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 16.86% of the opening ex-NAV (10.00% 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 30 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 27 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 21 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 | 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 | 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 اسلامک ڈیلی ڈیویڈنڈ فنڈ (NIDDF) کی چوتھی سالانہ رپورٹ برائے تختہ سال 30 جون 2023 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

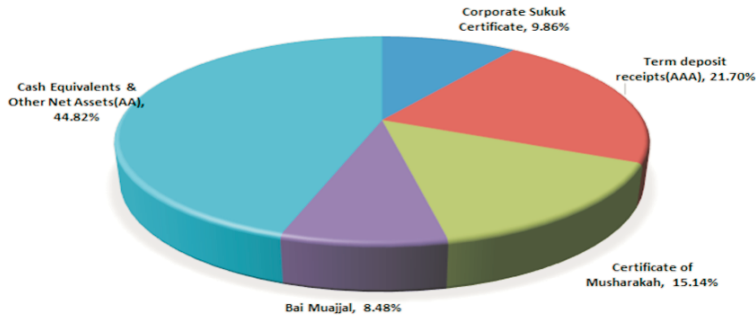
مارکیٹ میں فنڈنگ کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے قبیل مدتی کارپوریٹ سیکورٹیز کا تازہ اجراء دیکھا گیا جو بنیادی طور پر پاور سیکورٹیز سے تعلق رکھتے ہیں۔ مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 9 اجلاس منعقد ہوئے اور ملکی غیر یقینی صورتحال اور بیرونی اکاؤنٹ پر مسلسل دباؤ 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 قبیل مدتی نموکونزور کر رہا ہے۔ مزید برآں، کم نئے انفلو ز 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۔

NIDDF کو شریعہ کمپلائنسٹ منی مارکیٹ فنڈ کے طور پر درجہ بندی کی گئی ہے اور اسے PACRA کی طرف سے "AA+(f)" کی اسٹیٹسٹی ریٹنگ دی گئی ہے۔ اس فنڈ کا مقصد اسلامی بینکوں / کمرشل بینکوں کے اسلامی ونڈوز کی طرف سے پیش کردہ منافع کی شرحوں سے مسلسل بہتر منافع فراہم کرنا ہے۔ کم از کم اہل درجہ بندی AA ہے، جبکہ فنڈ کو چھ ماہ کی میچورٹی سے زیادہ کسی بھی سیکورٹی میں سرمایہ کاری کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کا وزنی اوسط وقت 90 دنوں سے زیادہ نہیں ہو سکتا، اس طرح ایک اعلیٰ معیار کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی فراہم کرتا ہے۔

NBP اسلامک ڈیلی ڈیویڈنڈ فنڈ کا ساٹھ ماہ کی مدت کے دوران 11,192 ملین روپے سے بڑھ کر 19,820 ملین روپے ہو گیا، یعنی 77% کا قابل ذکر اضافہ ہوا۔ مذکورہ مدت کے دوران فنڈ کے پونٹ کی قیمت 30 جون 2022 کو 8.5576 (Ex-Div) روپے سے بڑھ کر 30 جون 2023 کو 10.0000 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 6.23% نیٹ مارک منافع کے مقابلے میں 16.86% منافع دیا۔ فنڈ کا یہ منافع میجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 2,915.28 ملین روپے کی آمدنی ہوئی۔ 141.79 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 2,773.49 ملین روپے ہے۔

درج ذیل چارٹ NIDDF کی ہر ایک ذیلی کلاسوں کی ایسٹ ایلوکیشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



آمدنی کی تقسیم

میجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2023 کے اختتام کے بعد اویٹنگ ex-NAV کا 16.86% (بنیادی قدر کا 10.00%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

حکایتیں

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 کیسٹل گین اور جمع شدہ نقصانات منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر آگم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف فرگوسن اینڈ کوپارٹنرز، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2024 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شہر باقی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور مؤثر 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 ٹیبل / 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 منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 30 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پٹرن مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔

| نام | کلیگری |
|--|------------------------|
| 1. جناب خالد منصور | غیر جانبدار ڈائریکٹرز |
| 2. جناب سعد امان اللہ خان | |
| 3. جناب رونیل محمد | |
| 4. جناب ہمایوں بشیر | |
| ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر) | ایگزیکٹو ڈائریکٹر |
| 1. شیخ محمد عبدالواحد سیٹھی (چیئر مین) | نان ایگزیکٹو ڈائریکٹرز |
| 2. جناب توقیر مظہر | |
| 3. محترمہ مہناز سالار | |
| 4. جناب علی سینگل | |
| 5. جناب عمران ظفر | |



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 Islamic Daily Dividend 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 Islamic Daily Dividend Fund

NBP Islamic Daily Dividend Fund (NIDDF) is an Open-End Shariah Compliant Money Market Fund.

Investment Objective of the Fund

To provide competitive return along with daily dividend by investing in Shariah Compliant money market instruments.

Benchmark

Three months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

Fund Performance Review

This is the 4th Annual report since the launch of the Fund on November 01, 2019. The Fund size increased by 77% during the year and stands at Rs. 19.8 billion as of June 30, 2023. Since its inception, the Fund has earned an annualized return of 11.0% versus the benchmark return of 4.6%, thus registering an outperformance of 6.4% p.a. During FY23, the Fund posted 16.9% return versus the benchmark return of 6.2%, thus registering an outperformance of 10.7% p.a. This outperformance is net of management fee and other expenses.

NIDDF is an Islamic Money Market Scheme with no direct or indirect exposure to the stock market. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

The market witnessed some fresh issuance of short-term corporate sukuks mainly in the Power sector to meet the increasing funding requirements. 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.

Asset Allocation of Fund (% of NAV)

| Particulars | 30-Jun-23 | 30-Jun-22 |
|--------------------------------------|-------------|-------------|
| Placements with Banks & DFIs | 36.84% | 4.47% |
| Money Market Placements | 8.48% | - |
| Cash, Bank Placements & Other Assets | 44.82% | 89.28% |
| TFC/Sukuk | 9.86% | 6.25% |
| Total | 100% | 100% |

Distribution for the Financial Year 2023

| Interim Period/Quarter | Dividend as % of Par Value (Rs.10) | Cumulative Div. Price/Unit | Ex- Div. Price |
|--|------------------------------------|----------------------------|----------------|
| From July 01, 2022 to June 30, 2023 | 16.18% | 11.5580 | 10 |

Unit Holding Pattern of NBP Islamic Daily Dividend Fund as on June 30, 2023

| Size of Unit Holding (Units) | # of Unit Holders |
|------------------------------|-------------------|
| 0-0.99 | 168 |
| 1-1000 | 367 |
| 1001-5000 | 132 |
| 5001-10000 | 54 |
| 10001-50000 | 189 |
| 50001-100000 | 107 |
| 100001-500000 | 243 |
| 500001-1000000 | 85 |
| 1000001-5000000 | 136 |
| 5000001-10000000 | 24 |
| 10000001-100000000 | 20 |
| 100000001 & above | 4 |
| Total | 1,529 |

During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Daily Dividend Fund does not have any soft commission arrangement with any broker in the industry.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Daily Dividend Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2023. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 15, 2023**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARIAH SUPERVISORY BOARD

September 27, 2023/ Rabiul Awwal 10, 1445

Alhamdulillah, the period from July 01, 2022 to June 30, 2023 marks the Fourth year of the operations of NBP Islamic Daily Dividend Fund (the "NIDDF" or the "Fund") under management of NBP Funds Management Limited (the "NBP Funds" or the "Management Company").

In the capacity of Shariah Supervisory Board (the "SSB"), we have prescribed specific criteria and procedures to ensure that every investment aligns with Shariah principles and rules.

It is the responsibility of the Management Company of the Fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah principles, policies and guidelines issued by the SSB and Shariah Governance Regulations issued by Securities and Exchange Commission of Pakistan. The prime responsibility for ensuring Shariah compliance of the Fund operations lies with the Board of Directors and Executive Management.

Based on our day to day reviews during the year and subsequent approvals for investments and related activities of the Fund, we hereby confirm that:

- i. The modes of investments, transactions, relevant documentation and procedures adopted have been in accordance with Shariah principles and rules
- ii. The affairs of the Fund have been carried out in accordance with Shariah principles and rules and relevant Shariah opinions and/or guidelines were issued accordingly from time to time

Based on the above facts, SSB is of the opinion that during the year, nothing has come to our attention that causes us to believe that overall operations of the Fund for the year ended June 30, 2023 are not in compliance with the Shariah principles and rules.

May Allah bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and on behalf of Shariah Technical Services & Support

For and on behalf of NBP Fund's Shariah Supervisory Board

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Daily Dividend Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Daily Dividend 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. 8,651.435 million and Rs. 10,936.190 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; re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and |

| S. No. | Key Audit Matter | How the matter was addressed in our audit |
|--------|------------------|---|
| | | <ul style="list-style-type: none"> 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: AR2023100613EXiaQxJI

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

| | Note | 2023 ----- Rupees in '000 ----- | 2022 |
|---|------|------------------------------------|----------------------|
| ASSETS | | | |
| Bank balances | 4 | 8,651,435 | 9,869,948 |
| Investments | 5 | 10,936,190 | 1,200,000 |
| Profit receivable | 6 | 305,278 | 157,612 |
| Prepayments, deposits and other receivables | 7 | 849 | 746 |
| Preliminary expenses and floatation costs | 8 | 320 | 554 |
| Total assets | | 19,894,072 | 11,228,860 |
| LIABILITIES | | | |
| Payable to NBP Fund Management Limited - the Management Company | 9 | 50,464 | 5,518 |
| Payable to the Central Depository Company of Pakistan Limited - the Trustee | 10 | 1,131 | 547 |
| Payable to the Securities and Exchange Commission of Pakistan | 11 | 3,475 | 2,452 |
| Payable against redemption of units | | 1,788 | 16,791 |
| Accrued expenses and other liabilities | 12 | 17,515 | 11,258 |
| Total liabilities | | 74,373 | 36,566 |
| NET ASSETS | | 19,819,699 | 11,192,294 |
| UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED) | | 19,819,699 | 11,192,294 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 13 | -----Number of units----- | |
| NUMBER OF UNITS IN ISSUE | 15 | 1,981,975,309 | 1,119,229,210 |
| | | -----Rupees----- | |
| NET ASSET VALUE PER UNIT | 14 | 10.0000 | 10.0000 |

