

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP ISLAMIC MAHANA AMDANI FUND

ANNUAL REPORT
2023

AM1
Rated by PACRA

MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource & Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Al Baraka Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

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



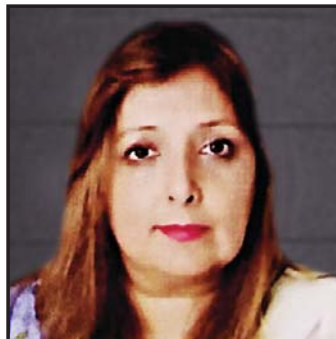
Mr. Tauqeer Mazhar
Director



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 5th Annual Report of **NBP Islamic Mahana Amdani Fund (NIMAF)** for the year ended June 30, 2023.

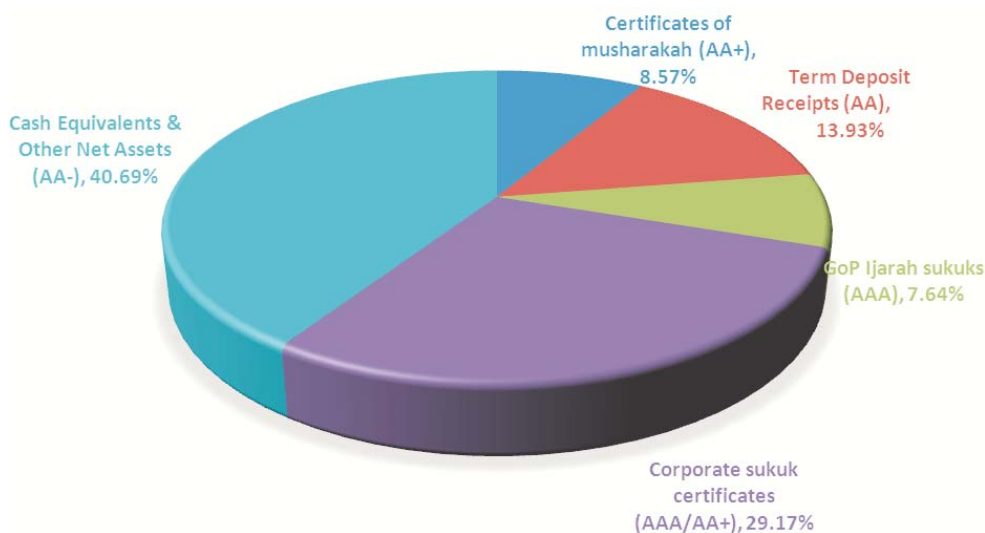
Fund's Performance

The cumulative trading in corporate sukuk for FY23 was recorded at Rs. 6.1 billion (around 53% up compared to Rs. 4 billion in FY22). However, fresh issuance of shariah compliant short-term corporate sukuk helped the undersupplied market for long-term shariah compliant debt securities. 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.

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

The size of NBP Islamic Mahana Amdani Fund has decreased from Rs. 10,365 million to Rs. 8,616 million during the period (a decrease of 17%). During the period, the unit price of the Fund has increased from Rs. 8.7392 (Ex-Div) on June 30, 2022 to Rs. 10.1057 on June 30, 2023, thus showing a return of 15.64% as compared to the benchmark return of 6.05% for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 1,610.010 million during the year. After deducting total expenses of Rs. 161.181 million, the net income is Rs. 1,448.829 million. The asset allocation of NIMAF as on June 30, 2023 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 15.11% of the opening ex-NAV (15.20% 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, has completed their five years tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(2)(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the replacement would be required. The Board has approved the appointment of Messrs Yousuf Adil Chartered Accountants, offer for 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 29 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 26 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. For the year ended June 30, 2023, the Board included:

Category	Names
Independent Directors	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 NBP اسلامک ماہانہ آمدنی فنڈ (NIMAF) کی پانچویں سالانہ رپورٹ برائے اختتامہ سال 30 جون 2023 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

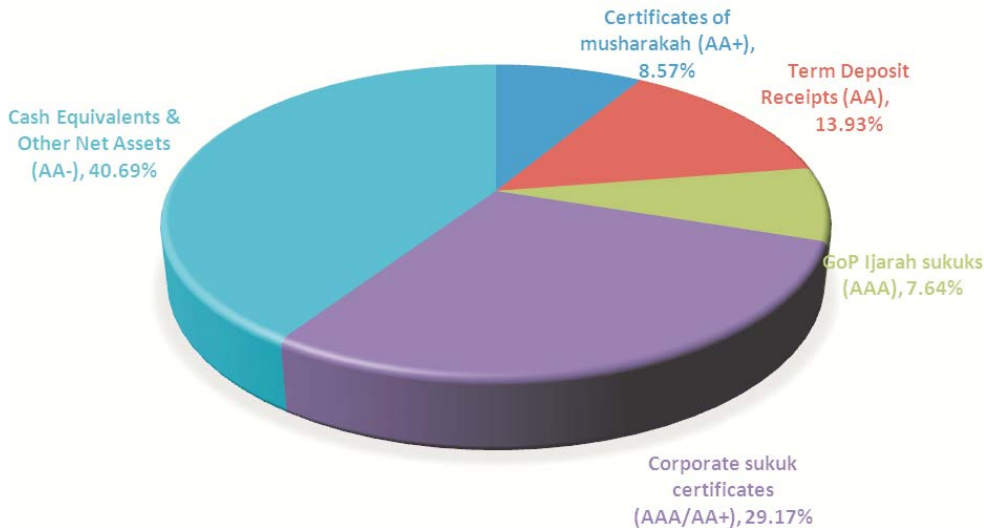
فنڈ کی کارکردگی

مالی سال 23 کے لیے کارپوریٹ سکوک میں مجموعی تجارت 6.1 بلین روپے (مالی سال 22 میں 4 بلین روپے کے مقابلے میں تقریباً 53 فیصد زیادہ) ریکارڈ کی گئی۔ تاہم، شریعت کے مطابق قلیل مدتی کارپوریٹ سکوک کے نئے اجراء سے طویل مدتی شرعی مطابقت پذیر ڈیٹ سیکورٹیز کے لیے زیر سپلائی مارکیٹ کو کچھ حد تک مدہلی۔ مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 19 اجلاس منعقد ہوئے اور ملکی غیر یقینی صورتحال اور بیرونی اکاؤنٹ پر مسلسل دباؤ کی وجہ سے افراط زر کے دباؤ کو روکنے، قیمتوں میں استحکام حاصل کرنے، اقتصادی استحکام کو یقینی بنانے، اور کرنسی کے دباؤ کو کم کرنے کے لیے پالیسی شرح کو 825 بیس پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے انفلوینز اور کم زور 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۔

NIMAF شریعت کے مطابق انکم فنڈ کے طور پر درجہ بندی کیا جاتا ہے اور اسے PACRA کی طرف سے 'A+(f)' کی اسٹیبلٹی ریٹنگ دی گئی ہے۔ فنڈ کا مقصد شرعی مطابقت پذیر یعنی مارکیٹ اور ڈیٹ ایویوز میں سرمایہ کاری کر کے سرمایہ کاروں کو ماہانہ آمدنی فراہم کرنا ہے۔ کم از کم اہل درجہ بندی-A، جبکہ فنڈ اسلامی بینکوں، اسلامی شاخوں اور بائیں بینکوں کی ونڈو آسان فراہمی کرنے کے ساتھ سرمایہ کاری کرنے کی اجازت دی جاتی ہے۔ فنڈ شریعت کے مطابق Money Market Instruments اور Debt Securities میں سرمایہ کاری کرنے کی اجازت دیتا ہے جو-A یا اس سے بہتر ہو۔ فنڈ ایکویٹیز میں سرمایہ کاری کرنے کا اختیار نہیں رکھتا۔ فنڈ کی اوسط میچورٹی گورنمنٹ سیکورٹیز کے علاوہ 4 سال سے زائد نہیں ہے۔

موجودہ مدت کے دوران NBP اسلامک ماہانہ آمدنی فنڈ کا سائز 10,365 بلین روپے سے کم ہو کر 8,616 بلین روپے ہو گیا ہے یعنی 17% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے پونٹ کی قیمت 30 جون 2022 کو 8.7392 (Ex-Div) روپے سے بڑھ کر 10.1057 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 6.05% کے مقابلے میں 15.64% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ سال کے دوران 1,610,010 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 161.181 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1,448,829 ملین روپے ہے۔ 30 جون 2023 کو این پی اسلامک ماہانہ آمدنی فنڈ کی ایسٹ ایلویشن حسب ذیل ہے:



آمدنی کی تقسیم

ہینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 15.11% (بنیادی قدر کا 15.20%) عبوری نقد ڈیویڈنڈ منظور کیا ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین اور جمع شدہ نقصانات منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر آنکم 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 کمپنی، چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹرز کی حیثیت سے اپنی پانچ سالہ مدت پوری کر لی ہے۔ غیر بینکنگ مالیاتی کمپنیز اور مطلع شدہ اداروں کے ریگولیشنز، 2008 کے ریگولیشن 38(2)(h) کی ضرورت کے مطابق، متبادل کی ضرورت ہوگی۔ بورڈ نے میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دے دی، 30 جون 2024 کو ختم ہونے والے سال کے لیے تقرری کی پیشکش کی ہے۔

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

1. ہینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کمپنی فلواور 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۔ شمار بابتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، 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 ہینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 29 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیرن مالیاتی گوشواروں کے نوٹ 26 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 20 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔



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

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ 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 Mahana Amdani 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 Mahana Amdani Fund

NBP Islamic Mahana Amdani Fund (NIMAF) is an Open-End Shariah Compliant Income Fund.

Investment Objective of the Fund

To provide monthly income to investors by investing in Shariah Compliant money market and debt avenues.

Benchmark

6-month average deposit rates of three A rated Islamic Banks / Islamic windows of conventional banks as selected by MUFAP.

Fund Performance Review

This is the 5th Annual report since the launch of the Fund on October 06, 2018. The Fund size decreased by 17% during the year and stands at Rs. 8.6 billion as of June 30, 2023. Since its inception, the Fund has earned an annualized return of 10.4% versus the benchmark return of 4.7%, thus registering an outperformance of 5.7% p.a. During FY23, the Fund posted a return of 15.6% as compared to the benchmark return of 6.0%; translating into an outperformance of 9.6% p.a. This outperformance is net of management fee and all other expenses.

NIMAF aims to provide monthly income to investors by investing in Shariah Compliant money market and debt avenues. Minimum eligible rating is A-, while the Fund is allowed to invest with Islamic Banks, Islamic branches/windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The cumulative trading in corporate sukuks for FY23 was recorded at Rs. 6.1 billion (around 53% up compared to Rs. 4 billion in FY22). However, fresh issuance of shariah compliant short-term corporate sukuks helped the undersupplied market for long-term shariah compliant debt securities. 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
Islamic Commercial Papers	-	3.36%
Corporate Sukuk certificates	29.17%	37.27%
GOP Ijarah Sukuks	7.64%	8.55%
Term Deposit Receipts	13.93%	-
Certificate of Musharakah	8.57%	10.98%
Cash Equivalents & Other Assets	40.69%	39.84%
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
June - 23	15.20%	11.5800	10.0598

Unit Holding Pattern of NBP Islamic Mahana Amdani Fund as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	1,149
1-1000	6,944
1001-5000	1,579
5001-10000	567
10001-50000	2,045
50001-100000	988
100001-500000	1,413
500001-1000000	186
1000001-5000000	89
5000001-10000000	7
10000001-100000000	5
Total	14,972

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 Mahana Amdani Fund does not have any soft commission arrangement with anybroker in the industry.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Mahana Amdani 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 SHARI'AH SUPERVISORY BOARD

September 27, 2023/ Rabiul Awwal 10, 1445

Alhamdulillah, the period from July 01, 2022 to June 30, 2023 marks the Fifth year of the operations of NBP Islamic Mahana Amdani Fund (the "NIMAF" 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 AUDITOR'S REPORT

To the Unit holders of NBP Islamic Mahana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Mahana Amdani 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. 3,439.569 million and Rs. 5,110.561 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 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: AR2023100617GD3ERigN

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

	Note	2023	2022
-----Rupees in '000-----			
ASSETS			
Bank balances	4	3,439,569	5,027,270
Investments	5	5,110,561	6,236,068
Profit receivable	6	203,525	200,751
Deposits, prepayments and other receivables	7	3,023	3,008
Receivable against transfer of units		88,702	17,245
Preliminary expenses and floatation costs	8	53	254
Total assets		8,845,433	11,484,596
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	34,312	40,558
Payable to the Central Depository Company of Pakistan Limited - the Trustee	10	641	800
Payable to the Securities and Exchange Commission of Pakistan	11	2,010	2,577
Payable against redemption of units		10,568	28,963
Payable against purchase of investments		-	901,429
Accrued expenses and other liabilities	12	181,648	145,293
Total liabilities		229,179	1,119,620
NET ASSETS		8,616,254	10,364,976
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		8,616,254	10,364,976
CONTINGENCIES AND COMMITMENTS			
	13		
----- Number of units -----			
NUMBER OF UNITS IN ISSUE	14	852,614,679	1,030,332,335
-----Rupees-----			
NET ASSET VALUE PER UNIT	15	10.1057	10.0598