The annexed notes 1 to 32 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 corporate sukuk certificates | 360,098 | 58,631 |
| Income on term deposit receipts | 401,348 | 84,565 |
| Income on certificates of musharakah | 97,815 | 100,121 |
| Income on bai muajjal | 400,310 | 56,667 |
| Profit on bank balances | 1,655,685 | 830,515 |
| Gain / (loss) on sale of investments - net | 28 | (328) |
| Total income | <u>2,915,284</u> | <u>1,130,171</u> |
| EXPENSES | | |
| Remuneration of NBP Fund Management Limited - the Management Company | 9.1 28,847 | 13,127 |
| Sindh sales tax on remuneration of the Management Company | 9.2 3,750 | 1,706 |
| Reimbursement of allocated expenses | 9.3 21,720 | 15,322 |
| Reimbursement of selling and marketing expenses | 9.4 66,891 | 2,259 |
| Remuneration of the Central Depository Company of Pakistan Limited - the Trustee | 10.1 9,557 | 7,093 |
| Sindh sales tax on remuneration of the Trustee | 10.2 1,242 | 922 |
| Annual fee to the Securities and Exchange Commission of Pakistan | 11.1 3,475 | 2,452 |
| Amortisation of preliminary expenses and floatation costs | 8 234 | 234 |
| Auditors' remuneration | 16 668 | 736 |
| Legal and professional charges | 153 | 306 |
| Annual listing fee | 28 | 28 |
| Shariah advisory fee | 2,613 | 1,805 |
| Settlement and bank charges | 2,340 | 779 |
| Printing expenses | 56 | 73 |
| Fund rating fee | 218 | 199 |
| Total operating expenses | <u>141,792</u> | <u>47,041</u> |
| Net income from operating activities | <u>2,773,492</u> | <u>1,083,130</u> |
| Reversal of provision against Sindh Workers' Welfare Fund - net | - | 22,404 |
| Net income for the year before taxation | <u>2,773,492</u> | <u>1,105,534</u> |
| Taxation | 17 - | - |
| Net income for the year after taxation | <u><u>2,773,492</u></u> | <u><u>1,105,534</u></u> |
| Earnings per unit | | |
| 18 | | |
| Allocation of net income for the year | | |
| - Net income for the year after taxation | 2,773,492 | 1,105,534 |
| - Income already paid on units redeemed | - | - |
| | <u>2,773,492</u> | <u>1,105,534</u> |
| Accounting income available for distribution: | | |
| - Relating to capital gains | 28 | - |
| - Excluding capital gains | 2,773,464 | 1,105,534 |
| | <u>2,773,492</u> | <u>1,105,534</u> |

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

| | 2023 | 2022 |
|--|----------------------------|------------------|
| | ----- Rupees in '000 ----- | |
| Net income for the year after taxation | 2,773,492 | 1,105,534 |
| Other comprehensive income for the year | - | - |
| Total comprehensive income for the year | <u>2,773,492</u> | <u>1,105,534</u> |

The annexed notes 1 to 32 form an integral part of these financial statements.

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 |
| | Note -----(Rupees in '000)----- | | | | | |
| Net assets at the beginning of the year | 11,192,294 | - | 11,192,294 | 13,292,072 | - | 13,292,072 |
| Issuance of 5,201,856,936 units (2022: 1,555,995,684 units) | | | | | | |
| - Capital value (at ex-net asset value per unit) | 52,018,569 | - | 52,018,569 | 15,559,975 | - | 15,559,975 |
| - Element of income | - | - | - | - | - | - |
| Total proceeds on issuance of units | 52,018,569 | - | 52,018,569 | 15,559,975 | - | 15,559,975 |
| Redemption of 4,339,110,837 units (2022: 1,765,975,305 units) | | | | | | |
| - Capital value (at ex-net asset value per unit) | (43,391,164) | - | (43,391,164) | (17,659,753) | - | (17,659,753) |
| - Element of loss | - | - | - | - | - | - |
| Total payments on redemption of units | (43,391,164) | - | (43,391,164) | (17,659,753) | - | (17,659,753) |
| Total comprehensive income for the year | - | 2,773,492 | 2,773,492 | - | 1,105,534 | 1,105,534 |
| Total distribution during the year | - | (2,773,492) | (2,773,492) | - | (1,105,534) | (1,105,534) |
| Net income for the year less distribution | - | - | - | - | - | - |
| Net assets at the end of the year | 19,819,699 | - | 19,819,699 | 11,192,294 | - | 11,192,294 |
| Undistributed income brought forward | | | | | | |
| - Realised income | - | - | - | - | - | - |
| - Unrealised income | - | - | - | - | - | - |
| Accounting income available for distribution: | | | | | | |
| - Relating to capital gains | 28 | - | - | - | - | - |
| - Excluding capital gains | 2,773,464 | 1,105,534 | 1,105,534 | 1,105,534 | | |
| | 2,773,492 | 1,105,534 | 1,105,534 | | | |
| Distribution for the year | (2,773,492) | (1,105,534) | (1,105,534) | | | |
| Undistributed income carried forward | - | - | - | - | - | - |
| Undistributed income carried forward: | | | | | | |
| - Realised income | - | - | - | - | - | - |
| - Unrealised income | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | | (Rupees) | | | (Rupees) | |
| Net asset value per unit at the beginning of the year | | 10.0000 | | | 10.0000 | |
| Net asset value per unit at the end of the year | | 10.0000 | | | 10.0000 | |

The annexed notes 1 to 32 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

| | Note | 2023 | 2022 |
|---|------|----------------------------|--------------|
| | | ----- Rupees in '000 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income for the year before taxation | | 2,773,492 | 1,105,534 |
| Adjustments for: | | | |
| Income on corporate sukuk certificates | | (360,098) | (58,631) |
| Income on term deposit receipts | | (401,348) | (84,565) |
| Income on certificates of musharakah | | (97,815) | (100,121) |
| Income on bai muajjal | | (400,310) | (56,667) |
| Profit on bank balances | | (1,655,685) | (830,515) |
| Reversal of provision against Sindh Workers' Welfare Fund - net | | - | (22,404) |
| Amortisation of preliminary expenses and floatation costs | | 234 | 234 |
| | | (2,915,022) | (1,152,669) |
| (Increase) / decrease in assets | | | |
| Prepayments, deposits and other receivables | | (103) | (8) |
| Investments - net | | (2,936,190) | 1,023,925 |
| | | (2,936,293) | 1,023,917 |
| Increase / (decrease) in liabilities | | | |
| Payable to NBP Fund Management Limited - the Management Company | | 44,946 | (2,939) |
| Payable to the Central Depository Company of Pakistan Limited - the Trustee | | 584 | (282) |
| Payable to the Securities and Exchange Commission of Pakistan | | 1,023 | (297) |
| Accrued expenses and other liabilities | | 6,257 | 3,298 |
| | | 52,810 | (220) |
| Profit received | | 2,767,590 | 1,050,843 |
| Net cash generated from operating activities | | (257,423) | 2,027,405 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of units | | 52,018,569 | 15,559,975 |
| Net payments against redemption of units | | (43,406,167) | (17,642,962) |
| Distributions paid | | (2,773,492) | (1,105,534) |
| Net cash flows generated from / (used in) financing activities | | 5,838,910 | (3,188,521) |
| Net increase / (decrease) in cash and cash equivalents | | 5,581,487 | (1,161,116) |
| Cash and cash equivalents at the beginning of the year | | 10,369,948 | 11,531,064 |
| Cash and cash equivalents at the end of the year | 22 | 15,951,435 | 10,369,948 |

The annexed notes 1 to 32 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 Islamic Daily Dividend Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 19, 2019, under 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 Trust Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 2, 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 Shariah compliant money market fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from November 2, 2019 and are transferable and redeemable by surrendering them to the Fund.
- 1.5 The objective of the Fund is to provide competitive return along with daily dividend by investing in Shariah compliant money market instruments.
- 1.6 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 (2022: AM1) on June 22, 2023. 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 the Fund to AA+(f) (2022: AA(f) dated April 19, 2022) on March 28, 2023.
- 1.7 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the 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 annual 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 amendments to the published accounting and reporting standards 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 financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except investments that 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 consistently applied to all the years presented.

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Initial recognition and measurement

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

3.2.2 Classification and subsequent measurement

Debt instruments

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

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

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 recognised at FVTPL. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

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 debt securities

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

3.2.4 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (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 the 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 recognised 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, considering the specific credit and financial condition of the debt security issuer and 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 under the SECP's circular.

3.2.6 Regular way contracts

All regular way purchases and sales of financial assets are recognised 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 rights 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

3.3.1 Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

3.3.2 Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

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

3.6 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 applications 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 application during business hours of that day. The redemption price is equal to the 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 recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year / period also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the period end reporting date are considered as non-adjusting events and are recognised 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 Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net asset 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 is 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 on 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 period in which these arise.
- Profit on bank balances, term deposit receipts and letters of placement is recognised on an accrual basis.
- Income from investments in sukuks and Islamic commercial papers is recognised on an accrual basis using effective profit rate method.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the Trustee and annual fee of SECP are recognised in the income statement on an accrual basis.

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

3.13 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3.14 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 realised or unrealised, is distributed 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.

3.15 Earnings per unit

Earnings per unit is calculated by dividing the net income of 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 18.

| 4 | BANK BALANCES | Note | 2023 | 2022 |
|---|-------------------------|------|--------------------------|------------------|
| | | | -----Rupees in '000----- | |
| | Balances with banks in: | | | |
| | Savings accounts | 4.1 | 8,392,078 | 9,857,463 |
| | Current accounts | | 259,357 | 12,485 |
| | | | <u>8,651,435</u> | <u>9,869,948</u> |

4.1 This includes balance of Rs 14.847 million (2022: Rs 0.393 million) maintained with National Bank of Pakistan, that carries profit at the rate of 18.40% (2022: 14.50%) per annum. Other savings accounts carry profit rates ranging from 10.00% to 20.50% (2022: 6.50% to 15.59%) per annum.

| 5 | INVESTMENTS | Note | 2023 | 2022 |
|---|---|------|--------------------------|------------------|
| | | | -----Rupees in '000----- | |
| | At fair value through profit or loss | | | |
| | Certificates of musharakah | 5.1 | 3,000,000 | - |
| | Corporate sukuk certificates | 5.2 | 1,955,000 | 700,000 |
| | Bai muajjal | 5.3 | 1,681,190 | - |
| | Term deposit receipts | 5.4 | 4,300,000 | 500,000 |
| | | | <u>10,936,190</u> | <u>1,200,000</u> |

5.1 Certificates of musharakah

| Name of the security | Maturity Date | Profit Rate | Face value | | | | Carrying value as at June 30, 2023 | Market value as at June 30, 2023 | Unrealised appreciation as at June 30, 2023 | Market value as a percentage of | |
|----------------------------------|------------------|-------------|--------------------|---------------------------|-------------------------|---------------------|------------------------------------|----------------------------------|---|---------------------------------|------------------------|
| | | | As at July 1, 2022 | Purchased during the year | Matured during the year | As at June 30, 2023 | | | | total investments of the Fund | net assets of the Fund |
| ----- Rupees in 000 ----- | | | | | | | | | | ----- % ----- | |
| UBL Ameen (A-1+, VIS) | January 20, 2023 | 15.60% | - | 2,500,000 | 2,500,000 | - | - | - | - | - | - |
| UBL Ameen (A-1+, VIS) | January 27, 2023 | 15.00% | - | 2,300,000 | 2,300,000 | - | - | - | - | - | - |
| UBL Ameen (A-1+, VIS) | March 10, 2023 | 15.85% | - | 900,000 | 900,000 | - | - | - | - | - | - |
| UBL Ameen (A-1+, VIS) | March 29, 2023 | 17.25% | - | 2,500,000 | 2,500,000 | - | - | - | - | - | - |
| UBL Ameen (A-1+, VIS) | March 30, 2023 | 17.25% | - | 850,000 | 850,000 | - | - | - | - | - | - |
| Meezan Bank Limited (A-1+, VIS) | June 8, 2023 | 19.85% | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Meezan Bank Limited (A-1+, VIS) | June 15, 2023 | 19.75% | - | 1,500,000 | 1,500,000 | - | - | - | - | - | - |
| UBL Ameen (A-1+, VIS) | July 10, 2023 | 20.25% | - | 500,000 | - | 500,000 | 500,000 | 500,000 | - | 4.57% | 2.52% |
| UBL Ameen (A-1+, VIS) | July 19, 2023 | 20.25% | - | 2,500,000 | - | 2,500,000 | 2,500,000 | 2,500,000 | - | 22.86% | 12.61% |
| Total as at June 30, 2023 | | | | | | <u>3,000,000</u> | <u>3,000,000</u> | <u>-</u> | | <u>27.43%</u> | <u>15.13%</u> |
| Total as at June 30, 2022 | | | | | | <u>-</u> | <u>-</u> | <u>-</u> | | <u>-</u> | <u>-</u> |

5.2 Corporate sukuk certificates

| Name of the security | Profit payments / principal redemptions | Maturity date | Profit rate | As at July 1, 2022 | Purchased during the year | Sold / redeemed during the year | As at June 30, 2023 | Carrying Value as at June 30, 2023 | Market value as at June 30, 2023 | Unrealised appreciation as at June 30, 2023 | Market value as a percentage of | |
|--|---|--------------------|--|------------------------------------|---------------------------|---------------------------------|---------------------|------------------------------------|----------------------------------|---|---------------------------------|-------------------------------|
| | | | | ----- Number of certificates ----- | | | | | Rupees in '000 | | | total investments of the Fund |
| | | | | | | | | | | | ----- % ----- | |
| POWER GENERATION AND DISTRIBUTION | | | | | | | | | | | | |
| K-Electric Limited Short Term Sukuks 4 (A1+, PACRA, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | August 4, 2022 | 6 months KIBOR plus base rate of 0.85% | 300 | - | 300 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 2 (A1+, PACRA, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | August 15, 2022 | 6 months KIBOR plus base rate of 0.85% | 300 | - | 300 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 6 (AA+, VIS, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | October 27, 2022 | 6 months KIBOR plus base rate of 0.70% | 100 | - | 100 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 6 (AA+, VIS, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | October 27, 2022 | 6 months KIBOR plus base rate of 0.90% | | 400 | 400 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 7 (A1+, PACRA, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | February 10, 2023 | 6 months KIBOR plus base rate of 1.35% | - | 9,850 | 9,850 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 8 (A-1+, VIS, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | February 28, 2023 | 6 months KIBOR plus base rate of 1.35% | - | 1,900 | 1,900 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 9 (A1+, VIS, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | March 21, 2023 | 6 months KIBOR plus base rate of 1.40% | - | 825 | 825 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 10 (A-1+, VIS, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | April 5, 2023 | 6 months KIBOR plus base rate of 1.45% | - | 50 | 50 | - | - | - | - | - | - |
| Nishat Mills Limited Short Term Sukuks 1 (A1+, PACRA, Traded) (Face value of Rs 1,000,000 per certificate) | Quarterly | May 1, 2023 | 3 months KIBOR plus base rate of 0.90% | - | 450 | 450 | - | - | - | - | - | - |
| China Power Hub Generation Company (Private) Limited Short Term Sukuks 7 (AA+, PACRA, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | June 7, 2023 | 6 months KIBOR plus base rate of 1.45% | - | 360 | 360 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 12 (A1+, PACRA, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | June 13, 2023 | 6 months KIBOR plus base rate of 1.40% | - | 13,397 | 13,397 | - | - | - | - | - | - |
| K-Electric Limited Short Term Sukuks 14 (A1+, PACRA, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | August 28, 2023 | 6 months KIBOR plus base rate of 0.75% | - | 2,625 | 2,100 | 525 | 525,000 | 525,000 | - | 4.80% | 2.65% |
| K-Electric Limited Short Term Sukuks 15 (A-1+, VIS, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | September 21, 2023 | 6 months KIBOR plus base rate of 0.50% | - | 450 | - | 450 | 450,000 | 450,000 | - | 4.11% | 2.27% |
| China Power Hub Generation Company (Private) Limited Short Term Sukuks 3 (A1+, PACRA, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | September 29, 2023 | 6 months KIBOR plus base rate of 0.70% | - | 300 | - | 300 | 300,000 | 300,000 | - | 2.74% | 1.51% |
| K-Electric Limited Short Term Sukuks 17 (A-1+, VIS, traded) (Face value of Rs 1,000,000 per certificate) | Semi-annually | November 17, 2023 | 6 months KIBOR plus base rate of 0.45% | - | 680 | - | 680 | 680,000 | 680,000 | - | 6.22% | 3.43% |
| Total as at June 30, 2023 | | | | | | | | 1,955,000 | 1,955,000 | - | 17.88% | 9.86% |
| Total as at June 30, 2022 | | | | | | | | 700,000 | 700,000 | - | 58.33% | 6.25% |

5.3 Bai muajjal

| Name of investee company | Rating | Maturity date | Profit rate | Total transaction price | Deferred income | Carrying value as at June 30, 2023 | Market value as a percentage of | |
|--------------------------|--------|---------------|-------------|-------------------------|-----------------|------------------------------------|---------------------------------|------------------------|
| | | | | | | | total investments of the Fund | net assets of the Fund |
| | | | | | | | (Rupees in '000) ----- % ----- | |

DEVELOPMENT FINANCE INSTITUTIONS

| | | | | | | | | |
|---|------------|----------------|--------|---------|--------|---|---|---|
| Pak Oman Investment Company Limited | A-1+, VIS | March 27, 2023 | 16.75% | 554,721 | 14,623 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | March 27, 2023 | 16.75% | 552,365 | 14,561 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | March 27, 2023 | 16.75% | 554,704 | 13,898 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | March 27, 2023 | 16.75% | 552,396 | 13,840 | - | - | - |
| Pak Brunei Investment Company Limited | A-1+, VIS | March 27, 2023 | 16.60% | 441,935 | 8,283 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | April 7, 2023 | 19.60% | 693,352 | 11,353 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | April 10, 2023 | 19.50% | 535,330 | 9,274 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | April 10, 2023 | 19.50% | 163,811 | 2,838 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | April 10, 2023 | 19.60% | 303,483 | 5,284 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | April 10, 2023 | 19.60% | 535,407 | 9,045 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | April 10, 2023 | 19.50% | 303,438 | 5,100 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | April 13, 2023 | 19.50% | 536,329 | 8,738 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | April 14, 2023 | 19.50% | 536,641 | 8,743 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | April 17, 2023 | 19.50% | 698,812 | 11,746 | - | - | - |
| Pak Brunei Investment Company Limited | A-1+, VIS | May 19, 2023 | 15.50% | 564,127 | 39,852 | - | - | - |
| Pak Brunei Investment Company Limited | A-1+, VIS | May 23, 2023 | 20.41% | 717,207 | 16,074 | - | - | - |
| Pak Brunei Investment Company Limited | A-1+, VIS | May 24, 2023 | 20.41% | 717,617 | 16,084 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | May 25, 2023 | 20.40% | 714,789 | 14,482 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | May 29, 2023 | 20.40% | 716,321 | 15,281 | - | - | - |
| Pak Brunei Investment Company Limited | A-1+, VIS | May 30, 2023 | 20.41% | 551,311 | 12,356 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | May 30, 2023 | 20.40% | 716,869 | 13,368 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | June 5, 2023 | 20.41% | 719,184 | 15,349 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | June 6, 2023 | 20.41% | 719,592 | 15,358 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | June 7, 2023 | 20.41% | 553,877 | 10,930 | - | - | - |
| Pak Brunei Investment Company Limited | A-1+, VIS | June 23, 2023 | 20.35% | 729,913 | 12,401 | - | - | - |
| Pak Brunei Investment Company Limited | A-1+, VIS | June 26, 2023 | 20.35% | 731,122 | 13,209 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | June 26, 2023 | 20.35% | 731,130 | 12,816 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | June 26, 2023 | 20.40% | 563,457 | 9,900 | - | - | - |
| Pak Oman Investment Company Limited | A-1+, VIS | June 27, 2023 | 20.35% | 731,538 | 12,823 | - | - | - |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | June 27, 2023 | 20.40% | 728,231 | 11,221 | - | - | - |