The annexed notes from 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

	Note	2023	2022
		----- Rupees in '000 -----	
Income			
Profit on bank balances		777,576	500,952
Income on term deposit receipts		45,464	22,394
Income on corporate sukuk certificates and government securities		622,001	453,285
Income on Islamic commercial papers		3,977	105,221
Income on bai muajjal receivable		-	11,108
Income on certificates of musharakah		182,439	107,741
Gain / (loss) on sale of investments - net		1,487	(7,899)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.6	(22,934)	4,462
Total income		<u>1,610,010</u>	<u>1,197,264</u>
Expenses			
Remuneration of NBP Fund Management Limited - the Management Company	9.1	23,092	26,539
Sindh sales tax on remuneration of the Management Company	9.2	3,002	3,450
Reimbursement of allocated expenses	9.3	13,250	16,104
Reimbursement of selling and marketing expenses	9.4	106,714	112,648
Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	10.1	7,539	9,662
Sindh sales tax on remuneration of the Trustee	10.2	980	1,256
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	2,010	2,577
Amortisation of preliminary expenses and floatation costs	8	201	201
Settlement and bank charges		859	619
Auditors' remuneration	16	770	688
Annual rating fee		235	214
Shariah advisory fee		1,556	1,873
Listing fee		28	27
Printing charges		222	93
Legal and professional charges		723	379
Total operating expenses		<u>161,181</u>	<u>176,330</u>
Net income from operating activities		<u>1,448,829</u>	<u>1,020,934</u>
Reversal of Sindh Workers' Welfare Fund		-	66,853
Net income for the year before taxation		<u>1,448,829</u>	<u>1,087,787</u>
Taxation	18	-	-
Net income for the year after taxation		<u>1,448,829</u>	<u>1,087,787</u>
Earnings per unit	19		
Allocation of net income for the year			
Net income for the year after taxation		1,448,829	1,087,787
Income already paid on units redeemed		(627,792)	(458,040)
		<u>821,037</u>	<u>629,747</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		821,037	629,747
		<u>821,037</u>	<u>629,747</u>

The annexed notes from 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	1,448,829	1,087,787
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,448,829</u>	<u>1,087,787</u>

The annexed notes from 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 MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2023

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	10,286,249	78,727	10,364,976	15,016,569	68,237	15,084,806
Issuance of 1,169,088,723 units (2022: 1,340,538,100 units)						
- Capital value (at ex-net asset value per unit)	11,760,799	-	11,760,799	13,471,470	-	13,471,470
- Element of income	949,996	-	949,996	540,496	-	540,496
Total proceeds on issuance of units	12,710,795	-	12,710,795	14,011,966	-	14,011,966
Redemption of 1,346,806,379 units (2022: 1,811,292,485 units)						
- Capital value (at ex-net asset value per unit)	(13,548,602)	-	(13,548,602)	(18,202,222)	-	(18,202,222)
- Element of loss	(629,242)	(627,792)	(1,257,034)	(332,380)	(458,040)	(790,420)
Total payments on redemption of units	(14,177,844)	(627,792)	(14,805,636)	(18,534,602)	(458,040)	(18,992,642)
Total comprehensive income for the year	-	1,448,829	1,448,829	-	1,087,787	1,087,787
Distribution for the year ended June 30, 2023 @ Rs. 1.5202 per unit declared on June 23, 2023	(319,492)	(783,218)	(1,102,710)	-	-	-
Distribution for the year ended June 30, 2022 @ Re. 0.8843 per unit declared on June 28, 2022	-	-	-	(207,684)	(619,257)	(826,941)
	(319,492)	(783,218)	(1,102,710)	(207,684)	(619,257)	(826,941)
Net assets at the end of the year	8,499,708	116,546	8,616,254	10,286,249	78,727	10,364,976
Undistributed income brought forward						
- Realised income		74,265			55,951	
- Unrealised income		4,462			12,286	
		<u>78,727</u>			<u>68,237</u>	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		821,037			629,747	
		<u>821,037</u>			<u>629,747</u>	
Total distribution during the year		(783,218)			(619,257)	
Undistributed income carried forward		<u>116,546</u>			<u>78,727</u>	
Undistributed income carried forward						
- Realised income		139,480			74,265	
- Unrealised (loss) / income		(22,934)			4,462	
		<u>116,546</u>			<u>78,727</u>	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			<u>10.0598</u>			<u>10.0493</u>
Net assets value per unit at the end of the year			<u>10.1057</u>			<u>10.0598</u>

The annexed notes from 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 profit for the year before taxation		1,448,829	1,087,787
Adjustments for:			
Profit on bank balances		(777,576)	(500,952)
Income on term deposit receipts		(45,464)	(22,394)
Income on corporate sukuk certificates and government securities		(622,001)	(453,285)
Income on Islamic commercial papers		(3,977)	(105,221)
Income on bai muajjal receivable		-	(11,108)
Income on certificates of musharakah		(182,439)	(107,741)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.6	22,934	(4,462)
Reversal of Sindh Workers' Welfare Fund		-	(66,853)
Amortisation of preliminary expenses and floatation costs	8	201	201
		(1,608,322)	(1,271,815)
Decrease / (increase) in assets			
Investments		1,001,461	360,150
Deposits, prepayments and other receivables		(15)	(14)
		1,001,446	360,136
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - the Management Company		(6,246)	(4,120)
Payable to the Central Depository Company of Pakistan Limited - the Trustee		(159)	(388)
Payable to the Securities and Exchange Commission of Pakistan		(567)	(1,137)
Accrued expenses and other liabilities		36,355	12,989
		29,383	7,344
Profit received on bank balances, corporate sukuk certificates, term deposit receipts, government securities, bai muajjal receivable, islamic commercial papers and certificates of musharakah		1,628,683	1,127,104
Net cash generated from operating activities		<u>2,500,019</u>	<u>1,310,556</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units - net of refund of element		12,319,846	13,892,417
Net payments against redemption of units		(14,824,031)	(18,986,569)
Distribution paid		(783,218)	(619,257)
Net cash (used in) financing activities		<u>(3,287,403)</u>	<u>(5,713,409)</u>
Net decrease in cash and cash equivalents		<u>(787,384)</u>	<u>(4,402,853)</u>
Cash and cash equivalents at the beginning of the year		6,165,310	10,568,163
Cash and cash equivalents at the end of the year	21	<u><u>5,377,926</u></u>	<u><u>6,165,310</u></u>

The annexed notes from 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 Mahana Amdani Fund (the Fund) is an open end mutual fund constituted under a Trust Deed entered into on August 09, 2018 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 07, 2018.
- 1.2 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 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 through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (the 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 Mutual Funds Association of Pakistan (MUFAP).
- 1.4 The Fund has been categorised as an open ended 'Shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from October 07, 2018 and are transferable and redeemable by surrendering them to the Fund.
- 1.5 The objective of the Fund is to earn a reasonable rate of return along with a high degree of liquidity by investing in Shariah compliant money market and debt securities.
- 1.6 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 on June 22, 2023 (2022: AM1 on June 22, 2022). 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 A+(f) on April 14, 2023 (2022: A+(f) on April 19, 2022).
- 1.7 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 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 Pakistan Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

3.2 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.