COMMERCIAL BANKS

| | | | | | | | | |
|--------------------|-----------|----------------|--------|---------|-------|---|---|---|
| Samba Bank Limited | A1, PACRA | April 14, 2023 | 18.90% | 504,403 | 6,446 | - | - | - |
|--------------------|-----------|----------------|--------|---------|-------|---|---|---|

OUTSTANDING

| | | | | | | | | |
|---|------------|----------------|--------|-------------------|----------------|------------------|---------------|--------------|
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | August 7, 2023 | 20.40% | 576,972 | 16,904 | 560,068 | 5.12% | 2.85% |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | August 7, 2023 | 20.40% | 576,997 | 16,600 | 560,397 | 5.12% | 2.83% |
| Pakistan Kuwait Investment Company (Pvt.) Limited | A1+, PACRA | August 7, 2023 | 20.40% | 577,021 | 16,296 | 560,725 | 5.13% | 2.83% |
| | | | | 1,730,990 | 49,800 | 1,681,190 | 15.37% | 8.49% |
| Total as at June 30, 2023 | | | | 20,104,402 | 435,076 | 1,681,190 | 15.37% | 8.49% |
| Total as at June 30, 2022 | | | | - | - | - | - | - |

5.4 Term deposit receipts

| Name of the bank | Rating of Investee Company | Maturity date | Profit rate | Face value | | | | Carrying value as at June 30, 2023 | Market value as at June 30, 2023 | Market value as a percentage of | |
|--|----------------------------|-------------------|-------------|--------------------|---------------------------|-------------------------|---------------------|------------------------------------|----------------------------------|---------------------------------|------------------------|
| | | | | As at July 1, 2022 | Purchased during the year | Matured during the year | As at June 30, 2023 | | | total investments of the Fund | net assets of the Fund |
| | | | | | | | | (Rupees in '000) | | % | |
| COMMERCIAL BANKS | | | | | | | | | | | |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | July 22, 2022 | 14.65% | - | 500,000 | 500,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | October 24, 2022 | 15.25% | - | 1,511,000 | 1,511,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | December 7, 2022 | 15.25% | - | 1,511,000 | 1,511,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | December 30, 2022 | 15.02% | - | 350,000 | 350,000 | - | - | - | - | - |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | February 2, 2023 | 14.75% | - | 1,000,000 | 1,000,000 | - | - | - | - | - |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | March 2, 2023 | 16.00% | - | 1,500,000 | 1,500,000 | - | - | - | - | - |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | March 6, 2023 | 16.00% | - | 1,008,000 | 1,008,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | March 7, 2023 | 15.50% | - | 1,500,000 | 1,500,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | March 7, 2023 | 15.75% | - | 1,000,000 | 1,000,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | March 13, 2023 | 15.75% | - | 700,000 | 700,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | May 2, 2023 | 18.20% | - | 2,000,000 | 2,000,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | June 5, 2023 | 19.50% | - | 2,000,000 | 2,000,000 | - | - | - | - | - |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | June 14, 2023 | 19.50% | - | 300,000 | 300,000 | - | - | - | - | - |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | June 14, 2023 | 19.50% | - | 100,000 | 100,000 | - | - | - | - | - |
| Bank Alfalah Limited - Islamic Banking | A1+, PACRA | July 5, 2023 | 20.00% | - | 2,000,000 | - | 2,000,000 | 2,000,000 | 2,000,000 | 18.29% | 10.09% |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | August 11, 2023 | 20.20% | - | 1,500,000 | - | 1,500,000 | 1,500,000 | 1,500,000 | 13.72% | 7.05% |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | August 11, 2023 | 20.20% | - | 200,000 | - | 200,000 | 200,000 | 200,000 | 1.83% | 1.01% |
| Askari Bank Limited - Islamic Banking | A1+, PACRA | August 11, 2023 | 20.20% | - | 100,000 | - | 100,000 | 100,000 | 100,000 | 0.91% | 0.50% |
| Faysal Bank Limited | A1+, PACRA | August 31, 2023 | 19.90% | - | 500,000 | - | 500,000 | 500,000 | 500,000 | 4.57% | 2.52% |
| Total as at June 30, 2023 | | | | | | | | 4,300,000 | 4,300,000 | 39.32% | 21.69% |
| Total as at June 30, 2022 | | | | | | | | 500,000 | 500,000 | 41.67% | 4.47% |

6 PROFIT RECEIVABLE

Profit receivable on:

| | 2023 | 2022 |
|------------------------------|----------------------------|----------------|
| Note | ----- Rupees in '000 ----- | |
| Bank balances | 114,100 | 120,878 |
| Term deposit receipts | 53,879 | 7,024 |
| Corporate sukuk certificates | 104,234 | 29,710 |
| Bai muajjal certificates | 15,034 | - |
| Certificates of musharakah | 18,031 | - |
| | 305,278 | 157,612 |

7 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | | | |
|--|-----|------------|------------|
| Advance tax | 7.1 | 635 | 542 |
| Prepaid mutual fund rating fee | | 114 | 104 |
| Security deposit with Central Depository Company of Pakistan Limited * | | 100 | 100 |
| | | 849 | 746 |

* related party balance

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151. However, withholding taxes on profit on bank balances and profit on debt securities to the Fund were 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 taxes withheld on profit on bank deposits and profit on debt securities amount to Rs 0.635 million (2022: Rs 0.542 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 the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Fund 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 judgment of the SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit received by the Fund on bank balances and on debt securities have been shown as other receivable as at June 30, 2023 as, in the opinion of the management, the amount of taxes deducted at source will likely be refunded.

| 8 | PRELIMINARY EXPENSES AND FLOATATION COSTS | Note | 2023 | 2022 |
|---|---|------|-----------------|------------|
| | | | (Rupees in 000) | |
| | At the beginning of the year | | 554 | 788 |
| | Less: Amortisation during the year | 8.1 | (234) | (234) |
| | At the end of the year | | <u>320</u> | <u>554</u> |

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (a related party). These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

| 9 | PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY | Note | 2023 | 2022 |
|---|--|------|-----------------|--------------|
| | | | (Rupees in 000) | |
| | Management fee payable | 9.1 | 1,819 | 1,265 |
| | Sindh sales tax payable on remuneration of the Management Company | 9.2 | 236 | 164 |
| | Reimbursement of allocated expenses payable | 9.3 | 6,849 | 3,329 |
| | Reimbursement of selling and marketing expenses payable | 9.4 | 36,273 | 533 |
| | Sales load payable | | 4,307 | 163 |
| | Sindh sales tax payable on sales load | | 560 | 21 |
| | ADC charges payable including Sindh sales tax | | 420 | 42 |
| | | | <u>50,464</u> | <u>5,518</u> |

9.1 As per regulation 61 of the NBFC Regulations. 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 its remuneration at the following rates:

| Rate applicable from December 15, 2022 to June 30, 2023 | Rate applicable from December 1, 2022 to December 14, 2022 | Rate applicable from July 1, 2022 to November 30, 2022 | Rate applicable from July 1, 2021 to June 30, 2022 |
|---|---|--|---|
| 0.5% on net income, subject to floor and capping of 0.1% and 1% per annum of the average net assets | 1% on net income, subject to floor and capping of 0.1% and 1% per annum of the average net assets | 2.25% on net income, subject to floor and capping of 0.3% and 1% per annum of the average net assets | 1% on net income, subject to floor and capping of 0.1% and 1% per annum of the average net assets |

9.2 During the year, an amount of Rs. 3.750 million (2022: Rs. 1.706 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2022: 13%).

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

| Rate applicable from July 1, 2022 to June 30, 2023 | Rate applicable from July 1, 2021 to June 30, 2022 |
|--|--|
| 0.125% per annum of average annual net assets | 0.125% per annum of average annual net assets |

9.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.

| Rate applicable from April 07, 2023 to June 30, 2023 | Rate applicable from March 10, 2023 to April 06, 2023 | Rate applicable from December 15, 2022 to March 09, 2023 | Rate applicable from December 06, 2022 to December 14, 2022 | Rate applicable from December 01, 2022 to December 05, 2022 | Rate applicable from July 01, 2022 to November 30, 2022 | Rate applicable from July 26, 2021 to June 30, 2022 | Rate applicable from July 1, 2021 to July 25, 2021 |
|--|---|--|---|---|---|---|--|
| 0.67% per annum of average annual net assets | 0.55% per annum of average annual net assets | 0.40% per annum of average annual net assets | 0.35% per annum of average annual net assets | 0.13% per annum of average annual net assets | 0.02% per annum of average annual net assets | 0.02% per annum of average annual net assets | 0% per annum of average annual net assets |

| | | 2023 | 2022 |
|-----------|--|-----------------------------|------------|
| | Note | ----- (Rupees in 000) ----- | ----- |
| 10 | PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY | | |
| | Trustee fee payable | 10.1 1,001 | 484 |
| | Sindh sales tax Payable on the Trustee fee | 10.2 130 | 63 |
| | | <u>1,131</u> | <u>547</u> |

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed charged under the following rates:

| Rate applicable from July 1, 2022 to June 30, 2023 | Rate applicable from October 1, 2021 to June 30, 2022 | Rate applicable from July 1, 2021 to September 30, 2021 |
|--|---|---|
| 0.055% per annum of average annual net assets | 0.055% per annum of average annual net assets | 0.065% per annum of average annual net assets |

10.2 During the year, an amount of Rs. 1.242 million (2022: Rs. 0.922 million) was charged on account of sales tax at the rate of 13% (2022: 13%) on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

| | | 2023 | 2022 |
|-----------|--|-----------------------------|--------------|
| | Note | ----- (Rupees in 000) ----- | ----- |
| 11 | PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN | | |
| | Annual fee payable | 11.1 <u>3,475</u> | <u>2,452</u> |

11.1 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) ----- | ----- |
| 12 | ACCRUED EXPENSES AND OTHER LIABILITIES | | |
| | Auditors' remuneration | 521 | 544 |
| | Shariah advisory fee payable | 2,617 | 1,814 |
| | Legal & professional charges payable | 180 | 150 |
| | Withholding tax payable | 14,143 | 8,549 |
| | Payable against printing charges | 19 | 70 |
| | Bank and settlement charges payable | 35 | 131 |
| | | <u>17,515</u> | <u>11,258</u> |

13 CONTINGENCIES AND COMMITMENTS

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

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 |
|---|-------------------------------|----------------------|
| | ----- (Number of units) ----- | |
| 15 NUMBER OF UNITS IN ISSUE | | |
| Total units in issue at the beginning of the year | 1,119,229,210 | 1,329,208,831 |
| Units issued during the year | 5,201,856,936 | 1,555,995,684 |
| Less: units redeemed during the year | 4,339,110,837 | 1,765,975,305 |
| Total units in issue at the end of the year | <u>1,981,975,309</u> | <u>1,119,229,210</u> |

| | 2023 | 2022 |
|----------------------------------|-----------------------------|------------|
| | ----- (Rupees in 000) ----- | |
| 16 AUDITORS' REMUNERATION | | |
| Annual audit fee | 411 | 374 |
| Half yearly review | 112 | 102 |
| Other certification | - | 120 |
| Out of pocket expenses | 145 | 140 |
| | <u>668</u> | <u>736</u> |

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 percent of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders 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 percent 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 the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the year.

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

18 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.

19 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund as at June 30, 2023 is 0.82% (2022: 0.38%) which includes 0.05% (2022: 0.04%) representing government levies and the SECP fee. The TER excluding government levies is 0.77% (2022: 0.34%) which is within the maximum limit of 2% (2022: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a Shariah compliant money market scheme.

20 TOTAL DISTRIBUTION

The Fund makes distribution on daily basis as per clause 12.1 of the Trust Deed and clause 1.4 of the Offering Document and re-invests the distributed dividend as per clause 1.4 of the Offering Document. During the year ended June 30, 2023, the Management Company on behalf of the Fund, has distributed total profit earned during the year amounting to Rs 2,773.492 million as dividend after deducting applicable taxes.

NBP ISLAMIC DAILY DIVIDEND FUND



NBP FUNDS
Managing Your Savings

NBP Fund Management Limited

| Payout date | Payout per unit Rupees | Payout date | Payout per unit Rupees | Payout date | Payout per unit Rupees |
|-----------------|---------------------------|--------------------|---------------------------|-------------------|---------------------------|
| July 1, 2022 | 0.0040 | August 28, 2022 | 0.0037 | October 25, 2022 | 0.0039 |
| July 2, 2022 | 0.0040 | August 29, 2022 | 0.0037 | October 26, 2022 | 0.0039 |
| July 3, 2022 | 0.0040 | August 30, 2022 | 0.0038 | October 27, 2022 | 0.0038 |
| July 4, 2022 | 0.0040 | August 31, 2022 | 0.0038 | October 28, 2022 | 0.0039 |
| July 5, 2022 | 0.0041 | September 1, 2022 | 0.0038 | October 29, 2022 | 0.0039 |
| July 6, 2022 | 0.0040 | September 2, 2022 | 0.0039 | October 30, 2022 | 0.0038 |
| July 7, 2022 | 0.0040 | September 3, 2022 | 0.0039 | October 31, 2022 | 0.0039 |
| July 8, 2022 | 0.0040 | September 4, 2022 | 0.0037 | November 1, 2022 | 0.0038 |
| July 9, 2022 | 0.0039 | September 5, 2022 | 0.0039 | November 2, 2022 | 0.0038 |
| July 10, 2022 | 0.0040 | September 6, 2022 | 0.0039 | November 3, 2022 | 0.0039 |
| July 11, 2022 | 0.0039 | September 7, 2022 | 0.0039 | November 4, 2022 | 0.0039 |
| July 12, 2022 | 0.0040 | September 8, 2022 | 0.0045 | November 5, 2022 | 0.0038 |
| July 13, 2022 | 0.0040 | September 9, 2022 | 0.0040 | November 6, 2022 | 0.0039 |
| July 14, 2022 | 0.0039 | September 10, 2022 | 0.0040 | November 7, 2022 | 0.0039 |
| July 15, 2022 | 0.0037 | September 11, 2022 | 0.0040 | November 8, 2022 | 0.0038 |
| July 16, 2022 | 0.0036 | September 12, 2022 | 0.0041 | November 9, 2022 | 0.0039 |
| July 17, 2022 | 0.0036 | September 13, 2022 | 0.0040 | November 10, 2022 | 0.0039 |
| July 18, 2022 | 0.0037 | September 14, 2022 | 0.0041 | November 11, 2022 | 0.0038 |
| July 19, 2022 | 0.0036 | September 15, 2022 | 0.0041 | November 12, 2022 | 0.0039 |
| July 20, 2022 | 0.0036 | September 16, 2022 | 0.0041 | November 13, 2022 | 0.0039 |
| July 21, 2022 | 0.0036 | September 17, 2022 | 0.0041 | November 14, 2022 | 0.0038 |
| July 22, 2022 | 0.0037 | September 18, 2022 | 0.0041 | November 15, 2022 | 0.0040 |
| July 23, 2022 | 0.0037 | September 19, 2022 | 0.0041 | November 16, 2022 | 0.0039 |
| July 24, 2022 | 0.0036 | September 20, 2022 | 0.0041 | November 17, 2022 | 0.0040 |
| July 25, 2022 | 0.0037 | September 21, 2022 | 0.0041 | November 18, 2022 | 0.0040 |
| July 26, 2022 | 0.0037 | September 22, 2022 | 0.0041 | November 19, 2022 | 0.0039 |
| July 27, 2022 | 0.0037 | September 23, 2022 | 0.0041 | November 20, 2022 | 0.0039 |
| July 28, 2022 | 0.0037 | September 24, 2022 | 0.0041 | November 21, 2022 | 0.0039 |
| July 29, 2022 | 0.0037 | September 25, 2022 | 0.0041 | November 22, 2022 | 0.0040 |
| July 30, 2022 | 0.0037 | September 26, 2022 | 0.0041 | November 23, 2022 | 0.0039 |
| July 31, 2022 | 0.0036 | September 27, 2022 | 0.0041 | November 24, 2022 | 0.0039 |
| August 1, 2022 | 0.0037 | September 28, 2022 | 0.0041 | November 25, 2022 | 0.0039 |
| August 2, 2022 | 0.0037 | September 29, 2022 | 0.0041 | November 26, 2022 | 0.0039 |
| August 3, 2022 | 0.0036 | September 30, 2022 | 0.0041 | November 27, 2022 | 0.0039 |
| August 4, 2022 | 0.0037 | October 1, 2022 | 0.0041 | November 28, 2022 | 0.0039 |
| August 5, 2022 | 0.0037 | October 2, 2022 | 0.0038 | November 29, 2022 | 0.0039 |
| August 6, 2022 | 0.0037 | October 3, 2022 | 0.0038 | November 30, 2022 | 0.0041 |
| August 7, 2022 | 0.0036 | October 4, 2022 | 0.0038 | December 1, 2022 | 0.0041 |
| August 8, 2022 | 0.0037 | October 5, 2022 | 0.0039 | December 2, 2022 | 0.0040 |
| August 9, 2022 | 0.0036 | October 6, 2022 | 0.0040 | December 3, 2022 | 0.0041 |
| August 10, 2022 | 0.0037 | October 7, 2022 | 0.0039 | December 4, 2022 | 0.0040 |
| August 11, 2022 | 0.0038 | October 8, 2022 | 0.0039 | December 5, 2022 | 0.0040 |
| August 12, 2022 | 0.0037 | October 9, 2022 | 0.0038 | December 6, 2022 | 0.0041 |
| August 13, 2022 | 0.0038 | October 10, 2022 | 0.0039 | December 7, 2022 | 0.0040 |
| August 14, 2022 | 0.0037 | October 11, 2022 | 0.0038 | December 8, 2022 | 0.0041 |
| August 15, 2022 | 0.0037 | October 12, 2022 | 0.0039 | December 9, 2022 | 0.0040 |
| August 16, 2022 | 0.0038 | October 13, 2022 | 0.0039 | December 10, 2022 | 0.0041 |
| August 17, 2022 | 0.0038 | October 14, 2022 | 0.0039 | December 11, 2022 | 0.0040 |
| August 18, 2022 | 0.0038 | October 15, 2022 | 0.0039 | December 12, 2022 | 0.0041 |
| August 19, 2022 | 0.0037 | October 16, 2022 | 0.0038 | December 13, 2022 | 0.0040 |
| August 20, 2022 | 0.0038 | October 17, 2022 | 0.0038 | December 14, 2022 | 0.0041 |
| August 21, 2022 | 0.0037 | October 18, 2022 | 0.0039 | December 15, 2022 | 0.0041 |
| August 22, 2022 | 0.0038 | October 19, 2022 | 0.0039 | December 16, 2022 | 0.0041 |
| August 23, 2022 | 0.0038 | October 20, 2022 | 0.0039 | December 17, 2022 | 0.0041 |
| August 24, 2022 | 0.0037 | October 21, 2022 | 0.0039 | December 18, 2022 | 0.0040 |
| August 25, 2022 | 0.0037 | October 22, 2022 | 0.0039 | December 19, 2022 | 0.0041 |
| August 26, 2022 | 0.0038 | October 23, 2022 | 0.0038 | December 20, 2022 | 0.0041 |
| August 27, 2022 | 0.0038 | October 24, 2022 | 0.0038 | December 21, 2022 | 0.0040 |