3.3 Financial assets

3.3.1 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.

3.3.2 Classification and subsequent measurement

3.3.2.1 Debt instruments

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

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- 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. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

3.3.3 Subsequent measurement

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

Financial assets 'at fair value through profit or loss'

Basis of valuation of Government securities

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

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 200 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.

3.3.4 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.

3.3.5 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 is based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses 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 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 replaced on the Management Company's website as required by the SECP's Circular.

3.3.6 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.

3.3.7 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.

3.4 Financial liabilities

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

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

3.5 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.

3.6 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.

3.7 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.

3.8 Issue and redemption of units

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

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

3.9 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 also includes portion of income already paid on units redeemed during the year.

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

3.10 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 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 will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.11 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 year in which these arise.
- Profit on bank balances, term deposit receipts and certificates of musharakah is recognised on an accrual basis.
- Income from investments in corporate sukuk certificates, government securities, bai muajjal and Islamic commercial papers is recognised on an accrual basis using effective profit rate method.

3.12 Expenses

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

3.13 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 its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

3.14 Earnings / (loss) 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 19.

3.15 Foreign currency translation

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

3.16 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.

	Note	2023	2022
----- (Rupees in '000) -----			
4 BANK BALANCES			
Balances with banks in:			
Savings accounts	4.1	3,396,747	4,981,707
Current accounts		42,822	45,563
		<u>3,439,569</u>	<u>5,027,270</u>

4.1 These include a balance of Rs 0.733 million (2022: Rs 8.970 million) with National Bank of Pakistan (a related party) that carries profit at the rate of 18.4% (2022: 12.25%) per annum. Other savings accounts of the Fund carry profit at rates ranging from 10.00% to 20.50% (2022: 6.50% to 16.00%) per annum.

	Note	2023	2022
----- (Rupees in '000) -----			
5 INVESTMENTS			
At fair value through profit or loss			
Government securities	5.1	658,515	886,293
Corporate sukuk certificates	5.2	2,513,689	3,863,190
Islamic commercial papers	5.3	-	348,545
Term deposit receipts	5.4	1,200,000	-
Certificates of musharakah	5.5	738,357	1,138,040
		<u>5,110,561</u>	<u>6,236,068</u>

5.1 Government securities

Name of security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised (diminution) / appreciation	Percentage in relation to	
				----- Number of certificates -----			----- (Rupees in '000) -----			----- % -----		
GoP Ijarah Sukuks - XX	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	2,435	-	2,435	-	-	-	-	-	-
GoP Ijarah Sukuks - XXI	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	6,500	-	497	6,003	600,480	596,448	(4,032)	11.68%	6.92%
GoP Ijarah Sukuks - FRR 20	Semi-annually	April 17, 2024	21.25%	-	620	-	620	62,000	62,067	67	1.21%	0.72%
Total as at June 30, 2023								<u>662,480</u>	<u>658,515</u>	<u>(3,965)</u>	<u>12.89%</u>	<u>7.64%</u>
Total as at June 30, 2022								<u>886,232</u>	<u>886,293</u>	<u>61</u>	<u>14.21%</u>	<u>8.55%</u>

5.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

5.2 Corporate sukuk certificates

Name of security	Rating	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 (diminution) / appreciation	Percentage in relation to		
												total market value of investments	net assets of the Fund	
					----- Number of certificates -----			----- (Rupees in '000) -----			----- % -----			
COMMERCIAL BANKS														
Meezan Bank Limited Sukuk IV (traded) (Face value of Rs 1,000,000 per certificate)	AAA, VIS	Semi- annually	December 16, 2031	6 months KIBOR plus base rate of 0.35%	170	-	-	170	175,950	168,300	(7,650)	3.29%	1.95%	
POWER GENERATION AND DISTRIBUTION														
Hub Power Holdings Limited Sukuk (non-traded) (Face value of Rs 100,000 per certificate) [Note 5.2.1]	AA+, PACRA	Semi- annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	5,700	-	750	4,950	495,000	508,019	13,019	9.94%	5.90%	
K-Electric short-term sukuk - 1 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi- annually	August 04, 2022	6 months KIBOR plus base rate of 0.85%	225	-	225	-	-	-	-	-	-	
K-Electric short-term sukuk - 2 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi- annually	August 15, 2022	6 months KIBOR plus base rate of 0.85%	200	-	200	-	-	-	-	-	-	
K-Electric short-term sukuk - 6 (non-traded) (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi- annually	October 27, 2022	6 months KIBOR plus base rate of 0.70%	460	640	1,100	-	-	-	-	-	-	
The Hub Power Company Limited Sukuk - (non-traded) (Face value of Rs 50,000 per certificate)	AA+, PACRA	Semi- annually	March 19, 2024	1 year KIBOR plus base rate of 1.90%	6,500	-	-	6,500	340,802	326,625	(14,177)	6.39%	3.79%	
K-Electric short-term sukuk - 9 (non-traded) (Face value of Rs 1,000,000 per certificate)	A-1+, VIS	Semi- annually	March 21, 2023	6 months KIBOR plus base rate of 1.40%	-	360	360	-	-	-	-	-	-	
Pakistan Energy Sukuk-II - (traded) (Face value of Rs 5,000 per certificate)	Unrated	Semi-annually / At maturity	May 21, 2030	6 months KIBOR plus minus rate of 0.10%	230,000	-	-	230,000	1,158,050	1,150,230	(7,820)	22.51%	13.35%	
K-Electric Limited - Sukuk - (traded) (Face value of Rs 4,250 per certificate)	AA+, VIS	Quarterly	August 03, 2027	3 months KIBOR plus base rate of 1.7%	83,300	-	-	83,300	362,856	360,515	(2,341)	7.05%	4.18%	
Total as at June 30, 2023									<u>2,532,658</u>	<u>2,513,689</u>	<u>(18,969)</u>	<u>49.18%</u>	<u>29.17%</u>	
Total as at June 30, 2022									<u>3,858,789</u>	<u>3,863,190</u>	<u>4,401</u>	<u>61.96%</u>	<u>37.27%</u>	