NBP ISLAMIC DAILY DIVIDEND FUND



NBP FUNDS
Managing Your Savings

NBP Fund Management Limited

| Payout date | Payout per unit | Payout date | Payout per unit | Payout date | Payout per unit |
|-------------------|-----------------|-------------------|-----------------|----------------|-----------------|
| | Rupees | | Rupees | | Rupees |
| December 22, 2022 | 0.0041 | February 18, 2023 | 0.0041 | April 17, 2023 | 0.0050 |
| December 23, 2022 | 0.0041 | February 19, 2023 | 0.0041 | April 18, 2023 | 0.0050 |
| December 24, 2022 | 0.0041 | February 20, 2023 | 0.0042 | April 19, 2023 | 0.0050 |
| December 25, 2022 | 0.0040 | February 21, 2023 | 0.0041 | April 20, 2023 | 0.0050 |
| December 26, 2022 | 0.0041 | February 22, 2023 | 0.0044 | April 21, 2023 | 0.0050 |
| December 27, 2022 | 0.0040 | February 23, 2023 | 0.0041 | April 22, 2023 | 0.0050 |
| December 28, 2022 | 0.0041 | February 24, 2023 | 0.0041 | April 23, 2023 | 0.0050 |
| December 29, 2022 | 0.0041 | February 25, 2023 | 0.0041 | April 24, 2023 | 0.0050 |
| December 30, 2022 | 0.0041 | February 26, 2023 | 0.0039 | April 25, 2023 | 0.0049 |
| December 31, 2022 | 0.0041 | February 27, 2023 | 0.0041 | April 26, 2023 | 0.0050 |
| January 1, 2023 | 0.0041 | February 28, 2023 | 0.0042 | April 27, 2023 | 0.0050 |
| January 2, 2023 | 0.0040 | March 1, 2023 | 0.0041 | April 28, 2023 | 0.0050 |
| January 3, 2023 | 0.0041 | March 2, 2023 | 0.0041 | April 29, 2023 | 0.0050 |
| January 4, 2023 | 0.0040 | March 3, 2023 | 0.0041 | April 30, 2023 | 0.0049 |
| January 5, 2023 | 0.0040 | March 4, 2023 | 0.0042 | May 1, 2023 | 0.0050 |
| January 6, 2023 | 0.0040 | March 5, 2023 | 0.0041 | May 2, 2023 | 0.0050 |
| January 7, 2023 | 0.0039 | March 6, 2023 | 0.0041 | May 3, 2023 | 0.0050 |
| January 8, 2023 | 0.0039 | March 7, 2023 | 0.0042 | May 4, 2023 | 0.0050 |
| January 9, 2023 | 0.0039 | March 8, 2023 | 0.0043 | May 5, 2023 | 0.0050 |
| January 10, 2023 | 0.0039 | March 9, 2023 | 0.0052 | May 6, 2023 | 0.0050 |
| January 11, 2023 | 0.0039 | March 10, 2023 | 0.0046 | May 7, 2023 | 0.0050 |
| January 12, 2023 | 0.0039 | March 11, 2023 | 0.0050 | May 8, 2023 | 0.0050 |
| January 13, 2023 | 0.0039 | March 12, 2023 | 0.0049 | May 9, 2023 | 0.0051 |
| January 14, 2023 | 0.0039 | March 13, 2023 | 0.0049 | May 10, 2023 | 0.0050 |
| January 15, 2023 | 0.0039 | March 14, 2023 | 0.0047 | May 11, 2023 | 0.0050 |
| January 16, 2023 | 0.0039 | March 15, 2023 | 0.0047 | May 12, 2023 | 0.0051 |
| January 17, 2023 | 0.0039 | March 16, 2023 | 0.0046 | May 13, 2023 | 0.0051 |
| January 18, 2023 | 0.0039 | March 17, 2023 | 0.0046 | May 14, 2023 | 0.0050 |
| January 19, 2023 | 0.0038 | March 18, 2023 | 0.0046 | May 15, 2023 | 0.0051 |
| January 20, 2023 | 0.0039 | March 19, 2023 | 0.0046 | May 16, 2023 | 0.0051 |
| January 21, 2023 | 0.0039 | March 20, 2023 | 0.0046 | May 17, 2023 | 0.0051 |
| January 22, 2023 | 0.0039 | March 21, 2023 | 0.0046 | May 18, 2023 | 0.0050 |
| January 23, 2023 | 0.0039 | March 22, 2023 | 0.0047 | May 19, 2023 | 0.0051 |
| January 24, 2023 | 0.0038 | March 23, 2023 | 0.0045 | May 20, 2023 | 0.0051 |
| January 25, 2023 | 0.0039 | March 24, 2023 | 0.0044 | May 21, 2023 | 0.0051 |
| January 26, 2023 | 0.0039 | March 25, 2023 | 0.0045 | May 22, 2023 | 0.0051 |
| January 27, 2023 | 0.0039 | March 26, 2023 | 0.0045 | May 23, 2023 | 0.0051 |
| January 28, 2023 | 0.0039 | March 27, 2023 | 0.0045 | May 24, 2023 | 0.0051 |
| January 29, 2023 | 0.0040 | March 28, 2023 | 0.0047 | May 25, 2023 | 0.0051 |
| January 30, 2023 | 0.0040 | March 29, 2023 | 0.0046 | May 26, 2023 | 0.0051 |
| January 31, 2023 | 0.0040 | March 30, 2023 | 0.0048 | May 27, 2023 | 0.0052 |
| February 1, 2023 | 0.0040 | March 31, 2023 | 0.0047 | May 28, 2023 | 0.0051 |
| February 2, 2023 | 0.0041 | April 1, 2023 | 0.0047 | May 29, 2023 | 0.0052 |
| February 3, 2023 | 0.0041 | April 2, 2023 | 0.0047 | May 30, 2023 | 0.0051 |
| February 4, 2023 | 0.0042 | April 3, 2023 | 0.0047 | May 31, 2023 | 0.0052 |
| February 5, 2023 | 0.0041 | April 4, 2023 | 0.0048 | June 1, 2023 | 0.0051 |
| February 6, 2023 | 0.0042 | April 5, 2023 | 0.0047 | June 2, 2023 | 0.0052 |
| February 7, 2023 | 0.0041 | April 6, 2023 | 0.0050 | June 3, 2023 | 0.0051 |
| February 8, 2023 | 0.0042 | April 7, 2023 | 0.0049 | June 4, 2023 | 0.0051 |
| February 9, 2023 | 0.0041 | April 8, 2023 | 0.0050 | June 5, 2023 | 0.0051 |
| February 10, 2023 | 0.0041 | April 9, 2023 | 0.0049 | June 6, 2023 | 0.0052 |
| February 11, 2023 | 0.0042 | April 10, 2023 | 0.0049 | June 7, 2023 | 0.0052 |
| February 12, 2023 | 0.0041 | April 11, 2023 | 0.0050 | June 8, 2023 | 0.0052 |
| February 13, 2023 | 0.0041 | April 12, 2023 | 0.0051 | June 9, 2023 | 0.0052 |
| February 14, 2023 | 0.0041 | April 13, 2023 | 0.0050 | June 10, 2023 | 0.0051 |
| February 15, 2023 | 0.0041 | April 14, 2023 | 0.0050 | June 11, 2023 | 0.0051 |
| February 16, 2023 | 0.0042 | April 15, 2023 | 0.0050 | June 12, 2023 | 0.0052 |
| February 17, 2023 | 0.0041 | April 16, 2023 | 0.0049 | June 13, 2023 | 0.0053 |

| Payout date | Payout per unit Rupees | Payout date | Payout per unit Rupees | Payout date | Payout per unit Rupees |
|---------------|---------------------------|---------------|---------------------------|---------------|---------------------------|
| June 14, 2023 | 0.0052 | June 20, 2023 | 0.0052 | June 26, 2023 | 0.0051 |
| June 15, 2023 | 0.0051 | June 21, 2023 | 0.0052 | June 27, 2023 | 0.0053 |
| June 16, 2023 | 0.0051 | June 22, 2023 | 0.0051 | June 28, 2023 | 0.0058 |
| June 17, 2023 | 0.0052 | June 23, 2023 | 0.0052 | June 29, 2023 | 0.0052 |
| June 18, 2023 | 0.0049 | June 24, 2023 | 0.0052 | June 30, 2023 | 0.0052 |
| June 19, 2023 | 0.0052 | June 25, 2023 | 0.0052 | | |

21 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 21.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 21.2** 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.
- 21.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 21.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 21.5** Allocated expenses and selling and marketing expenses are reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.
- 21.6** The details of transactions with related parties / connected persons during the year are as follows:

| | 2023 | 2022 |
|---|----------------------------|--------|
| | ----- Rupees in '000 ----- | |
| NBP Fund Management Limited - the Management Company | | |
| Remuneration of the Management Company | 28,847 | 13,127 |
| Sindh sales tax on remuneration of the Management Company | 3,750 | 1,706 |
| Reimbursement of allocated expenses | 21,720 | 15,322 |
| Reimbursement of selling and marketing expense | 66,891 | 2,259 |
| Sales and transfer load | 4,144 | 866 |
| Sindh sales tax on sales and transfer load | 539 | 113 |
| ADC charges including Sindh sales tax | 406 | 46 |
| Central Depository Company of Pakistan Limited - the Trustee | | |
| Remuneration of the Trustee | 9,557 | 7,093 |
| Sindh sales tax on remuneration of the Trustee | 1,242 | 922 |
| National Bank of Pakistan - Parent company | | |
| Profit on bank balances *** | 28,906 | - |
| K-Electric Limited - common directorship ** | | |
| Short term sukuks purchased: 30,177 units (2022: Nil units) | 26,955,528 | - |
| Short term sukuks sold / redeemed: 29,222 units (2022: Nil units) | 26,671,895 | - |
| Profit received on Short term sukuks | 284,778 | - |

| | 2023 | 2022 |
|---|----------------------------|---------|
| | ----- Rupees in '000 ----- | |
| Key management personnel of the Management Company | | |
| Dividend re-invest units issued: 455,728 units (2022: 80,761 units) | 4,557 | 808 |
| Units issued / transferred in: 7,750,152 units (2022: 3,629,466 units) | 77,502 | 36,295 |
| Units redeemed / transferred out: 6,766,562 units (2022: 1,804,411 units) | 67,666 | 18,044 |
| Pakistan Defence Officers Housing Authority - unit holder with more than 10% holding * | | |
| Dividend re-invest units issued: Nil units (2022: 20,078,688 units) | - | 236,220 |
| Units redeemed / transferred out: Nil units (2022: 25,000,000 units) | - | 250,000 |
| Baltoro Partners (Private) Limited - common directorship | | |
| Dividend re-invest units issued: 29,223 units (2022: 2,051 units) | 292 | 21 |
| Units issued / transferred in: 418,708 units (2022: Nil units) | 4,187 | - |
| Units redeemed / transferred out: Nil units (2022: 82,800 units) | - | 828 |
| Portfolio managed by the Management Company | | |
| Dividend re-invest units issued: 3,580,972 units (2022: 2,862,892 units) | 35,808 | 28,629 |
| Units issued / transferred in: 96,836,952 units (2022: 58,210,850 units) | 968,371 | 582,109 |
| Units redeemed / transferred out: 103,968,222 units (2022: 39,361,083 units) | 1,039,682 | 393,611 |
| NAFA Islamic Capital Preservation Plan - I | | |
| Dividend re-invest units issued: 350,602 units (2022: 228,239 units) | 3,506 | 2,282 |
| Units issued / transferred in: Nil units (2022: 2,971,200 units) | - | 29,712 |
| Units redeemed / transferred out: 3,550,041 units (2022: Nil units) | 35,500 | - |
| NAFA Islamic Capital Preservation Plan - II | | |
| Dividend re-invest units issued: 39,823 units (2022: 49,514 units) | 398 | 495 |
| Units issued / transferred in: Nil units (2022: 2,449,200 units) | - | 24,492 |
| Units redeemed / transferred out: 318,537 units (2022: 2,220,000 units) | 3,185 | 22,200 |
| NAFA Islamic Capital Preservation Plan - III | | |
| Dividend re-invest units issued: 201,832 units (2022: 125,789 units) | 2,018 | 1,258 |
| Units issued / transferred in: Nil units (2022: 2,286,800 units) | - | 22,868 |
| Units redeemed / transferred out: 1,614,421 units (2022: 1,000,000 units) | 16,144 | 10,000 |
| NAFA Islamic Capital Preservation Plan - IV | | |
| Dividend re-invest units issued: 56,472 units (2022: 132,768 units) | 565 | 1,328 |
| Units issued / transferred in: Nil units (2022: 2,239,200 units) | - | 22,392 |
| Units redeemed / transferred out: 1,036,040 units (2022: 1,392,400 units) | 10,360 | 13,924 |
| NBP Islamic Capital Preservation Plan - V | | |
| Dividend re-invest units issued: 197,977 units (2022: 144,114 units) | 1,980 | 1,441 |
| Units issued / transferred in: Nil units (2022: 2,480,500 units) | - | 24,805 |
| Units redeemed / transferred out: 1,583,591 units (2022: 1,239,000 units) | 15,836 | 12,390 |
| NBP Islamic Capital Preservation Plan - VI | | |
| Dividend re-invest units issued: 912,874 units (2022: Nil units) | 9,129 | - |
| Units issued / transferred in: 11,740,800 units (2022: Nil units) | 117,408 | - |
| Units redeemed / transferred out: 12,050,000 units (2022: Nil units) | 120,500 | - |
| Fauji Fertilizer Company Limited - common directorship** | | |
| Dividend re-invest units issued: 2,607,898 units (2022: Nil units) | 26,079 | - |
| Units issued / transferred in: 374,756,764 Units (2022: Nil units) | 3,747,568 | - |
| Units redeemed / transferred out: 377,364,662 units (2022: Nil units) | 3,773,647 | - |

Amounts / balances outstanding as at year end are as follows:

| | 2023 | 2022 |
|---|----------------------------|-----------|
| | ----- Rupees in '000 ----- | |
| NBP Fund Management Limited - the Management Company | | |
| Remuneration payable to the Management Company | 1,819 | 1,265 |
| Sindh sales tax on remuneration of the Management Company | 236 | 164 |
| Reimbursement of allocated expenses payable | 6,849 | 3,329 |
| Reimbursement of selling and marketing expenses payable | 36,273 | 533 |
| Sales load payable to Management Company | 4,307 | 163 |
| Sindh sales tax payable on sales load | 560 | 21 |
| ADC charges payable including Sindh sales tax | 420 | 42 |
| Central Depository Company of Pakistan Limited - the Trustee | | |
| Remuneration payable to the Trustee | 1,001 | 484 |
| Sindh sales tax payable on Trustee remuneration | 130 | 63 |
| Security deposit with the Central Depository Company of Pakistan Limited | 100 | 100 |
| National Bank of Pakistan - Parent company | | |
| Bank balance | 14,847 | 393 |
| Profit receivable *** | 271 | - |
| BankIslami Pakistan Limited - common directorship* | | |
| Bank balance | - | 2,940 |
| Key management personnel of the Management Company | | |
| Units held: 3,928,963 units (2022: 2,341,459 units) | 39,290 | 23,415 |
| Pakistan Defence Officers Housing Authority - unit holder with more than 10% holding * | | |
| Units held: Nil units (2022: 247,594,222 units) | - | 2,475,942 |
| Portfolio managed by the Management Company | | |
| Units held: 35,125,606 units (2022: 37,568,504 units) | 351,256 | 375,686 |
| K-Electric Limited - common directorship ** | | |
| Short term sukuks held: 1,655 units (2022: Nil units) | 1,655,000 | - |
| Profit receivable on short term sukuks | 86,660 | - |
| NAFA Islamic Capital Preservation Plan - I | | |
| Units held: Nil units (2022: 3,199,439 units) | - | 31,994 |
| NAFA Islamic Capital Preservation Plan - II | | |
| Units held: Nil units (2022: 278,714 units) | - | 2,787 |
| NAFA Islamic Capital Preservation Plan - III | | |
| Units held: Nil units (2022: 1,412,589 units) | - | 14,126 |
| NAFA Islamic Capital Preservation Plan - IV | | |
| Units held: Nil units (2022: 979,568 units) | - | 9,796 |
| NBP Islamic Capital Preservation Plan - V | | |
| Units held: Nil units (2022: 1,385,614 units) | - | 13,856 |
| NBP Islamic Capital Preservation Plan - VI | | |
| Units held: 603,674 units (2022: Nil units) | 6,037 | - |
| Baltoro Partners (Private) Limited - common directorship | | |
| Units held: 448,305 units (2022: 374 units) | 4,483 | 4 |

* Current year figure has not been shown as the entity ceased to be a related person / connected person as at June 30, 2023.

** Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2022.

*** Nil due to rounding off differences.

21.8 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

| 22 CASH AND CASH EQUIVALENTS | Note | 2023 | 2022 |
|------------------------------|------|----------------------------|-------------------|
| | | ----- Rupees in '000 ----- | |
| Bank balances | 4 | 8,651,435 | 9,869,948 |
| Certificates of musharakah | 5.1 | 3,000,000 | - |
| Term deposit receipts | 5.4 | 4,300,000 | 500,000 |
| | | <u>15,951,435</u> | <u>10,369,948</u> |

23 FINANCIAL INSTRUMENTS BY CATEGORY

| 2023 | | |
|--------------------------------------|-------------------|-------|
| At fair value through profit or loss | At amortised cost | Total |

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

Financial assets

| | | | |
|---|-------------------|-------------------|-------------------|
| Bank balances | - | 8,651,435 | 8,651,435 |
| Investments | 10,936,190 | - | 10,936,190 |
| Profit receivable | - | 305,278 | 305,278 |
| Prepayments, deposits and other receivables | - | 100 | 100 |
| | <u>10,936,190</u> | <u>10,177,925</u> | <u>21,114,115</u> |

Financial liabilities

| | | | |
|---|----------|---------------|---------------|
| Payable to NBP Fund Management Limited - the Management Company | - | 50,464 | 50,464 |
| Payable to the Central Depository Company of Pakistan Limited - the Trustee | - | 1,131 | 1,131 |
| Payable against redemption of units | - | 1,788 | 1,788 |
| Accrued expenses and other liabilities | - | 3,372 | 3,372 |
| | <u>-</u> | <u>56,755</u> | <u>56,755</u> |

| 2022 | | |
|--------------------------------------|-------------------|-------|
| At fair value through profit or loss | At amortised cost | Total |

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

Financial assets

| | | | |
|---|------------------|-------------------|-------------------|
| Bank balances | - | 9,869,948 | 9,869,948 |
| Investments | 1,200,000 | - | 1,200,000 |
| Profit receivable | - | 157,612 | 157,612 |
| Prepayments, deposits and other receivables | - | 100 | 100 |
| | <u>1,200,000</u> | <u>10,027,660</u> | <u>11,227,660</u> |

Financial liabilities

| | | | |
|---|----------|---------------|---------------|
| Payable to NBP Fund Management Limited - the Management Company | - | 5,518 | 5,518 |
| Payable to the Central Depository Company of Pakistan Limited - the Trustee | - | 547 | 547 |
| Payable against redemption of units | - | 16,791 | 16,791 |
| Accrued expenses and other liabilities | - | 2,709 | 2,709 |
| | <u>-</u> | <u>25,565</u> | <u>25,565</u> |

24 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.

24.1 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 / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the 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 bank balances, term deposit receipts, corporate sukuk certificates, certificate of musharakah and bai muajjal. 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, corporate sukuk certificates, term deposit receipts and certificates of musharakah which expose the Fund to cash flow profit 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. 176.471 million (2022: Rs. 110.575 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in bai muajjal. In case of 100 basis points increase / decrease in rates as on June 30, 2023, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 16.812 million (2022: Rs. Nil).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

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



| 2023 | | | | | |
|---------------------------|-------------------------------------|---|--------------------|---|-------|
| Effective profit rate (%) | Exposed to yield / profit rate risk | | | Not exposed to yield / profit 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 | 10.00 - 20.50 | 8,392,078 | - | - | 259,357 | 8,651,435 |
| Investments | 19.90 - 22.82 | 10,256,190 | 680,000 | - | - | 10,936,190 |
| Profit receivable | | - | - | - | 1,526,390 | 1,526,390 |
| Prepayments, deposits and other receivables | | - | - | - | 100 | 100 |
| | | 18,648,268 | 680,000 | - | 1,785,847 | 21,114,115 |

Financial liabilities

| | | | | | | |
|---|--|---|---|---|--------|--------|
| Payable to NBP Fund Management Limited - the Management Company | | - | - | - | 50,464 | 50,464 |
| Payable to the Central Depository Company of Pakistan Limited - the Trustee | | - | - | - | 1,131 | 1,131 |
| Payable against redemption of units | | - | - | - | 1,788 | 1,788 |
| Accrued expenses and other liabilities | | - | - | - | 3,372 | 3,372 |
| | | - | - | - | 56,755 | 56,755 |

On-balance sheet gap

| | | | |
|------------|---------|---|-----------|
| 18,648,268 | 680,000 | - | 1,729,092 |
|------------|---------|---|-----------|

Total profit rate sensitivity gap

| | | |
|------------|---------|---|
| 18,648,268 | 680,000 | - |
|------------|---------|---|