5.3 Islamic commercial papers

Name of investee company	Rating	Maturity date	As at July 1, 2022	Purchased during the year	Matured during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution)	Percentage in relation to			
										total market value of investments	net assets of the Fund		
										----- (Rupees in '000) -----		----- % -----	
POWER GENERATION AND DISTRIBUTION													
Lucky Electric Power Company Limited ICP - 2	AA-, PACRA	July 12, 2022	200,000	-	200,000	-	-	-	-	-	-	-	-
ENGINEERING													
Mughal Iron & Steel Industries Limited ICP - 1	A-, VIS	July 21, 2022	150,000	-	150,000	-	-	-	-	-	-	-	-
Total as at June 30, 2023													
Total as at June 30, 2022										<u>348,545</u>	<u>348,545</u>	<u>-</u>	<u>5.59%</u>
													<u>3.37%</u>

5.4 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	Matured during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution)	Percentage in relation to	
											total market value of investments	net assets of the Fund
(Rupees in '000)											%	
COMMERCIAL BANKS												
Faysal Bank Limited	AA, VIS	July 17, 2023	20.40%	-	1,200,000	-	1,200,000	1,200,000	1,200,000	-	23.48%	13.93%
Faysal Bank Limited	AA, VIS	May 15, 2023	20.00%	-	1,000,000	1,000,000	-	-	-	-	-	-
Faysal Bank Limited	AA, VIS	June 15, 2023	20.25%	-	1,000,000	1,000,000	-	-	-	-	-	-
Total as at June 30, 2023								1,200,000	1,200,000	-	23.48%	13.93%
Total as at June 30, 2022								-	-	-	-	-

5.5 Certificates of musharakah

Name of investee company	Maturity date	Rating	Profit rate	As at July 1, 2022	Placed during the year	Matured during the year	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution)	Percentage in relation to		
										total market value of investments	net assets of the Fund	
(Rupees in '000)											%	
MODARABA												
First Habib Modaraba	AA+, PACRA	July 26, 2022	13.40%	534,726	-	534,726	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	July 28, 2022	13.40%	603,314	-	603,314	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	October 26, 2022	15.75%	-	554,083	554,083	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	October 28, 2022	15.75%	-	625,234	625,234	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	December 20, 2022	15.75%	-	100,000	100,000	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	January 26, 2023	15.75%	-	576,079	576,079	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	January 30, 2023	15.75%	-	650,055	650,055	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	March 20, 2023	20.00%	-	100,000	100,000	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	April 26, 2023	21.00%	-	599,833	599,833	-	-	-	-	-	-
OLP Modaraba	AA, PACRA	May 22, 2023	18.87%	-	100,000	100,000	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	June 20, 2023	21.00%	-	104,372	104,372	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	July 26, 2023	22.25%	-	628,503	-	628,503	628,503	-	12.30%	7.29%	
First Habib Modaraba	AA+, PACRA	September 20, 2023	22.25%	-	109,854	-	109,854	109,854	-	2.15%	1.27%	
Total as at June 30, 2023				1,138,040	4,148,012	4,547,696	738,357	738,357	-	14.45%	8.56%	
Total as at June 30, 2022							1,138,040	1,138,040	-	18.25%	10.98%	

5.6 Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'

Note

2023

2022

(Rupees in '000)

Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	5,110,561	6,236,068
Carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	(5,133,495)	(6,231,606)
		(22,934)	4,462

6 PROFIT RECEIVABLE

Profit receivable on:

Bank balances	70,356	59,148
Corporate sukuk certificates	83,597	97,615
Government securities	14,152	15,197
Certificates of musharakah	24,689	28,791
Term deposit receipts	10,731	-
	203,525	200,751

7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	7.1	2,787	2,787
Prepaid mutual fund rating fee		133	118
Security deposit with the Central Depository Company of Pakistan Limited*		103	103
		3,023	3,008

* 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 debt securities paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the 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 withholder. The taxes withheld on profit on bank balances and debt securities as at June 30, 2023 amount to Rs. 2.787 million (2022: Rs. 2.787 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 (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit on bank balances and debt securities have been shown as other receivables as at June 30, 2023 as, in the opinion of the management, the amount of tax deducted at source will likely be refunded.

8	Note	2023	2022
----- (Rupees in '000) -----			
At the beginning of the year		254	455
Less: amortisation during the year	8.1	(201)	(201)
At the end of the year		<u>53</u>	<u>254</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. 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	Note	2023	2022
----- (Rupees in '000) -----			
PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY			
Remuneration payable to the Management Company	9.1	2,267	1,906
Sindh sales tax payable on remuneration of the Management Company	9.2	295	248
Reimbursement of allocated expenses payable	9.3	3,461	3,635
Reimbursement of selling and marketing expenses payable	9.4	25,152	29,299
Sales load payable to management company		1,085	3,224
Sindh sales tax payable on sales load		141	430
Transfer load payable		-	18
ADC charges payable including Sindh sales tax		1,831	1,718
Other payable to the Management Company		80	80
		<u>34,312</u>	<u>40,558</u>

- 9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at 1.5% (2022: 1.5%) of net income of the Fund subject to floor and capping of 0.2% (2022: 0.2%) and 1.5% (2022: 1.5%) per annum of average annual net assets respectively. The remuneration is payable to the Management Company monthly in arrears.

- 9.2 During the year, an amount of Rs 3.002 million (2022: Rs 3.450 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2022: 13%).

- 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 Collective Investment Scheme (CIS).

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

2023		2022
Rate applicable from July 1, 2022 to March 15, 2023	Rate applicable from March 16, 2023 to June 30, 2023	Rate applicable from July 1, 2021 to June 30, 2022
0.125% of average annual net assets	0.15% of average annual net assets	0.125% 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 of the average annual net assets of the Fund during the year:

Rate applicable from July 1, 2022 to March 9, 2023	Rate applicable from March 10, 2023 to June 30, 2023	Rate applicable from July 1, 2021 to August 15, 2021	Rate applicable from August 16, 2021 to November 11, 2021	Rate applicable from November 12, 2021 to March 06, 2022	Rate applicable from March 07, 2022 to May 08, 2022	Rate applicable from May 09, 2022 to June 30, 2022
1.05% of average annual net assets	1.09% of average annual net assets	0.7% of average annual net assets	0.8% of average annual net assets	0.9% of average annual net assets	0.95% of average annual net assets	1.05% of average annual net assets

10	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
	Trustee fee payable	10.1	567	708
	Sindh sales tax payable on trustee fee	10.2	74	92
			641	800
10.1	The Trustee is entitled to monthly remuneration of 0.075% (2022: 0.075%) per annum of net assets for services rendered to the Fund under the provisions of the Trust Deed.			
10.2	During the year, an amount of Rs 0.980 million (2022: Rs 1.256 million) was charged on account of Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2022: 13%).			
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
	Annual fee payable	11.1	2,010	2,577
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.			
12	ACCRUED EXPENSES AND OTHER LIABILITIES		2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
	Auditors' remuneration		534	456
	Legal fees payable		8	194
	Settlement and bank charges payable		412	115
	Brokerage payable		-	31
	Printing charges payable		163	66
	Shariah advisory fee payable		1,538	1,883
	Withholding tax payable		171,829	137,298
	Other payable		7,164	5,250
			181,648	145,293

13 CONTINGENCIES AND COMMITMENTS

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

	2023	2022
	-----Number of units-----	
14 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	1,030,332,335	1,501,086,720
Units issued during the year	1,169,088,723	1,340,538,100
Less: units redeemed during the year	<u>(1,346,806,379)</u>	<u>(1,811,292,485)</u>
Total units in issue at the end of the year	<u><u>852,614,679</u></u>	<u><u>1,030,332,335</u></u>

15 NET ASSET VALUE PER UNIT

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

	2023	2022
	----- (Rupees in '000) -----	
16 AUDITORS' REMUNERATION		
Annual audit fee	363	380
Half yearly review	154	150
Other certification	100	88
Out of pocket and Sindh sales tax expenses	<u>153</u>	<u>70</u>
	<u><u>770</u></u>	<u><u>688</u></u>

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 1.6% (2022: 1.37%) which includes 0.06% (2022: 0.06%) representing government levies on the Fund such as sales taxes and annual fee to the SECP. The TER excluding government levies is 1.54% (2022: 1.31%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as Shariah compliant income scheme.

18 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.

19 EARNINGS PER UNIT

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

20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 20.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) 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.
- 20.2** Transactions with connected persons / related parties 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. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, Trust deed and the NBFC Regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.
- 20.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 20.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 20.5** Allocated expenses and selling and marketing expenses are reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.
- 20.6** Details of the transactions with related parties / connected persons during the year are as follows:

	2023	2022
	----- (Rupees in '000) -----	
NBP Fund Management Limited - the Management Company		
Remuneration of NBP Fund Management Limited - the Management Company	23,092	26,539
Sindh sales tax on remuneration of the Management Company	3,002	3,450
Reimbursement of allocated expenses	13,250	16,104
Reimbursement of selling and marketing expenses	106,714	112,648
Amortisation of preliminary expenses and floatation costs	201	201
Sales and transfer load including Sindh sales tax	19,572	26,035
ADC charges including Sindh sales tax	3,265	2,642
K-Electric Limited - common directorship***		
Purchase of corporate sukuks certificates	1,044,065	-
Sale of corporate sukuks certificates	684,129	-
Income on corporate sukuks certificates	133,508	-
Employees of the Management Company		
Dividend re-invested: 301,251 (2022: 195,103) units	3,032	1,961
Units issued / transferred in: 17,704,771 (2022: 20,640,923) units	190,734	214,343
Units redeemed / transferred out: 18,057,678 (2022: 21,236,232) units	197,885	222,667
Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary		
Dividend re-invested: 67 (2022: 69) units*	-	-
Units issued / transferred in: Nil (2022: 109,059) units	-	1,136
Units redeemed / transferred out: 1,160 (2022: 208,668) units	12	2,176
Imran Zaffar - Director		
Dividend re-invested: 291 (2022: 158) units	3	2

	2023	2022
	----- (Rupees in '000) -----	
Fauji Fertilizer Company Limited - common directorship		
Dividend re-invested: Nil (2022: 1) unit*	-	-
Units redeemed / transferred out: 18 (2022: Nil) units*	-	-
Portfolio managed by the Management Company		
Dividend re-invested: 83 (2022: 90) units	1	-
Units issued / transferred in: Nil (2022: 1,294) units	-	13
Units redeemed / transferred out: 442,162 (2022: 19,593,644) units	4,756	205,115
Purchase of sukuks - GoP Ijarah sukuks	51,290	-
Dr Amjad Waheed - Chief Executive Officer		
Dividend re-invested: Nil (2022: 42) units*	-	-
Units redeemed / transferred out: 591 (2022: Nil) units	6	-
Khalid Mehmood - Chief Financial Officer		
Dividend re-invested: 3 (2022: Nil) units*	-	-
Units issued / transferred in: 29 (2022: 274,470) units*	-	2,800
Units redeemed / transferred out: Nil (2022: 274,470) units	-	2,842
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Trustee	7,539	9,662
Sindh sales tax on remuneration of the Trustee	980	1,256
Settlement charges	210	42
BankIslami Pakistan Limited - common directorship**		
Profit on bank balances	-	8,549
Income from term deposit receipts	-	14,530
Placement of term deposit receipts	-	1,703,062
Term deposit receipts matured during the year	-	2,403,062
Sale of GoP Ijarah sukuks	-	262,095
National Bank of Pakistan - Parent company		
Profit on bank balances	450	121
NBP Income Opportunity Fund		
Purchase of sukuk certificates	-	88,362
20.7 Amounts / balances outstanding as at year end:		
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	2,267	1,906
Sindh sales tax payable on remuneration of the Management Company	295	248
Sales load payable to management company	1,085	3,224
Transfer load payable	-	18
ADC charges payable including Sindh sales tax	1,831	1,718
Other payable to the Management Company	80	80
Sindh sales tax payable on sales load	141	430
Reimbursement of allocated expenses payable	3,461	3,635
Reimbursement of selling and marketing expenses payable	25,152	29,299
K-Electric Limited - common directorship***		
Corporate sukuks certificates	360,515	-
Accrued profit on corporate sukuks certificates	13,591	-
Employees of the Management Company		
Units held: 5,729,561 (2022: 5,524,230) units	57,901	55,573

	2023	2022
	----- (Rupees in '000) -----	
Muhammad Murtaza Ali - Chief Operating Officer and Company Secretary		
Units held: 583 (2022: 1,676) units	6	17
Imran Zaffar - Director		
Units held: 2,561 (2022: 2,270) units	26	23
Portfolio managed by the Management Company		
Units held: 730 (2022: 1,384) units	7	14
Dr Amjad Waheed - Chief Executive Officer		
Units held: Nil (2022: 591) units	-	6
Fauji Fertilizer Company Limited - common directorship		
Units held: Nil (2022: 18) units*	-	-
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable to the Trustee	567	708
Sindh sales tax on remuneration of the Trustee	74	92
Security deposit	103	103
Settlement charges	164	16
BankIslami Pakistan Limited - common directorship**		
Bank balances	-	28,090
Profit receivable on bank balances	-	209
National Bank of Pakistan - Parent company		
Bank balances	7,330	8,970
Profit receivable on bank balances	89	13
Khalid Mehmood - Chief Financial Officer		
Units held: 32 (2022: Nil) units*	-	-

*Nil due to rounding off

** Current year figures have not been presented as the person is not a related party / connected person as at June 30, 2023.

*** Previous year figures have not been presented as the person was not a related party / connected person as at June 30, 2022.

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

	Note	2023	2022
		----- (Rupees in '000) -----	
21 CASH AND CASH EQUIVALENTS			
Bank balances	4	3,439,569	5,027,270
Term deposit receipts	5.4	1,200,000	-
Certificates of musharakah	5.5	738,357	1,138,040
		5,377,926	6,165,310

22 FINANCIAL INSTRUMENTS BY CATEGORY

2023		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Financial assets		
Bank balances	-	3,439,569
Investments	5,110,561	-
Profit receivable	-	203,525
Deposits	-	103
Receivable against transfer of units	-	88,702
	<u>5,110,561</u>	<u>3,731,899</u>
Financial liabilities		
Payable to NBP Fund Management Limited - the Management Company	-	34,312
Payable to the Central Depository Company of Pakistan Limited - the Trustee	-	641
Payable against redemption of units	-	10,568
Accrued expenses and other liabilities	-	9,819
	<u>-</u>	<u>55,340</u>
	<u>5,110,561</u>	<u>8,842,460</u>

2022		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Financial assets		
Bank balances	-	5,027,270
Investments	6,236,068	-
Profit receivable	-	200,751
Deposits	-	103
Receivable against transfer of units	-	17,245
	<u>6,236,068</u>	<u>5,245,369</u>
Financial liabilities		
Payable to NBP Fund Management Limited - the Management Company	-	40,558
Payable to the Central Depository Company of Pakistan Limited - the Trustee	-	800
Payable against redemption of units	-	28,963
Payable against purchase of investments	-	901,429
Accrued expenses and other liabilities	-	7,995
	<u>-</u>	<u>979,745</u>
	<u>6,236,068</u>	<u>11,481,437</u>

23 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 the 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.

23.1 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: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market profit rates. As of June 30, 2023, the Fund is exposed to such risk on its bank balances, investment in corporate sukuk certificates, government securities, term deposit receipts and certificates of musharakah. 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 government securities, corporate sukuk certificates, certificates of musharakah and bank balances 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. 38.485 million (2022: Rs. 108.692 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds term deposit receipts and government securities 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. 12.621 million (2022: Rs. 7.155 million).

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.

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%	3,396,747	-	-	42,822	3,439,569
Investments	17.36% - 24.58%	1,938,357	388,692	2,783,512	-	5,110,561
Profit receivable		-	-	-	203,525	203,525
Deposits		-	-	-	103	103
Receivable against transfer of units		-	-	-	88,702	88,702
		5,335,104	388,692	2,783,512	335,152	8,842,460
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	34,312	34,312
Payable to the Central Depository Company of Pakistan Limited - the Trustee		-	-	-	641	641
Payable against redemption of units		-	-	-	10,568	10,568
Accrued expenses and other liabilities		-	-	-	9,819	9,819
		-	-	-	55,340	55,340
On-balance sheet gap		5,335,104	388,692	2,783,512	279,812	
Total profit rate sensitivity gap		5,335,104	388,692	2,783,512		
Cumulative profit rate sensitivity gap		5,335,104	5,723,796	8,507,308		

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% - 16.00%	4,981,707	-	-	45,563	5,027,270
Investments	9.58% - 16.35%	2,371,585	-	3,864,483	-	6,236,068
Profit receivable		-	-	-	200,751	200,751
Deposits		-	-	-	103	103
Receivable against transfer of units		-	-	-	17,245	17,245
		7,353,292	-	3,864,483	263,662	11,481,437
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	40,558	40,558
Payable to the Central Depository Company of Pakistan Limited - the Trustee		-	-	-	800	800
Payable against redemption of units		-	-	-	28,963	28,963
Payable against purchase of investments		-	-	-	901,429	901,429
Accrued expenses and other liabilities		-	-	-	7,995	7,995
		-	-	-	979,745	979,745
On-balance sheet gap		7,353,292	-	3,864,483	(716,083)	
Total profit rate sensitivity gap		7,353,292	-	3,864,483		
Cumulative profit rate sensitivity gap		7,353,292	7,353,292	11,217,775		

(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.

The Fund does not have any instruments that expose it to price risk as of June 30, 2023.

23.2 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 or over the counter 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 upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

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

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

----- 2023 -----						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
Payable to NBP Fund Management Limited - the Management Company	34,312	-	-	-	-	34,312
Payable to the Central Depository Company of Pakistan Limited - the Trustee	641	-	-	-	-	641
Payable against redemption of units	10,568	-	-	-	-	10,568
Accrued expenses and other liabilities	9,285	534	-	-	-	9,819
	54,806	534	-	-	-	55,340

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 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
Payable to NBP Fund Management Limited - the Management Company	40,558	-	-	-	-	40,558
Payable to the Central Depository Company of Pakistan Limited - the Trustee	800	-	-	-	-	800
Payable against redemption of units	28,963	-	-	-	-	28,963
Payable against purchase of investments	901,429	-	-	-	-	901,429
Accrued expenses and other liabilities	7,539	456	-	-	-	7,995
	979,289	456	-	-	-	979,745

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
Payable against purchase of investments
Accrued expenses and other liabilities

23.3 Credit risk

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

2023		2022	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
(Rupees in '000)			
Bank balances	3,439,569	5,027,270	5,027,270
Investments	5,110,561	6,236,068	5,349,775
Profit receivable	203,525	200,751	185,554
Deposits	103	103	103
Receivable against sale of units	88,702	17,245	17,245
	8,842,460	11,481,437	10,579,947

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

23.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, term deposit receipts, Islamic commercial papers, corporate sukuk certificates, certificates of musharakah and accrued profit thereon.

The credit rating profile of bank balances and investments are as follows:

Rating	% of financial assets exposed to credit risk	
	2023	2022
Bank balances and accrued profit thereon		
AAA	15.41%	16.29%
AA+	-*	-*
AA	0.04%	15.63%
AA-	17.94%	3.59%
A+	6.29%	11.99%
A-	0.02%	0.02%
Corporate sukuk certificates		
AAA	1.90%	1.66%
AA+	13.52%	15.54%
AA	-	8.36%
Unrated	13.01%	-
Islamic commercial papers		
AA-	-	1.88%
A-	-	1.41%
Term deposit receipts		
AA	13.57%	-
Certificates of musharakah		
AA+	8.34%	10.75%
	<u>90.04%</u>	<u>87.12%</u>

* Nil due to rounding off

24 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Fair value hierarchy

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

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

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

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

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
At fair value through profit or loss	(Rupees in '000)		
Government securities	-	658,515	-
Corporate sukuk certificates	-	2,513,689	-
Term deposit receipts*	-	1,200,000	-
Certificates of musharakah*	-	738,357	-
	-	5,110,561	-
	----- 2022 -----		
	Level 1	Level 2	Level 3
At fair value through profit or loss	(Rupees in '000)		
Government securities	-	886,293	-
Corporate sukuk certificates	-	3,863,190	-
Islamic commercial papers**	-	348,545	-
Certificates of musharakah*	-	1,138,040	-
	-	6,236,068	-

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

** The valuation of Islamic commercial papers was done based on amortisation to their face values as per the guidelines given in Circular 33 of 2012 since the residual maturities of these investments were less than six months and they were placed with counterparties which have high credit rating.

25 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations 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 23, 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.

26 UNIT HOLDING PATTERN OF THE FUND

Category	2023			2022		
	Number of unit holders	Investment amount	Percentage of total	Number of unit holders	Investment amount	Percentage of total
	(Rupees in '000)			(Rupees in '000)		
Associated companies and directors	1	26	-*	2	29	-*
Individuals	14,868	7,242,568	84.06%	15,227	8,753,680	84.43%
Insurance companies	6	370,566	4.30%	4	142,675	1.39%
Public limited companies	1	1,905	0.02%	2	1,681	0.02%
Retirement funds	37	866,316	10.05%	41	781,056	7.54%
Others	59	134,873	1.57%	63	685,855	6.62%
	<u>14,972</u>	<u>8,616,254</u>	<u>100.00%</u>	<u>15,339</u>	<u>10,364,976</u>	<u>100.00%</u>

* Nil due to rounding off

27 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2023	Name of broker	2022
	% of commission paid		% of commission paid
Next Capital Limited	59.38%	JS Global Capital Limited	38.21%
JS Global Capital Limited	31.67%	Invest One Markets Limited	61.79%
Arif Habib Securities Limited	6.89%		
Bright Capital (Private) Limited	2.06%		

27.1 The Fund has traded with only the above mentioned four brokers / dealers during the year ended June 30, 2023 (2022: two brokers / dealers).

28 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA & CFA	35
2	Mr. Asim Wahab Khan	CFA	17
3	Mr. Salman Ahmed	CFA	18
4	Mr. Hassan Raza	ACCA, BSC and CFA	12
5	Mr. Usama Bin Razi	BE, MBA	19

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

- NBP Islamic Daily Dividend Fund
- NBP Riba Free Savings Fund
- NBP Islamic 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

29 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 the Director	Number of meetings			Meetings not attended
	Held / applicable	Attended	Leave Granted	
Shaikh Muhammad Abdul Wahid Sethi	6	6	-	-
Tauqeer Mazhar	6	5	1	91st Meeting
Mehnaz Salar	6	6	-	-
Ali Saigol	6	6	-	-
Imran Zaffar	6	5	1	89th Meeting
Khalid Mansoor	6	6	-	-
Saad Amanullah Khan	6	6	-	-
Humayun Bashir (Note 29.1)	2	2	-	-
Ruhail Muhammad (Note 29.2)	3	3	-	-
Anjad Waheed	6	6	-	-

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

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

30 CORRESPONDING FIGURES

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

31 DATE OF AUTHORISATION FOR ISSUE

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

32 GENERAL

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019
	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')	(Rs. In '000')
Net assets at the year ended (Rs. '000')	8,616,254	10,364,976	15,084,806	20,313,274	8,555,772
Net Income at the year ended (Rs. '000')	1,448,829	1,087,787	1,168,891	1,933,225	173,704
Net Asset Value per unit at the year ended (Rs.)	10.1057	10.0598	10.0493	10.0403	10.0227
Offer price per unit	10.2199	10.1735	10.1629	10.1538	10.1359
Redemption price per unit	10.1057	10.0598	10.0493	10.0403	10.0227
Ex - Highest offer price per unit (Rs.)	10.2199	10.1735	10.1629	10.1538	10.1359
Ex - Lowest offer price per unit (Rs.)	8.8410	9.3425	9.5444	9.0172	9.3570
Ex - Highest redemption price per unit (Rs.)	10.1057	10.0598	10.0493	10.0403	10.0227
Ex - Lowest redemption price per unit (Rs.)	8.7422	9.2381	9.4377	9.0172	9.3570
Fiscal Year Opening Ex Nav	8.7392	9.2365	9.4359	9.0143	10.0000
Total return of the fund	15.64%	8.91%	6.50%	11.35%	7.11%
Capital growth	0.53%	0.11%	0.10%	0.27%	0.44%
Income distribution as a % of ex nav	15.11%	8.80%	6.41%	11.08%	6.67%
Income distribution as a % of par value	15.20%	8.84%	6.43%	11.11%	6.67%
Distribution					
Interim distribution per unit	1.5202	0.8843	0.6431	11.107	0.6677
Final distribution per unit					
Distribution dates					
Interim					29-Oct-18
Interim					28-Nov-18
Interim					28-Dec-18
Interim					28-Jan-19
Interim					26-Feb-19
Interim					28-Mar-19
Interim					27-Apr-19
Interim					28-May-19
Interim				30-Jul-19	24-Jun-19
Interim	23-Jun-23	28-Jun-22	25-Jun-21	26-Jun-20	19-Jul-19
Average annual return of the fund (launch date October 06, 2018)					
(Since inception to June 30, 2023)	10.44%				
(Since inception to June 30, 2022)		9.09%			
(Since inception to June 30, 2021)			9.15%		
(Since inception to June 30, 2020)				10.71%	
(Since inception to June 30, 2019)					9.73%
Weighted average portfolio duration	56 Days	54 Days	49 Days	46 Days	3 Days

"Past performance is not necessarily indicative of future performance and that unit prices and investment return 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

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