Cumulative profit rate sensitivity gap

| | | |
|------------|------------|------------|
| 18,648,268 | 19,328,268 | 19,328,268 |
|------------|------------|------------|

| 2022 | | | | | |
|---------------------------|-------------------------------------|---|--------------------|---|-------|
| Effective profit rate (%) | Exposed to yield / profit rate risk | | | Not exposed to yield / profit 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 | 6.50 - 15.59 | 9,857,463 | - | - | 12,485 | 9,869,948 |
| Investments | 11.61 - 15.00 | 500,000 | 700,000 | - | - | 1,200,000 |
| Profit receivable | | - | - | - | 157,612 | 157,612 |
| Prepayments, deposits and other receivables | | - | - | - | 100 | 100 |
| | | 10,357,463 | 700,000 | - | 170,197 | 11,227,660 |

Financial liabilities

| | | | | | | |
|---|--|---|---|---|--------|--------|
| Payable to NBP Fund Management Limited - the Management Company | | - | - | - | 5,518 | 5,518 |
| Payable to the Central Depository Company of Pakistan Limited - the Trustee | | - | - | - | 547 | 547 |
| Payable against redemption of units | | - | - | - | 16,791 | 16,791 |
| Accrued expenses and other liabilities | | - | - | - | 2,709 | 2,709 |
| | | - | - | - | 25,565 | 25,565 |

On-balance sheet gap

| | | | |
|------------|---------|---|---------|
| 10,357,463 | 700,000 | - | 144,632 |
|------------|---------|---|---------|

Total profit rate sensitivity gap

| | | |
|------------|---------|---|
| 10,357,463 | 700,000 | - |
|------------|---------|---|

Cumulative profit rate sensitivity gap

| | | |
|------------|------------|------------|
| 10,357,463 | 11,057,463 | 11,057,463 |
|------------|------------|------------|

(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 future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2023.

24.2 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, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets up to 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, 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 | | | | | | |
| Payable to NBP Fund Management Limited - the Management Company | 50,464 | - | - | - | - | 50,464 |
| Payable to the Central Depository Company of Pakistan Limited - the Trustee | 1,131 | - | - | - | - | 1,131 |
| Payable against redemption of units | 1,788 | - | - | - | - | 1,788 |
| Accrued expenses and other liabilities | 2,851 | 521 | - | - | - | 3,372 |
| | 56,234 | 521 | - | - | - | 56,755 |

| 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 redemption of units
Accrued expenses and other liabilities

| | | | | | | |
|---------------|------------|----------|----------|----------|----------|---------------|
| 5,518 | - | - | - | - | - | 5,518 |
| 547 | - | - | - | - | - | 547 |
| 16,791 | - | - | - | - | - | 16,791 |
| 2,165 | 544 | - | - | - | - | 2,709 |
| 25,021 | 544 | - | - | - | - | 25,565 |

24.3 Credit risk

24.3.1 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

Rupees in '000

Financial assets

| | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| Bank balances | 8,651,435 | 8,651,435 | 9,869,948 | 9,869,948 |
| Investments | 10,936,190 | 10,936,190 | 1,200,000 | 1,200,000 |
| Profit receivable | 1,526,390 | 1,526,390 | 157,612 | 157,612 |
| Deposits | 100 | 100 | 100 | 100 |
| | 21,114,115 | 21,114,115 | 11,227,660 | 11,227,660 |

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

24.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, profit accrued thereon, investment in corporate sukuk certificates, term deposit receipts, bai muajjal and certificates of musharakah. The credit rating profile of banks, profit accrued thereon, investment in corporate sukuk certificates, term deposit receipts, bai muajjal and certificates of musharakah are as follows:

| Rating | 2023 | 2022 |
|---|--|--------|
| | % of financial assets exposed to credit risk | |
| Bank balances and accrued profit thereon | | |
| AAA | 39.87% | 88.27% |
| AA+ | 0.07% | 0.002% |
| AA | 0.25% | 0.55% |
| AA- | 1.30% | 0.11% |
| A+ | - | 0.01% |

| | 2023 | 2022 |
|-------------------------------------|---|--------|
| | % of financial assets exposed to credit risk | |
| Bai muajjal | | |
| A1+ | 7.96% | - |
| Corporate sukuk certificates | | |
| A-1+ | 9.75% | 6.50% |
| Certificates of musharakah | | |
| A-1+ | 14.29% | - |
| Term deposit receipts | | |
| AA+ | 18.21% | 4.52% |
| AA | 2.41% | - |
| | 94.11% | 99.96% |

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

25.1 Fair value hierarchy

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

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

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

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

As at June 30, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair values:

| | 2023 | | | |
|--|----------------------------|------------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| ASSETS | ----- Rupees in '000 ----- | | | |
| Financial assets 'at fair value through profit or loss' | | | | |
| Investment in: | | | | |
| Term deposit receipts* | - | 4,300,000 | - | 4,300,000 |
| Corporate sukuk certificates* | - | 1,955,000 | - | 1,955,000 |
| Certificates of musharakah* | - | 3,000,000 | - | 3,000,000 |
| Bai muajjal* | - | 1,681,190 | - | 1,681,190 |
| | - | 10,936,190 | - | 10,936,190 |

| | 2022 | | | Total |
|--|---------|-----------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | |
| ----- Rupees in '000 ----- | | | | |
| ASSETS | | | | |
| Financial assets 'at fair value through profit or loss' | | | | |
| Investment in: | | | | |
| Term deposit receipts* | - | 500,000 | - | 500,000 |
| Corporate sukuk certificates* | - | 700,000 | - | 700,000 |
| | - | 1,200,000 | - | 1,200,000 |

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

26 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the "Statement of Movement in Unit Holders' fund."

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 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 24, the Fund endeavours 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.

27 UNIT HOLDING PATTERN OF THE FUND

| Category | June 30, 2023 | | | June 30, 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 | 1,359 | 4,184,064 | 21.11% | 343 | 872,449 | 7.80% |
| Insurance companies | 7 | 151,545 | 0.76% | 8 | 70,086 | 0.62% |
| NBFCs | 4 | 58,343 | 0.29% | 5 | 72,559 | 0.65% |
| Retirement funds | 49 | 2,370,205 | 11.96% | 36 | 952,375 | 8.51% |
| Public limited companies | 7 | 2,360,413 | 11.92% | 5 | 1,270,032 | 11.35% |
| Others | 103 | 10,695,129 | 53.96% | 78 | 7,954,794 | 71.07% |
| | 1,529 | 19,819,699 | 100.00% | 475 | 11,192,294 | 100.00% |

28 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

| ----- 2023 ----- | | ----- 2022 ----- | |
|---|-------------------------------|-----------------------------------|-------------------------------|
| Name of Brokers | Percentage of commission paid | Name of Brokers | Percentage of commission paid |
| Bright Capital (Private) Limited | 51.75% | Bright Capital (Private) Limited | 40.27% |
| Alfalsh CLSA Securities (Private) Limited | 19.52% | Invest One Markets Limited | 27.79% |
| Pearl Securities Limited | 15.59% | Magenta Capital (Private) Limited | 16.40% |
| Magenta Capital (Private) Limited | 4.98% | Arif Habib Securities Limited | 15.54% |
| Invest One Markets Limited | 3.39% | | |
| C&M Management (Private) Limited | 1.97% | | |
| Paramount Capital (Pvt) Limited | 1.72% | | |
| J.S. Global Capital Limited | 1.08% | | |

28.1 The Fund has traded with only the above mentioned eight and four brokers during the year ended June 30, 2023 and June 30, 2022 respectively.

29 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 |
| Asim Wahab Khan | Chief Investment Officer | CFA | 17 |
| Salman Ahmed (note 29.1) | Head of Fixed Income | CFA | 18 |
| Hassan Raza | Head of Research | ACCA / BSC / CFA | 12 |
| Usama Bin Razi | Senior Manager Fixed Income | BE, MBA | 19 |

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

- 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 Government Securities Savings 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

30 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 Directors | 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 30.1) | 2 | 2 | - | - |
| Ruhail Muhammad (note 30.2) | 3 | 3 | - | - |
| Dr. Amjad Waheed | 6 | 6 | - | - |

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

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

31 GENERAL

31.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise specified.

31.2 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 year.

32 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 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net assets (Rs. '000') | 19,819,699 | 11,192,294 | 13,292,072 | 8,243,147 |
| Net Income / (loss) (Rs. '000') | 2,915,284 | 1,105,534 | 869,643 | 228,167 |
| Net Asset Value per units (Rs.) | 10.0000 | 10.0000 | 10.0000 | 10.0000 |
| Offer price per unit | 10.1130 | 10.1130 | 10.1130 | 10.0565 |
| Redemption price per unit | 10.0000 | 10.0000 | 10.0000 | |
| Ex - Highest offer price per unit (Rs.) | 10.1130 | 10.11 | 10.1111 | 10.0565 |
| Ex - Lowest offer price per unit (Rs.) | 8.6588 | 9.23 | 9.4377 | 9.3548 |
| Ex - Highest redemption price per unit (Rs.) | 10.0000 | 10.00 | 9.9981 | 10.0000 |
| Ex - Lowest redemption price per unit (Rs.) | 8.5620 | 9.12 | 9.3847 | 9.3023 |
| Opening Nav of Fiscal Year | 8.5586 | 9.12 | 9.3828 | 9.3023 |
| Total return of the fund | 16.86% | 9.61% | 6.55% | 7.50% |
| Capital growth | 1.29% | 0.43% | 0.20% | 0.27% |
| Income distribution as a % of e x nav | 15.57% | 9.18% | 6.35% | 7.23% |
| Income distribution as a % of par value | 15.57% | 9.18% | 6.35% | 7.23% |
| Interim distribution per unit | 1.5568 | 0.9181 | 0.6351 | 0.7234 |
| Final distribution per unit | | | | - |
| Distribution dates | | | | |
| Interim | Daily | Daily | Daily | Daily |
| Final | | | | |
| Average annual return (launch date 01-11-19) (Since inception to June 30, 2023) | 11.03% | 8.92% | 8.51% | 11.31% |
| Portfolio Composition (Please see Fund Manager Report) | | | | |
| Weighted average portfolio duration | 15 Days | 6 Days | 11 Days | |
| "Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up." | | | | |

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds