

**NBP FUNDS**

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

**NBP Fund Management Limited**



# NBP ISLAMIC MONEY MARKET 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

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Bank Alfalah Limited

**Auditors**

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

**Legal Advisor**

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

**Head Office:**

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



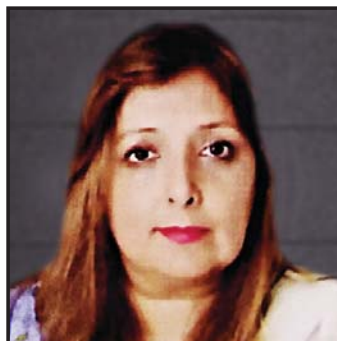
**Mr. Tauqeer Mazhar**  
Director



**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 6th Annual Report of **NBP Islamic Money Market Fund (NIMMF)** for the year ended June 30, 2023.

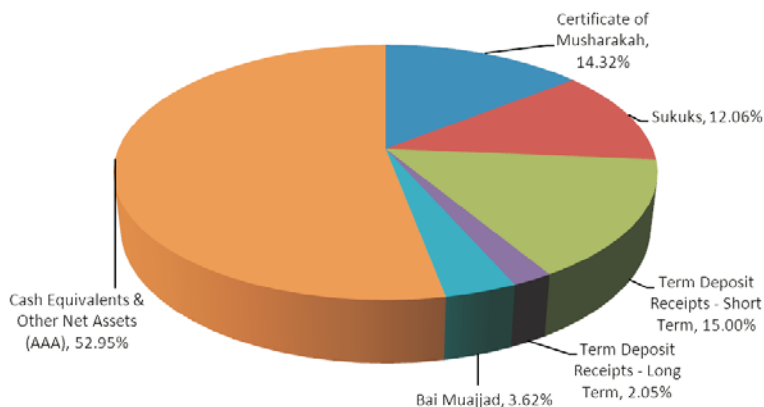
### Fund's Performance

The market witnessed some fresh issuance of short-term corporate sukuks mainly in the Power sector to meet the increasing funding requirements. During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation.

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

The size of NBP Islamic Money Market Fund has increased from Rs. 6,087 million to Rs. 14,665 million during the period (a significant increase of 141%). During the period, the unit price of the Fund has increased from Rs. 8.7111 (Ex-Div) on June 30, 2022 to Rs. 10.1322 on June 30, 2023, thus showing a return of 16.31% as compared to the benchmark return of 6.23% for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 1,708.75 million during the year. After deducting total expenses of Rs. 99.68 million, the net income is Rs. 1,609.07 million. The asset allocation of NIMMF as on June 30, 2023 is as follows:



### Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 15.67% of the opening ex-NAV (15.79% of the par value) during the year ended June 30, 2023.

### Taxation

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

### Auditors

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



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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. For the year ended June 30, 2023, the Board included:

| Category                       | Names   |
|--------------------------------|---|
| <b>Independent Directors</b>   | 1. Mr. Khalid Mansoor<br>2. Mr. Saad Amanullah Khan<br>3. Mr. Ruhail Muhammad<br>4. Mr. Humayun Bashir                                      |
| <b>Executive Director</b>      | Dr. Amjad Waheed - Chief Executive Officer  |
| <b>Non-Executive Directors</b> | 1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)<br>2. Mr. Tauqeer Mazhar<br>3. Ms. Mehnaz Salar<br>4. Mr. Ali Saigol<br>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 کمپنی کے بورڈ آف ڈائریکٹرز NBP اسلامک منی مارکیٹ فنڈ (NIMMF) کی چھٹی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2023 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

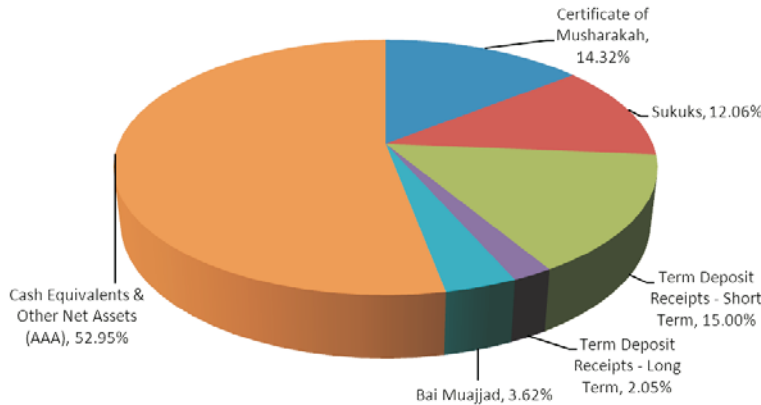
### فنڈ کی کارکردگی

مارکیٹ میں قلیل مدتی کارپوریٹ سیکورٹیز کے ساتھ ساتھ نئے اجراء دیکھا گیا جن کا تعلق بنیادی طور پر پاور سیکٹرز سے ہے تاکہ فنڈنگ کی بڑھتی ہوئی ضروریات کو پورا کیا جاسکے۔ 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 انفلوئرز اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر یا کارڈ کے 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۔

NIMMF کو شریعہ کی نگرانی میں مارکیٹ فنڈ کے طور پر درجہ بندی کیا گیا ہے اور اسے PACRA کی طرف سے 'AA (f)' کی اسٹیٹس ریٹنگ دی گئی ہے۔ فنڈ کا مقصد اسلامی بینکوں / کمرشل بینکوں کی اسلامی وڈوز کی طرف سے پیش کردہ منافع کی شرحوں سے مسلسل بہتر منافع فراہم کرنا ہے۔ کم از کم اہل درجہ بندی AA ہے، جبکہ فنڈ کو چھ ماہ کی میچورٹی سے زیادہ کسی بھی سیکورٹی میں سرمایہ کاری کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کا وزنی اوسط وقت 90 دن سے زیادہ نہیں ہو سکتا جبکہ ایک اعلیٰ معیار کے کریڈٹ پر وفا کے ساتھ آسان لیکویڈیٹی بھی فراہم کرتا ہے۔

موجودہ مدت کے دوران NBP اسلامک منی مارکیٹ فنڈ کا سائز 6,087.111 ملین روپے سے بڑھ کر 14,665.665 ملین روپے ہو گیا ہے یعنی 141% کا قابل ذکر اضافہ ہوا ہے۔ زبر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 8.7111 (EX-Div) روپے سے بڑھ کر 30 جون 2023 کو 10.1322 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے نچ مارک 6.23% کے مقابلے میں 16.31% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 1,708.75 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 99.68 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1,609.07 ملین روپے ہے۔ 30 جون 2023 کو NBP اسلامک ماہانہ آمدنی فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



### آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 15.67% (بنیادی قدر کا 15.79%) 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 انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شرح 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔



## آڈیٹرز

موجودہ آڈیٹر، مینسز گرانٹ تھارن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے اور اہل ہونے کی بنا پر، 30 جون 2024 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔

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

1. منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی 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، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز ہی ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریٹ 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<br>•2 جناب سعد امان اللہ خان<br>•3 جناب روحیل محمد<br>•4 جناب ہمایوں بشیر                                    | غیر جانبدار ڈائریکٹرز  |
| ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)  | ایگزیکٹو ڈائریکٹر      |
| •1 شیخ محمد عبدالواحد سیٹھی (چیئر مین)<br>•2 جناب توقیر مظہر<br>•3 محترمہ مہناز سالار<br>•4 جناب علی سیدگل<br>•5 جناب عمران ظفر | نان ایگزیکٹو ڈائریکٹرز |



## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 ڈسٹری بیوٹرز کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP منجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Money Market 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 Money Market Fund

NBP Islamic Money Market Fund (NIMMF) is an Open-End Shariah Compliant Money Market Fund.

### Investment Objective of the Fund

To provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

### Benchmark

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

### Fund Performance Review

This is the 6th Annual report since the launch of the Fund on February 28, 2018. The Fund size increased manifolds by 141% during the year and stands at Rs. 14.7 billion as of June 30, 2023. Since its inception, the Fund has earned an annualized return of 9.9% versus the benchmark return of 4.3%, thus registering an outperformance of 5.6% p.a. During FY23, the Fund posted 16.3% return versus the benchmark return of 6.2%, thus registering an outperformance of 10.1% p.a. This outperformance is net of management fee and other expenses.

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

The market witnessed some fresh issuance of short-term corporate sukuks mainly in the Power sector to meet the increasing funding requirements. During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation.

### Asset Allocation of Fund (% of NAV)

| Particulars                          | 30-Jun-23   | 30-Jun-22   |
|--------------------------------------|-------------|-------------|
| TFCS / Sukuks                        | 12.06%      | 10.68%      |
| TDRs                                 | 31.37%      | 14.62%      |
| Cash, Bank Placements & Other Assets | 56.57%      | 74.70%      |
| <b>Total</b>                         | <b>100%</b> | <b>100%</b> |

## Distribution for the Financial Year 2023

| Interim Period | Dividend as % of Par Value (Rs.10) | Cumulative Div. Price/Unit | Ex- Div. Price |
|----------------|------------------------------------|----------------------------|----------------|
| Jun-23         | 15.79%                             | 11.6557                    | 10.0764        |

## Unit Holding Pattern of NBP Islamic Money Market Fund as on June 30, 2023

| Size of Unit Holding (Units)1-1000 | # of Unit Holders |
|------------------------------------|-------------------|
| 1-1000                             | 4807              |
| 1001-5000                          | 388               |
| 5001-10000                         | 110               |
| 10001-50000                        | 442               |
| 50001-100000                       | 230               |
| 100001-500000                      | 485               |
| 500001-1000000                     | 18                |
| 1000001-5000000                    | 137               |
| 5000001-10000000                   | 108               |
| 10000001-100000000                 | 24                |
| <b>Total</b>                       | <b>6749</b>       |

## 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 Money Market Fund does not have any soft commission arrangement with any broker in the industry.



## STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

**NBP Islamic Money Market 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 Sixth year of the operations of NBP Islamic Money Market Fund (the "NIMMF" 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 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

### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

| S. No. | Key Audit Matter   | How our audit addressed the key audit matter   |
|--------|--|--|
|        | <p><b>Investments</b><br/>(refer note 6 to the financial statements)</p>   |  |
|        | <p>Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2023 amounted to Rs. 6,899.265 million (2022: Rs. 1,540 million).</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2023 was considered a high-risk area and therefore, we considered this as a key audit matter.</p> | <p>Our audit procedures included the following:]</p> <ul style="list-style-type: none"> <li>• obtained understanding of relevant controls placed by the Management Company applicable to the account balance;</li> <li>• verified existence of investments from Central Depository Company (CDC) account statement, bank statements and other relevant documents;</li> <li>• performed test of details on sale, purchase and maturity of investments on a sample basis; and</li> <li>• tested valuation of investments.</li> </ul> |

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

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

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

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

### Other matter

- 1) The financial statements of the Fund for the year ended June 30, 2022, were audited by another firm of auditors who in their audit report dated September 28, 2022 expressed an un-modified opinion.
- 2) The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi  
Date: September 21, 2023  
UDIN: AR202310126zw9oEtSXI

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

|   |      | 2023                        | 2022               |
|---|------|-----------------------------|--------------------|
|   | Note | ----- Rupees in '000 -----  |                    |
| <b>ASSETS</b>   |      |                             |                    |
| Bank balances   | 5    | 7,703,268                   | 4,532,900          |
| Investments   | 6    | 6,899,265                   | 1,540,000          |
| Preliminary and floatation costs                                    | 7    | -                           | 140                |
| Deposit, prepayment and other receivable                            | 8    | 322                         | 295                |
| Profit accrued  | 9    | 250,651                     | 75,017             |
| Receivable against transfer of units                                |      | 53,167                      | 23,735             |
| <b>Total assets</b>   |      | <b>14,906,673</b>           | <b>6,172,087</b>   |
| <b>LIABILITIES</b>  |      |                             |                    |
| Payable to NBP Fund Management Limited - Management Company         | 10   | 29,750                      | 12,637             |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 11   | 715                         | 308                |
| Payable to Securities and Exchange Commission of Pakistan           | 12   | 2,052                       | 1,080              |
| Payable against redemption of units                                 |      | 120,476                     | 45,355             |
| Accrued expenses and other liabilities                              | 13   | 88,742                      | 25,769             |
| <b>Total liabilities</b>  |      | <b>241,735</b>              | <b>85,149</b>      |
| <b>NET ASSETS</b>   |      | <b>14,664,938</b>           | <b>6,086,938</b>   |
| <b>UNIT HOLDERS' FUND (as per statement attached)</b>               |      | <b>14,664,938</b>           | <b>6,086,938</b>   |
| <b>Contingencies and commitments</b>                                | 14   |                             |                    |
|   |      | ----- Number of units ----- |                    |
| <b>Number of units in issue</b>                                     | 19   | <b>1,447,364,903</b>        | <b>604,077,218</b> |
|   |      | ----- Rupees -----          |                    |
| <b>Net asset value per unit</b>                                     | 20   | <b>10.1322</b>              | <b>10.0764</b>     |

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

| INCOME  | Note | 2023             | 2022           |
|---|------|------------------|----------------|
| ----- Rupees in '000 -----  |      |                  |                |
| Return / profit on:   |      |                  |                |
| - bank balances   |      | 1,126,642        | 371,790        |
| - certificate of musharakah   |      | 51,176           | -              |
| - sukuks  |      | 211,424          | 44,654         |
| - term deposit receipts - short term                                      |      | 140,865          | 64,441         |
| - term deposit receipts - long term                                       |      | 64,660           | -              |
| - bai muajjal   |      | 113,674          | 14,055         |
| - commercial papers   |      | -                | 25,704         |
| Gain / (loss) on sale of investments at fair value through profit or loss |      | 311              | (8)            |
| <b>Total income</b>   |      | <b>1,708,752</b> | <b>520,636</b> |
| <b>EXPENSES</b>   |      |                  |                |
| Remuneration of NBP Fund Management Limited - Management Company          | 10.1 | 16,275           | 5,765          |
| Sindh Sales Tax on remuneration of the Management Company                 | 10.2 | 2,116            | 749            |
| Reimbursement of operational expenses to the Management Company           |      | 12,827           | 6,752          |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee  | 11.1 | 5,644            | 3,085          |
| Sindh Sales Tax on remuneration of the Trustee                            | 11.2 | 734              | 401            |
| Reimbursement of selling and marketing expenses to the Management Company | 10.4 | 56,005           | 27,009         |
| Annual fee to the Securities and Exchange Commission of Pakistan          |      | 2,052            | 1,080          |
| Settlement and bank charges   |      | 956              | 374            |
| Auditors' remuneration  | 17   | 775              | 568            |
| Shariah advisor fee   |      | 1,543            | 768            |
| Preliminary and floatation cost   |      | 140              | 220            |
| Fund rating fee   |      | 248              | 237            |
| Legal and professional charges  |      | 174              | 734            |
| Listing fee   |      | 28               | 28             |
| Printing charges  |      | 73               | 62             |
| Brokerage expenses  |      | 93               | 17             |
| <b>Total expenses</b>   |      | <b>99,683</b>    | <b>47,849</b>  |
| <b>Net income from operating activities</b>                               |      | <b>1,609,069</b> | <b>472,787</b> |
| Reversal of Sindh Workers' Welfare Fund                                   |      | -                | 16,079         |
| <b>Net income for the year before taxation</b>                            |      | <b>1,609,069</b> | <b>488,866</b> |
| Taxation  | 18   | -                | -              |
| <b>Net income for the year after taxation</b>                             |      | <b>1,609,069</b> | <b>488,866</b> |
| <b>Earnings per unit</b>  | 19   |                  |                |
| <b>Allocation of net income for the year</b>                              |      |                  |                |
| Net income for the year after taxation                                    |      | 1,609,069        | 488,866        |
| Income already paid on units redeemed                                     |      | (986,934)        | (266,697)      |
|   |      | <b>622,135</b>   | <b>222,169</b> |
| <b>Accounting income available for distribution:</b>                      |      |                  |                |
| - Relating to capital gain  |      | -                | -              |
| - Excluding capital gain  |      | 622,135          | 222,169        |
|   |      | <b>622,135</b>   | <b>222,169</b> |

The annexed notes from 1 to 30 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         | 1,609,069                  | 488,866        |
| Other comprehensive income for the year        | -                          | -              |
| <b>Total comprehensive income for the year</b> | <b>1,609,069</b>           | <b>488,866</b> |

The annexed notes from 1 to 30 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 -----   |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |                              |                  |
| Net income for the year before taxation                                   | 1,609,069                    | 488,866          |
| <b>Adjustments</b>  |                              |                  |
| Return / profit on bank balances  | (1,126,642)                  | (371,790)        |
| Return / profit on investments  | (581,799)                    | (148,854)        |
| (Gain) / loss on sale of investments at fair value through profit or loss | (311)                        | 8                |
| Preliminary expenses and floatation costs                                 | 140                          | 220              |
| Reversal of Sindh Workers' Welfare Fund                                   | -                            | (16,079)         |
|   | <u>(99,543)</u>              | <u>(47,629)</u>  |
| <b>(Increase) / decrease in assets</b>                                    |                              |                  |
| Investments - net   | <u>(1,417,688)</u>           | 1,701            |
| Deposits, prepayment and other receivable                                 | <u>(27)</u>                  | (11)             |
|   | (1,417,715)                  | 1,690            |
| <b>Increase / (decrease) in liabilities</b>                               |                              |                  |
| Payable to the Management Company   | <u>17,113</u>                | 2,457            |
| Payable to the Trustee  | <u>407</u>                   | 22               |
| Payable to the Securities and Exchange Commission of Pakistan             | <u>972</u>                   | 125              |
| Accrued expenses and other liabilities                                    | <u>62,973</u>                | 5,220            |
|   | <u>81,465</u>                | 7,824            |
|   | <u>(1,435,793)</u>           | <u>(38,115)</u>  |
| Return on bank balances received  | 1,053,508                    | 357,704          |
| Return on certificate of musharakah received                              | 45,351                       | -                |
| Return on sukuks received   | 137,901                      | 24,285           |
| Return on term deposit receipts - short term received                     | 128,330                      | 54,409           |
| Return on term deposit receipts - long term received                      | 59,091                       | -                |
| Return on bai muajjal received  | 108,626                      | 14,055           |
| Return on commercial papers received                                      | -                            | 25,704           |
| <b>Net cash generated from operating activities</b>                       | <u>97,014</u>                | 438,042          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |                              |                  |
| Amounts received on issuance of units                                     | <u>50,056,717</u>            | 14,466,696       |
| Amounts paid on redemption of units                                       | <u>(42,492,600)</u>          | (13,491,136)     |
| Dividend paid   | <u>(549,497)</u>             | (208,296)        |
| <b>Net cash generated from financing activities</b>                       | <u>7,014,620</u>             | 767,264          |
| <b>Net increase in cash and cash equivalents during the year</b>          | <u>7,111,634</u>             | 1,205,306        |
| Cash and cash equivalents at the beginning of the year                    | 5,422,900                    | 4,217,594        |
| <b>Cash and cash equivalents at the end of the year</b>                   | <u>5.3</u> <u>12,534,534</u> | <u>5,422,900</u> |

The annexed notes from 1 to 30 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 Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 04, 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and classified as sharia compliant "money market" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

The Pakistan Credit Rating Agency (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company and has maintained stability rating AA(f) to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan limited (CDC) as trustee of the Fund.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely " Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) .

Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of Trust Deed have been followed.

#### 2.2 Basis of measurement

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest thousands of Rupee, unless otherwise indicated.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

## 2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan. It requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification and valuation of financial instrument (note 4.2 and 6)
- (b) impairment of financial instrument (note 4.2.1.3)
- (c) provisions (note 4.6)

## 3 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

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

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

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

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

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

## 4 SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 4.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

### 4.2 Financial assets and liabilities

#### 4.2.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

## 4.2.2 Classification and measurement

### 4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVOCI”) and
- Fair value through profit or loss (“FVTPL”).

#### Financial asset at amortised cost

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

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

#### Financial asset at FVOCI

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

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

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

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

#### Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

## Business Model Assessment

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered.

### 4.2.2.2 Financial liabilities

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost (AC) ;or
- Measured at Fair value through profit or loss (FVTPL) ;or

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The adoption of IFRS 9 does not have any impact on the Fund's accounting policies related to financial liabilities.

### 4.2.3 Impairment of financial assets

The SECP has, through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017, deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

### 4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

## **Basis of valuation of debt securities:**

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

Basis of valuation of instruments (other than debt and government securities) at amortised cost:

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

### **4.2.5 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

### **4.2.6 Derecognition**

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### **4.2.7 Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **4.3 Impairment of non financial assets**

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

### **4.4 Issuance and redemption of units**

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

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

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

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets 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.

#### 4.6 Provisions

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

#### 4.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit / return sukuk certificates, bank balances, commercial papers and term deposits are recognized on a time proportion basis using the effective interest method.

#### 4.8 Taxation

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether 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% 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.

#### 4.9 Distributions to the unit holders

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

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



## 4.10 Expenses

All expenses including remuneration of the Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognized in the Income Statement on an accrual basis.

## 4.11 Preliminary expenses and floatation costs

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 Non-Banking Finance Companies and Notified Entities Regulations, 2008.

## 4.12 Earnings per unit

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

| 5 | BANK BALANCES    | Note      | 2023                       | 2022             |
|---|------------------|-----------|----------------------------|------------------|
|   |                  |           | ----- Rupees in '000 ----- |                  |
|   | Current accounts |           | 145,678                    | 19,781           |
|   | Saving accounts  | 5.1 & 5.2 | 7,557,590                  | 4,513,119        |
|   |                  |           | <u>7,703,268</u>           | <u>4,532,900</u> |

5.1 These include bank balances of Rs. 19.35 million (2022: Rs. 3.83 million) maintained with National Bank of Pakistan (related party).

5.2 These savings accounts carry profit at rates ranging from 10.00% to 21.25% per annum (2022: 6.50% to 15.44% per annum).

| 5.3 | CASH AND CASH EQUIVALENT           | Note | 2023                       | 2022             |
|-----|------------------------------------|------|----------------------------|------------------|
|     |                                    |      | ----- Rupees in '000 ----- |                  |
|     | Current accounts                   |      | 145,678                    | 19,781           |
|     | Saving accounts                    |      | 7,557,590                  | 4,513,119        |
|     | Certificate of musharakah          | 6.1  | 2,100,000                  | -                |
|     | Term deposit receipts - short term | 6.3  | 2,200,000                  | 890,000          |
|     | Bai muajjal                        | 6.4  | 531,265                    | -                |
|     |                                    |      | <u>12,534,533</u>          | <u>5,422,900</u> |

## 6 INVESTMENTS

### At fair value through profit or loss

|  |                                    |     |                  |                  |
|--|------------------------------------|-----|------------------|------------------|
|  | Certificate of musharakah          | 6.1 | 2,100,000        | -                |
|  | Sukuks                             | 6.2 | 1,768,000        | 650,000          |
|  | Term deposit receipts - short term | 6.3 | 2,200,000        | 890,000          |
|  | Term deposit receipts - long term  | 6.3 | 300,000          | -                |
|  | Bai muajjal                        | 6.4 | 531,265          | -                |
|  |                                    |     | <u>6,899,265</u> | <u>1,540,000</u> |

## 6.1 Certificate of musharakah

| Name of the investee company            | Note  | Face value          |                            |                                 |                     | Carrying value as at June 30, 2023 | Carrying value as at June 30, 2022 |
|---|-------|---------------------|----------------------------|---------------------------------|---------------------|------------------------------------|------------------------------------|
|   |       | As at July 01, 2022 | Placements during the year | Sales / matured during the year | As at June 30, 2023 |                                    |                                    |
| ----- Rupees in '000' -----             |       |                     |                            |                                 |                     |                                    |                                    |
| Meezan Bank                             |       | -                   | 500,000                    | 500,000                         | -                   | -                                  | -                                  |
| Meezan Bank                             |       | -                   | 1,000,000                  | 1,000,000                       | -                   | -                                  | -                                  |
| Meezan Bank                             |       | -                   | 500,000                    | 500,000                         | -                   | -                                  | -                                  |
| Meezan Bank                             |       | -                   | 1,000,000                  | 1,000,000                       | -                   | -                                  | -                                  |
| UBL Ameen Islamic Banking               |       | -                   | 1,000,000                  | 1,000,000                       | -                   | -                                  | -                                  |
| UBL Ameen Islamic Banking               |       | -                   | 500,000                    | 500,000                         | -                   | -                                  | -                                  |
| UBL Ameen Islamic Banking               |       | -                   | 900,000                    | 900,000                         | -                   | -                                  | -                                  |
| UBL Ameen Islamic Banking               |       | -                   | 500,000                    | 500,000                         | -                   | -                                  | -                                  |
| UBL Ameen Islamic Banking               |       | -                   | 1,350,000                  | 1,350,000                       | -                   | -                                  | -                                  |
| UBL Ameen Islamic Banking               | 6.1.1 | -                   | 2,100,000                  | -                               | 2,100,000           | 2,100,000                          | -                                  |
|   |       | -                   | <b>9,350,000</b>           | <b>7,250,000</b>                | <b>2,100,000</b>    | <b>2,100,000</b>                   | -                                  |
| <b>Total Cost of Placements</b>         |       |                     | <b>9,350,000</b>           |                                 |                     |                                    |                                    |
| <b>Market value as at June 30, 2023</b> |       |                     |                            |                                 |                     | <b>2,100,000</b>                   |                                    |

### 6.1.1 Significant terms and conditions of certificate of musharakah outstanding as at June 30, 2023 are as follows:

| Particulars                         | Profit/ profit rates | Issue date    | Maturity date | Face value       | Carrying value   | Carrying value as a % of net assets | Carrying value as a % of total investments |
|-------------------------------------|----------------------|---------------|---------------|------------------|------------------|-------------------------------------|--|
| ----- Rupees in '000' ----- % ----- |                      |               |               |                  |                  |                                     |  |
| UBL Ameen Islamic Banking           | 20.25%               | June 26, 2023 | July 10, 2023 | <b>2,100,000</b> | <b>2,100,000</b> | 14.32%                              | 30.44%                                     |

## 6.2 Sukuks

| Name of the investee company                               | Number of certificates |                           |                                     |                     | Market value as at June 30, 2023 | Investment as a percentage of |                                   |
|--|------------------------|---------------------------|-------------------------------------|---------------------|----------------------------------|-------------------------------|-----------------------------------|
|  | As at July 01, 2022    | Purchases during the year | Disposals / matured during the year | As at June 30, 2023 |                                  | Net assets                    | Market value of total investments |
| ----- Rupees '000' ----- % -----                           |                        |                           |                                     |                     |                                  |                               |                                   |
| <b>All sukuks have a face value of Rs. 1,000,000 each.</b> |                        |                           |                                     |                     |                                  |                               |                                   |
| China Power Hub Generation Co. (Pvt.) Limited              | -                      | 100                       | 100                                 | -                   | -                                | -                             | -                                 |
| China Power Hub Generation Co. (Pvt.) Limited              | -                      | 350                       | -                                   | 350                 | 350,000                          | 2.39%                         | 5.07%                             |
| K-Electric Limited   | 175                    | -                         | 175                                 | -                   | -                                | -                             | -                                 |
| K-Electric Limited   | 225                    | -                         | 225                                 | -                   | -                                | -                             | -                                 |
| K-Electric Limited   | 250                    | -                         | 250                                 | -                   | -                                | -                             | -                                 |
| K-Electric Limited   | -                      | 350                       | 350                                 | -                   | -                                | -                             | -                                 |
| K-Electric Limited   | -                      | 150                       | 150                                 | -                   | -                                | -                             | -                                 |
| K-Electric Limited   | -                      | 175                       | 175                                 | -                   | -                                | -                             | -                                 |
| K-Electric Limited   | -                      | 250                       | 250                                 | -                   | -                                | -                             | -                                 |
| K-Electric Limited   | -                      | 498                       | -                                   | 498                 | 498,000                          | 3.40%                         | 7.22%                             |
| K-Electric Limited   | -                      | 470                       | -                                   | 470                 | 470,000                          | 3.20%                         | 6.81%                             |
| K-Electric Limited   | -                      | 450                       | -                                   | 450                 | 450,000                          | 3.07%                         | 6.52%                             |
| Nishat Mills Limited                                       | -                      | 120                       | 120                                 | -                   | -                                | -                             | -                                 |
| <b>Carrying value as at June 30, 2023</b>                  |                        |                           |                                     |                     | <b>1,768,000</b>                 |                               |                                   |

**6.2.1** Significant terms and conditions of sukuks outstanding as at June 30, 2023 are as follows:

| Name of security                              | Total Face Value | Face value (unredeemed) | Profit rate (per annum) | Issue Date        | Maturity Date      |
|---|------------------|-------------------------|-------------------------|-------------------|--------------------|
| -----Rupees '000'-----                        |                  |                         |                         |                   |                    |
| China Power Hub Generation Co. (Pvt.) Limited | 350,000          | 350,000                 | 6 month KIBOR + 0.75%   | March 29, 2023    | September 29, 2023 |
| K-Electric Limited                            | 498,000          | 498,000                 | 6 month KIBOR + 0.50%   | February 27, 2023 | August 28, 2023    |
| K-Electric Limited                            | 470,000          | 470,000                 | 6 month KIBOR + 0.45%   | March 21, 2023    | September 21, 2023 |
| K-Electric Limited                            | 450,000          | 450,000                 | 6 month KIBOR + 0.70%   | May 18, 2023      | November 17, 2023  |
|   | <b>1,768,000</b> | <b>1,768,000</b>        |                         |                   |                    |

**6.3** Term deposit receipts

| Name of the investee company          | Note  | Face Value          |                           |                                |                     | Carrying Value as at June 30, 2023 |
|---------------------------------------|-------|---------------------|---------------------------|--------------------------------|---------------------|------------------------------------|
|                                       |       | As at July 01, 2022 | Purchases during the year | Sold / matured during the year | As at June 30, 2023 |                                    |
| ----- Rupees in '000 -----            |       |                     |                           |                                |                     |                                    |
| <b>Short term</b>                     |       |                     |                           |                                |                     |                                    |
| Askari Bank Limited - Islamic Banking |       | -                   | 500,000                   | 500,000                        | -                   | -                                  |
| Askari Bank Limited - Islamic Banking |       | -                   | 1,200,000                 | 1,200,000                      | -                   | -                                  |
| Askari Bank Limited - Islamic Banking | 6.3.1 | -                   | 500,000                   | -                              | 500,000             | 500,000                            |
| Askari Bank Limited - Islamic Banking | 6.3.1 | -                   | 500,000                   | -                              | 500,000             | 500,000                            |
| Askari Bank Limited - Islamic Banking | 6.3.1 | -                   | 200,000                   | -                              | 200,000             | 200,000                            |
| Bank Alfalah Ltd- Islamic Banking     |       | 890,000             | -                         | 890,000                        | -                   | -                                  |
| Bank Alfalah Ltd- Islamic Banking     |       | -                   | 910,000                   | 910,000                        | -                   | -                                  |
| Bank Alfalah Ltd- Islamic Banking     |       | -                   | 1,000,000                 | 1,000,000                      | -                   | -                                  |
| Bank Alfalah Ltd- Islamic Banking     |       | -                   | 1,000,000                 | 1,000,000                      | -                   | -                                  |
| Bank Alfalah Ltd- Islamic Banking     | 6.3.1 | -                   | 1,000,000                 | -                              | 1,000,000           | 1,000,000                          |
| <b>Long term</b>                      |       |                     |                           |                                |                     |                                    |
| Bank Alfalah Ltd- Islamic Banking     |       | -                   | 910,000                   | 910,000                        | -                   | -                                  |
| Bank Alfalah Ltd- Islamic Banking     |       | -                   | 900,000                   | 900,000                        | -                   | -                                  |
| Faysal Bank Ltd.                      | 6.3.1 | -                   | 300,000                   | -                              | 300,000             | 300,000                            |
|                                       |       | 890,000             | 8,920,000                 | 7,310,000                      | 2,500,000           | 2,500,000                          |
| <b>Face value as at June 30, 2023</b> |       |                     |                           |                                | <b>2,500,000</b>    |                                    |

**6.3.1** Significant terms and conditions of term deposit receipts outstanding as at June 30, 2023 are as follows:

| Particulars                           | Profit / profit rates | Issue date    | Maturity Date   | Carrying value   | Carrying value as a % of net assets | Carrying value as a % of total investments |
|---------------------------------------|-----------------------|---------------|-----------------|------------------|-------------------------------------|--|
|                                       |                       |               |                 | Rupees '000      | ----- % -----                       |  |
| <b>Short term</b>                     |                       |               |                 |                  |                                     |  |
| Askari Bank Limited - Islamic Banking | 20.20%                | June 14, 2023 | August 11, 2023 | 500,000          | 3.41%                               | 7.25%                                      |
| Askari Bank Limited - Islamic Banking | 20.20%                | June 14, 2023 | August 11, 2023 | 500,000          | 3.41%                               | 7.25%                                      |
| Askari Bank Limited - Islamic Banking | 20.20%                | June 14, 2023 | August 11, 2023 | 200,000          | 1.36%                               | 2.90%                                      |
| Bank Alfalah Ltd- Islamic Banking     | 20.00%                | June 05, 2023 | July 05, 2023   | 1,000,000        | 6.82%                               | 14.49%                                     |
| <b>Long term</b>                      |                       |               |                 |                  |                                     |  |
| Faysal Bank Ltd.                      | 19.90%                | May 31, 2023  | August 31, 2023 | 300,000          | 2.05%                               | 4.35%                                      |
|                                       |                       |               |                 | <b>2,500,000</b> |                                     |  |

## 6.4 Bai Muajjal

| Name of the investee company       | Face Value          |                           |                                |                     | Carrying Value as at June 30, 2023 |
|------------------------------------|---------------------|---------------------------|--------------------------------|---------------------|------------------------------------|
|                                    | As at July 01, 2022 | Purchases during the year | Sold / matured during the year | As at June 30, 2023 |                                    |
| ----- Rupees in '000 -----         |                     |                           |                                |                     |                                    |
| Pak Brunei Investement Company Ltd | -                   | 531,265                   | -                              | 531,265             | 531,265                            |
| Pak Brunei Investement Company Ltd | -                   | 525,399                   | 525,399                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 525,088                   | 525,088                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 266,485                   | 266,485                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 266,611                   | 266,611                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 269,383                   | 269,383                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 270,391                   | 270,391                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 269,509                   | 269,509                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 270,139                   | 270,139                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 270,013                   | 270,013                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 270,517                   | 270,517                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 270,265                   | 270,265                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 270,896                   | 270,896                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 187,740                   | 187,740                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 216,817                   | 216,817                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 189,675                   | 189,675                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 162,620                   | 162,620                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 162,695                   | 162,695                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 189,763                   | 189,763                        | -                   | -                                  |
| Pak Brunei Investement Company Ltd | -                   | 314,565                   | 314,565                        | -                   | -                                  |
|                                    | -                   | 5,699,836                 | 5,168,571                      | 531,265             | 531,265                            |

Face value as at June 30, 2023

531,265

6.4.1 Significant terms and conditions of bai muajjal outstanding as at June 30, 2023 are as follows:

| Particulars                        | Profit / profit rates | Issue date    | Maturity Date   | Carrying value | Carrying value as a % of net assets | Carrying value as a % of total investments |
|------------------------------------|-----------------------|---------------|-----------------|----------------|-------------------------------------|--|
| Rupees in '000----- % -----        |                       |               |                 |                |                                     |  |
| Pak Brunei Investement Company Ltd | 20.40%                | June 14, 2023 | August 07, 2023 | <u>531,265</u> | 3.62%                               | 7.70%                                      |

|   | Note | 2023<br>Rupees in '000  | 2022          |
|---|------|---|---------------|
| <b>7 PRELIMINARY AND FLOATATION COSTS</b>   |      |   |               |
| Preliminary expenses and floatation costs at beginning of the year  | 7.1  | 140   | 360           |
| Less: amortisation during the year  |      | (140)   | (220)         |
| Closing balance   |      | -   | 140           |
| <b>7.1</b>  |      |   |               |
| Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from March 01, 2018 as per the requirements set out in the Trust Deed of the Fund.  |      |   |               |
| <b>8 DEPOSIT, PREPAYMENT AND OTHER RECEIVABLE</b>   | Note | 2023<br>Rupees in '000  | 2022          |
| Security deposit with Central Depository Company of Pakistan Limited  |      | 100   | 100           |
| Mutual fund rating fee  |      | 152   | 125           |
| Advance tax   |      | 70  | 70            |
|   |      | <b>322</b>  | <b>295</b>    |
| <b>9 PROFIT ACCRUED</b>   |      |   |               |
| Profit accrued on:  |      |   |               |
| - bank balances   |      | 108,765   | 35,631        |
| - sukuks  |      | 100,406   | 26,883        |
| - term deposit receipts - short term  |      | 25,038  | 12,503        |
| - certificate of musharakah   |      | 5,825   | -             |
| - term deposit receipts - long term   |      | 5,569   | -             |
| - bai muajjal   |      | 5,048   | -             |
|   |      | <b>250,651</b>  | <b>75,017</b> |
| <b>10 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>   |      |   |               |
| Remuneration of the Management Company  | 10.1 | 2,222   | 649           |
| Sindh Sales Tax on remuneration of the Management Company   | 10.2 | 289   | 84            |
| Sales load and transfer load  |      | 760   | 1,625         |
| Sindh Sales Tax on sales load and transfer load   | 10.2 | 99  | 212           |
| Reimbursement of operational expenses to the Management Company   | 10.3 | 4,398   | 1,950         |
| Reimbursement of Selling and marketing expense  | 10.4 | 21,462  | 7,799         |
| ADC charges and Sindh Sales Tax on ADC charges  |      | 369   | 167           |
| Other payable   |      | 151   | 151           |
|   |      | <b>29,750</b>   | <b>12,637</b> |
| <b>10.1</b>   |      |   |               |
| As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration as follows: |      |   |               |
| -   |      | 1% per annum on the daily income of the Fund subject to minimum 0.1% as average of NAV and maximum 1% of average NAV. |               |

For the purpose of above calculation, daily net income is equals to gross income minus all expenses of the Fund excluding management remuneration and related sales tax thereon.

- 10.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2022: 13%) was charged on management remuneration and sales load.
- 10.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS). The Management Company based on its discretion has charged accounting and operational charges at the rate of 0.125% of the average annual net assets of the Fund.
- 10.4** 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 rate of 0.61% (2022: 0.50%) of average annual net assets or actual expenses whichever is lower.

## 11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

|  |      | 2023           | 2022           |
|--|------|----------------|----------------|
|  | Note | Rupees in '000 | Rupees in '000 |
| Remuneration of the Trustee                    | 11.1 | 633            | 273            |
| Sindh Sales Tax on remuneration of the Trustee | 11.2 | 82             | 35             |
|  |      | <u>715</u>     | <u>308</u>     |

- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per tariff specified therein, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Trustee charges actual custodial expenses / charges plus 0.055% per annum of average net assets.

- 11.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2022: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

## 12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 12.1** Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "Shariah compliant money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% of the average annual net assets of the Fund. The fee is paid annually in arrears.

## 13 ACCRUED EXPENSES AND OTHER LIABILITIES

|                                | 2023                       | 2022          |
|--------------------------------|----------------------------|---------------|
|                                | ----- Rupees in '000 ----- |               |
| Capital gain tax               | 44,704                     | 10,855        |
| Withholding tax                | 41,704                     | 13,458        |
| Shariah advisor fee            | 1,541                      | 782           |
| Auditors' remuneration         | 424                        | 474           |
| Bank charges                   | 153                        | 22            |
| Legal and professional charges | 137                        | 137           |
| Others                         | 52                         | -             |
| Printing charges               | 14                         | 34            |
| Settlement Charges             | 13                         | 7             |
|                                | <u>88,742</u>              | <u>25,769</u> |

## 14 CONTINGENCIES AND COMMITMENTS

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

## 15 AUDITORS' REMUNERATION

|  |            |            |
|--|------------|------------|
| Annual audit fee                           | 375        | 369        |
| Half yearly review fee                     | 160        | 145        |
| Income certification                       | 100        | -          |
| Sindh sales tax and out of pocket expenses | 140        | 54         |
|  | <u>775</u> | <u>568</u> |

## 16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether 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% 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.

## 17 EARNINGS PER UNIT

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

## 18 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net assets for the period) is 0.96% (June 30, 2022 : 0.89%) including 0.04% (June 30, 2022 : 0.05%) representing government levies on collective investment scheme such as Sindh Sales Tax on management & trustee remuneration and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date June 30, 2019, total expense ratio has been limited to 2% for Money Market Funds.

|  | 2023                        | 2022                      |
|--|-----------------------------|---------------------------|
|  | ----- Number of Units ----- |                           |
| <b>19 NUMBER OF UNITS IN ISSUE</b>                 |                             |                           |
| Total units in issue at the beginning of the year  | <b>604,077,218</b>          | 479,846,676               |
| Add: units issued during the year                  | <b>4,685,812,476</b>        | 1,403,438,149             |
| Less: units redeemed during the year               | <b>(3,842,524,791)</b>      | (1,279,207,607)           |
| <b>Total units in issue at the end of the year</b> | <b><u>1,447,364,903</u></b> | <b><u>604,077,218</u></b> |

## 20 NET ASSET VALUE PER UNIT

The net asset value 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.

## 21 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 21.1** Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 21.2** The transactions with connected persons and related parties are carried at agreed terms.
- 21.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 21.4** Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.



|   | 2023                       | 2022    |
|---|----------------------------|---------|
|   | ----- Rupees in '000 ----- |         |
| <b>21.5 Details of transactions with connected persons are as follows:</b>        |                            |         |
| <b>NBP Fund Management Limited - Management Company</b>                           |                            |         |
| Remuneration of the Management Company  | 16,275                     | 5,765   |
| Sindh Sales Tax on Management Company's remuneration                              | 2,116                      | 749     |
| Reimbursement of Operational expenses   | 12,827                     | 6,752   |
| Reimbursement of Selling and marketing expense - Management Company               | 56,005                     | 27,009  |
| Sales load and transfer load including Sales tax                                  | 977                        | 3,860   |
| ADC Charges and Sindh Sales Tax on ADC charges                                    | 202                        | 151     |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>                   |                            |         |
| Remuneration of the Trustee   | 5,644                      | 3,085   |
| Sindh Sales Tax on Remuneration of the Trustee                                    | 734                        | 401     |
| CDC settlement charges  | 651                        | 111     |
| <b>Employees of the Management Company</b>  |                            |         |
| Dividend re-invest units issued 115,681 units (2022: 45,288 units)                | 1,166                      | 455     |
| Units issued / transferred in: 44,228,780 units (2022: 23,777,402 units)          | 471,675                    | 247,428 |
| Units redeemed / transferred out: 38,828,808 units (2022: 24,999,824 units)       | 425,003                    | 262,179 |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-I (Common Management)</b>   |                            |         |
| Units issued / transferred in: 1,968,641 units (2022: 2,200,097 units)            | 21,283                     | 22,180  |
| Unit redeemed / transferred out: 3,734,225 units (2022: 6,416,380 units)          | 41,345                     | 65,512  |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-II (Common Management)</b>  |                            |         |
| Units Issued / Trasferred In: 741,471 units (2022: 1,128,557 units)               | 8,049                      | 11,345  |
| Units Redeemed / Transferred Out: 2,537,332 units (2022: 3,572,764 units)         | 28,158                     | 36,568  |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-III (Common Management)</b> |                            |         |
| Units Issued / Trasferred In: 696,021 units (2022: 2,634,157 units)               | 7,617                      | 26,783  |
| Units Redeemed / Transferred Out: 2,010,269 units (2022: 6,248,753 units)         | 21,979                     | 64,147  |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-IV (Common Management)</b>  |                            |         |
| Units Issued / Trasferred In: 339,132 units (2022: 1,498,111 units)               | 3,600                      | 15,313  |
| Units Redeemed / Transferred Out: 1,118,433 units (2022: 4,634,715 units)         | 11,863                     | 47,901  |
| <b>CDC-Trustee NBP Islamic Capital Preservation Plan-V (Common Management)</b>    |                            |         |
| Units Issued / Trasferred In: 202,663 units (2022: 872,590 units)                 | 2,243                      | 8,844   |
| Units Redeemed / Transferred Out: 752,914 units (2022: 4,772,126 units)           | 8,179                      | 48,924  |
| <b>CDC-Trustee NBP Islamic Capital Preservation Plan VI** (Common Management)</b> |                            |         |
| Dividend re-invest units issued 93,495 units (2022: nil units)                    | 943                        | -       |
| Units Issued / Trasferred In: 4,585,245 units (2022: nil units)                   | 47,681                     | -       |
| Units Redeemed / Transferred Out: 2,768,470 units (2022: nil units)               | 30,554                     | -       |

|   | 2023                       | 2022      |
|---|----------------------------|-----------|
|   | ----- Rupees in '000 ----- |           |
| <b>Fauji Fertilizer Company Limited</b><br><b>(Common Directorship with the Management Company)</b> |                            |           |
| Dividend re-invested / units issued: nil units (2022: 66 units)                                     | -                          | 1         |
| Units issued / transferred in: 804,877,732 units (2022: nil units)                                  | <b>8,845,094</b>           | -         |
| Unit redeemed / transferred out: 804,878,661 units (2022: nil units)                                | <b>8,921,194</b>           | -         |
| <b>K-Electric Limited**</b><br><b>(Common Directorship with the Management Company)</b>             |                            |           |
| Short-term sukuks purchased   | <b>2,343,000</b>           | -         |
| Short-term sukuks sold / matured  | <b>1,575,000</b>           | -         |
| <b>Khalid Mehmood**</b><br><b>(Chief Financial Officer of the Management Company)</b>               |                            |           |
| Dividend re-invested / units issued: 797 units (2022: nil units)                                    | <b>8</b>                   | -         |
| Units issued / transferred in: 66,773 units (2022: nil units)                                       | <b>700</b>                 | -         |
| Unit redeemed / transferred out: 57,797 units (2022: nil units)                                     | <b>616</b>                 | -         |
| <b>Portfolio managed by Management Company</b>  |                            |           |
| Dividend Re-invest Units Issued: 4,308,926 units (2022: 1,711,720 units)                            | <b>43,443</b>              | 17,470    |
| Units issued / transferred in: 131,634,080 units (2022: 103,019,662 units)                          | <b>1,345,994</b>           | 1,026,388 |
| Unit redeemed / transferred out: 138,905,157 units (2022: 102,134,744 units)                        | <b>1,488,168</b>           | 1,017,754 |
| <b>Persons holding ten percent or more of units in issue / net assets of the Fund</b>               |                            |           |
| <b>THE TRUSTEES KARACHI ELECTRIC PROVIDENT FUND*</b>  |                            |           |
| Units issued / transferred in: nil units (2022: 88,007,256 units)                                   | -                          | 912,389   |
| <b>CP FUND LADY READING HOSPITAL MEDICAL TEACHING INSTITUTION*</b>                                  |                            |           |
| Units issued / transferred in: nil units (2022: 135,641,253 units)                                  | -                          | 1,399,372 |
| Unit redeemed / transferred out: nil units (2022: 110,135,171 units)                                | -                          | 1,184,879 |
| <b>21.6 Amounts outstanding as at year end are as follows:</b>                                      |                            |           |
| <b>NBP Fund Management Limited - Management Company</b>   |                            |           |
| Remuneration of the Management Company  | <b>2,222</b>               | 649       |
| Sindh Sales Tax payable on remuneration of the Management Company                                   | <b>289</b>                 | 84        |
| Reimbursement of operational expenses to the Management Company                                     | <b>4,398</b>               | 1,950     |
| Sales load & Transfer load  | <b>760</b>                 | 1,625     |
| Sindh Sales Tax on sales & transfer load  | <b>99</b>                  | 212       |
| ADC charges and Sindh Sales Tax on ADC charges  | <b>369</b>                 | 167       |
| Reimbursement of Selling and marketing expense  | <b>21,462</b>              | 7,799     |
| Other Payable   | <b>151</b>                 | 151       |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>                                     |                            |           |
| Remuneration payable  | <b>633</b>                 | 273       |
| Sindh Sales tax Remuneration payable  | <b>82</b>                  | 35        |
| CDC Charges   | <b>13</b>                  | 7         |
| Security deposit  | <b>100</b>                 | 100       |
| <b>Employees of Management Company</b>  |                            |           |
| Investment held in the Fund: 8,188,579 units (2022: 2,643,168 units)                                | <b>82,968</b>              | 26,634    |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-I</b><br><b>(Common Management)</b>           |                            |           |
| Investment held in the Fund: nil units (2022: 1,765,584 units)                                      | -                          | 17,791    |

|   | 2023                       | 2022    |
|---|----------------------------|---------|
|   | ----- Rupees in '000 ----- |         |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-II<br/>(Common Management)</b>          |                            |         |
| Investment held in the Fund: nil units (2022: 1,795,861 units)                                | -                          | 18,096  |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-III<br/>(Common Management)</b>         |                            |         |
| Investment held in the Fund: nil units (2022: 1,314,248 units)                                | -                          | 13,243  |
| <b>CDC Trustee NAFA Islamic Capital Preservation Plan-IV<br/>(Common Management)</b>          |                            |         |
| Investment held in the Fund: nil units (2022: 779,301 units)                                  | -                          | 7,853   |
| <b>CDC-Trustee NBP Islamic Capital Preservation Plan-V<br/>(Common Management)</b>            |                            |         |
| Investment held in the Fund: nil units (2022: 550,250 units)                                  | -                          | 5,545   |
| <b>CDC-Trustee NBP Islamic Capital Preservation Plan VI**<br/>(Common Management)</b>         |                            |         |
| Investment held in the Fund: 1,910,269 units (2022: nil units)                                | 19,355                     | -       |
| <b>Portfolio Managed by Management Company</b>  |                            |         |
| Investment held in the Fund: 45,237,438 units (2022: 46,574,649 units)                        | 458,354                    | 469,305 |
| <b>National Bank of Pakistan<br/>(Parent of the Management Company)</b>                       |                            |         |
| Bank balances   | 19,347                     | 1,129   |
| <b>BankIslami Pakistan Limited*<br/>(Common Directorship with the Management Company)</b>     |                            |         |
| Bank balances   | -                          | 3,832   |
| <b>Fauji Fertilizer Company Limited<br/>(Common Directorship with the Management Company)</b> |                            |         |
| Investment held in the Fund: nil units (2022: 928 units)                                      | -                          | 9       |
| <b>K-Electric Limited**<br/>(Common Directorship with the Management Company)</b>             |                            |         |
| Short-term sukuks   | 1,418,000                  | -       |
| <b>Khalid Mehmood**<br/>(Chief Financial Officer of the Management Company)</b>               |                            |         |
| Investment held in the Fund: 9,773 units (2022: nil units)                                    | 99                         | -       |
| <b>Persons holding ten percent or more of units in issue / net assets of the Fund</b>         |                            |         |
| <b>THE TRUSTEES KARACHI ELECTRIC PROVIDENT FUND*</b>  |                            |         |
| Investment held in the Fund: nil units (2022: 90,782,220 units)                               | -                          | 914,758 |
| <b>CP FUND LADY READING HOSPITAL MEDICAL TEACHING INSTITUTION*</b>                            |                            |         |
| Investment held in the Fund: nil units (2022: 62,973,029 units)                               | -                          | 634,541 |

\* Current year balances have not been disclosed of these related parties as these were not related parties as at 30 June 2023.

\*\* Comparative balances have not been disclosed of these related parties as these were not related parties as at 30 June 2022.

## 22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

| S.No. | Name                | Qualification                                   | Experience in years |
|-------|---------------------|---|---------------------|
| 1     | Dr. Amjad Waheed    | Doctorate in Business Administration, MBA & CFA | 35                  |
| 2     | Mr. Asim Wahab Khan | 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                  |

### 22.1 Mr. Salman Ahmed is the manager of The Fund. Other funds being managed by the Fund manager are as follows:

- NBP Financial Sector Income Fund
- NBP Government Securities Plan II
- NBP Government Securities Plan III
- NBP Government Securities Plan IV
- NBP Government Securities Plan V
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Income Plan I
- NBP Mahana Amdani Fund
- NBP Savings Fund
- NBP Cash Plan I
- NBP Cash Plan II
- NBP Government Securities Liquid Fund
- NBP Money Market Fund
- NBP Fixed Term Munafa Plan I
- NBP Fixed Term Munafa Plan II
- NBP Fixed Term Munafa Plan III
- NBP Islamic Fixed Term Munafa Plan I
- NBP Islamic Fixed Term Munafa Plan II
- NBP Islamic Income Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Savings Fund
- NBP Riba Free Savings Fund
- NBP Islamic Daily Dividend Fund

## 23 PATTERN OF UNIT HOLDING

| Category                 | As at June 30, 2023    |  |                                |
|--------------------------|------------------------|--|--------------------------------|
|                          | Number of unit holders | Net asset value of the amount invested | Percentage of total investment |
| (Rupees in '000)         |                        |  |                                |
| Individuals              | 6,590                  | 8,015,902                              | 54.66%                         |
| Insurance Companies      | 4                      | 230,822                                | 1.57%                          |
| NBFCs                    | 1                      | 19,355                                 | 0.13%                          |
| Retirement Funds         | 82                     | 2,969,111                              | 20.25%                         |
| Public Limited Companies | 4                      | 694,924                                | 4.74%                          |
| Others                   | 68                     | 2,734,824                              | 18.65%                         |
|                          | <b>6,749</b>           | <b>14,664,938</b>                      | <b>100%</b>                    |

| Category                 | As at June 30, 2022    |  |                                |
|--------------------------|------------------------|--|--------------------------------|
|                          | Number of unit holders | Net asset value of the amount invested | Percentage of total investment |
| (Rupees in '000)         |                        |  |                                |
| Individuals              | 5,307                  | 2,286,117                              | 37.56%                         |
| Insurance Companies      | 3                      | 232,095                                | 3.81%                          |
| NBFCs                    | 6                      | 70,823                                 | 1.16%                          |
| Retirement Funds         | 69                     | 2,561,202                              | 42.08%                         |
| Public Limited Companies | 5                      | 287                                    | 0.00%                          |
| Others                   | 56                     | 936,414                                | 15.38%                         |
|                          | <b>5,446</b>           | <b>6,086,938</b>                       | <b>100%</b>                    |

## 24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 86th, 87th, 88th, 89th, 90th and 91st Board Meetings were held on July 06, 2022, September 27, 2022, October 29, 2022, February 21, 2023, 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               | Attended | Leave Granted |                       |
| Shaikh Muhammad Abdul Wahid Sethi | 6                  | 6        | -             | -                     |
| Tauqeer Mazhar                    | 6                  | 5        | 1             | 91st Meeting          |
| Mehnaz Salar                      | 6                  | 6        | -             | -                     |
| Ali Saigol                        | 6                  | 6        | -             | -                     |
| Imran Zaffar                      | 6                  | 5        | 1             | 89th Meeting          |
| Khalid Mansoor                    | 6                  | 6        | -             | -                     |
| Saad Amanullah Khan               | 6                  | 6        | -             | -                     |
| *Humayun Bashir                   | 2                  | 2        | -             | -                     |
| **Ruhail Muhammad                 | 3                  | 3        | -             | -                     |
| Dr. Amjad Waheed                  | 6                  | 6        | -             | -                     |

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

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

## 25 FINANCIAL INSTRUMENTS BY CATEGORY

|   | At amortised cost | At fair value through profit or loss | Total             |
|---|-------------------|--------------------------------------|-------------------|
| -----Rupees in '000-----  |                   |                                      |                   |
| <b>As at June 30, 2023</b>  |                   |                                      |                   |
| <b>Financial assets</b>   |                   |                                      |                   |
| Bank balances   | 7,703,268         | -                                    | 7,703,268         |
| Investment  | -                 | 6,899,265                            | 6,899,265         |
| Profit accrued  | 250,651           | -                                    | 250,651           |
| Security Deposit  | 100               | -                                    | 100               |
| Receivable against transfer of units                                | 53,167            | -                                    | 53,167            |
|   | <b>8,007,186</b>  | <b>6,899,265</b>                     | <b>14,906,451</b> |
| <b>As at June 30, 2023</b>  |                   |                                      |                   |
| <b>Financial liabilities</b>  |                   |                                      |                   |
| Payable to the Management Company                                   | 29,750            | -                                    | 29,750            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 715               | -                                    | 715               |
| Payable against redemption of units                                 | 120,476           | -                                    | 120,476           |
| Accrued expenses and other liabilities                              | 2,334             | -                                    | 2,334             |
| Net assets attributable to redeemable units                         | 14,664,938        | -                                    | 14,664,938        |
|   | <b>14,818,213</b> | <b>-</b>                             | <b>14,818,213</b> |
| -----Rupees in '000-----  |                   |                                      |                   |
| <b>As at June 30, 2022</b>  |                   |                                      |                   |
| <b>Financial assets</b>   |                   |                                      |                   |
| Bank balances   | 4,532,900         | -                                    | 4,532,900         |
| Investment  | -                 | 1,540,000                            | 1,540,000         |
| Profit accrued  | 75,017            | -                                    | 75,017            |
| Security Deposit  | -                 | -                                    | -                 |
| Receivable against transfer of units                                | 23,735            | -                                    | 23,735            |
|   | <b>4,631,652</b>  | <b>1,540,000</b>                     | <b>6,171,652</b>  |
| <b>As at June 30, 2022</b>  |                   |                                      |                   |
| <b>Financial liabilities</b>  |                   |                                      |                   |
| Payable to the Management Company                                   | 12,637            | -                                    | 12,637            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 308               | -                                    | 308               |
| Payable against redemption of units                                 | 45,355            | -                                    | 45,355            |
| Accrued expenses and other liabilities                              | 1,456             | -                                    | 1,456             |
| Net assets attributable to redeemable units                         | 6,086,938         | -                                    | 6,086,938         |
|   | <b>6,146,694</b>  | <b>-</b>                             | <b>6,146,694</b>  |

## 26 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 26.1 Market risk

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

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan and Investment Committee.

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

## 26.1.1 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, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

## 26.1.2 Interest rate risk

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

### (a) Sensitivity analysis for variable rate instruments

As at June 30, 2023, the Fund holds KIBOR based interest bearing sukuks and balance in saving accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in bank profit rates as on June 30, 2023, the net assets of the Fund would have been higher / lower by approximately Rs. 93.26 million (2022: 51.63 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is 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 interest rates.

### (b) Sensitivity analysis for fixed rate instruments

The Fund holds certificate of musharakah, term deposit receipts and bai muajjal that expose the Fund to fair value interest rate risk as at June 30, 2023. In case of 100 basis points increase/decrease in coupon rate on June 30, 2023, with all other variables held constant, the net assets of the Fund of the Fund as at and net income for the year would have been higher/lower by Rs. 51.31 million (2022: Rs. 8.9 million).

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

| Yield / Profit rate                           | Total       | Exposed to yield / profit rate risk |  |                    | Not exposed to yield / interest rate risk |
|---|-------------|-------------------------------------|--|--------------------|---|
|   |             | Upto three months                   | More than three months and upto one year | More than one year |   |
| As at June 30, 2023                           |             |                                     |  |                    |   |
|   | %           | ----- Rupees in '000 -----          |  |                    |   |
| <b>On-balance sheet financial instruments</b> |             |                                     |  |                    |   |
| <b>Financial assets</b>                       |             |                                     |  |                    |   |
| Balances with banks                           | 10 to 21.25 | 7,703,268                           | 7,557,590                                | -                  | 145,678                                   |
| Investment                                    |             | 6,899,265                           | 6,899,265                                | -                  | -   |
| Mark up accrued                               |             | 250,651                             | -  | -                  | 250,651                                   |
| Deposit                                       |             | 100                                 | -  | -                  | 100                                       |
| Receivable against transfer of units          |             | 53,167                              | -  | -                  | 53,167                                    |
|   |             | 14,906,451                          | 14,456,855                               | -                  | 449,596                                   |

| Yield / Profit rate | Total | Exposed to yield / profit rate risk |  |                    | Not exposed to yield / interest rate risk |
|---------------------|-------|-------------------------------------|--|--------------------|---|
|                     |       | Upto three months                   | More than three months and upto one year | More than one year |   |

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

## Financial liabilities

|   |            |            |   |   |              |
|---|------------|------------|---|---|--------------|
| Payable to the Management Company           | 29,750     | -          | - | - | 29,750       |
| Payable to the Trustee                      | 715        | -          | - | - | 715          |
| Accrued expenses and other liabilities      | 2,334      | -          | - | - | 2,334        |
| Payable against redemption of units         | 120,476    | -          | - | - | 120,476      |
| Net assets attributable to redeemable units | 14,664,938 | -          | - | - | 14,664,938   |
|   | 14,818,213 | -          | - | - | 14,818,213   |
| On-balance sheet gap                        | 88,238     | 14,456,855 | - | - | (14,368,617) |
| Off-balance sheet financial instruments     | -          | -          | - | - | -            |
| Off-balance sheet gap                       | -          | -          | - | - | -            |

As at June 30, 2022

On-balance sheet financial instruments

## Financial assets

|                                      |              |           |           |   |   |         |
|--------------------------------------|--------------|-----------|-----------|---|---|---------|
| Balances with banks                  | 6.25 to 7.16 | 4,532,900 | 4,513,119 | - | - | 19,781  |
| Investment                           |              | 1,540,000 | 1,540,000 | - | - | -       |
| Mark up accrued                      |              | 75,017    | -         | - | - | 75,017  |
| Deposit                              |              | 100       | -         | - | - | 100     |
| Receivable against transfer of units |              | 23,735    | -         | - | - | 23,735  |
|                                      |              | 6,171,752 | 6,053,119 | - | - | 118,633 |

## Financial liabilities

|   |  |           |           |   |   |             |
|---|--|-----------|-----------|---|---|-------------|
| Payable to the Management Company           |  | 12,637    | -         | - | - | 12,637      |
| Payable to the Trustee                      |  | 308       | -         | - | - | 308         |
| Accrued expenses and other liabilities      |  | 1,456     | -         | - | - | 1,456       |
| Payable against redemption of units         |  | 45,355    | -         | - | - | 45,355      |
| Net assets attributable to redeemable units |  | 6,086,938 | -         | - | - | 6,086,938   |
|   |  | 6,146,694 | -         | - | - | 6,146,694   |
| On-balance sheet gap                        |  | 25,058    | 6,053,119 | - | - | (6,028,061) |
| Off-balance sheet financial instruments     |  | -         | -         | - | - | -           |
| Off-balance sheet gap                       |  | -         | -         | - | - | -           |



## 26.1.3 Price risk

Price 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 (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all instruments traded in the market. Presently, the Fund is not exposed to equity price risk as the Fund does not hold any equity securities as at June 30, 2023 (2022: Nil).

## 26.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, profit accrued receivable on investment, bank balances and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the investment Committee) require the Fund to invest in debt securities that have been rated by a well known rating agency. The risk of default is considered minimal due to inherent systematic measures taken therein. Therefore, the Fund does not expect to incur material credit losses on its financial assets.

The Fund's significant credit risk arises mainly on account of its placements with banks. The credit rating profile of balances with banks is as follow:

| Bank balances by rating category | June 30, 2023 | June 30, 2022 |
|----------------------------------|---------------|---------------|
| AAA                              | 69.21%        | 67.99%        |
| AA+                              | 2.17%         | 0.010%        |
| AA-                              | 0.15%         | 0.34%         |
| AA                               | 28.34%        | 11.03%        |
| A+                               | 0.00%         | 20.63%        |
| A                                | 0.13%         | 0.00%         |
| Suspended                        | 0.00%         | 0.00%         |

The maximum exposure to credit risk before any credit enhancement is as follows:

|                                      | June 30, 2023              |                   | June 30, 2022              |                  |
|--------------------------------------|----------------------------|-------------------|----------------------------|------------------|
|                                      | Amount of financial assets | Maximum Exposure  | Amount of financial assets | Maximum Exposure |
| -----Rupees in '000 -----            |                            |                   |                            |                  |
| Balances with banks                  | 7,703,268                  | 7,703,268         | 4,532,900                  | 4,532,900        |
| Investment                           | 6,899,265                  | 6,899,265         | 1,540,000                  | 1,540,000        |
| Profit accrued                       | 250,651                    | 250,651           | 75,017                     | 75,017           |
| Deposits                             | 100                        | 100               | 100                        | 100              |
| Receivable against transfer of units | 53,167                     | 53,167            | 23,735                     | 23,735           |
|                                      | <b>14,906,451</b>          | <b>14,906,451</b> | <b>6,171,752</b>           | <b>6,171,752</b> |

### Concentration of credit risk

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

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to fifteen % of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

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 significant redemptions during the year.

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

|   | Total             | Upto three months | Over three months and upto one year | Over one year |
|---|-------------------|-------------------|-------------------------------------|---------------|
| ----- Rupees in '000 -----                  |                   |                   |                                     |               |
| <b>June 30, 2023</b>                        |                   |                   |                                     |               |
| <b>Financial liabilities</b>                |                   |                   |                                     |               |
| Payable to the Management Company           | 29,750            | 29,750            | -                                   | -             |
| Payable to the Trustee                      | 715               | 715               | -                                   | -             |
| Accrued expenses and other liabilities      | 2,334             | 2,334             | -                                   | -             |
| Payable against redemption of units         | 120,476           | 120,476           | -                                   | -             |
| Net assets attributable to redeemable units | 14,664,938        | 14,664,938        | -                                   | -             |
|   | <b>14,818,213</b> | <b>14,818,213</b> | -                                   | -             |
| <b>June 30, 2022</b>                        |                   |                   |                                     |               |
| <b>Financial liabilities</b>                |                   |                   |                                     |               |
| Payable to the Management Company           | 12,637            | 12,637            | -                                   | -             |
| Payable to the Trustee                      | 308               | 308               | -                                   | -             |
| Accrued expenses and other liabilities      | 1,456             | 1,456             | -                                   | -             |
| Payable against redemption of units         | 45,355            | 45,355            | -                                   | -             |
| Net assets attributable to redeemable units | 6,086,938         | 6,086,938         | -                                   | -             |
|   | <b>6,146,694</b>  | <b>6,146,694</b>  | -                                   | -             |

## 27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### Fair value hierarchy

- 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 (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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

|   | Note | Carrying Value                   |                   |                   | Fair Value |                  |          |                  |
|---|------|----------------------------------|-------------------|-------------------|------------|------------------|----------|------------------|
|   |      | Fair value through profit & loss | Amortized Cost    | Total             | Level 1    | Level 2          | Level 3  | Total            |
| <b>June 30, 2023</b>                                    |      |                                  |                   |                   |            |                  |          |                  |
| Rupees in '000  |      |                                  |                   |                   |            |                  |          |                  |
| <b>Financial assets measured at fair value</b>          |      |                                  |                   |                   |            |                  |          |                  |
| Certificate of musharakah                               | 6    | 2,100,000                        | -                 | 2,100,000         | -          | 2,100,000        | -        | 2,100,000        |
| Sukuks  | 6    | 1,768,000                        | -                 | 1,768,000         | -          | 1,768,000        | -        | 1,768,000        |
| Term deposit receipts - short term                      | 6    | 2,200,000                        | -                 | 2,200,000         | -          | 2,200,000        | -        | 2,200,000        |
| Term deposit receipts - long term                       | 6    | 300,000                          | -                 | 300,000           | -          | 300,000          | -        | 300,000          |
| Bai muajjal   | 6    | 531,265                          | -                 | 531,265           | -          | 531,265          | -        | 531,265          |
|   |      | <b>6,899,265</b>                 | <b>-</b>          | <b>6,899,265</b>  | <b>-</b>   | <b>6,899,265</b> | <b>-</b> | <b>6,899,265</b> |
| <b>Financial assets not measured at fair value</b>      |      |                                  |                   |                   |            |                  |          |                  |
| Bank balances   | 5    | -                                | 7,703,268         | 7,703,268         | -          | -                | -        | -                |
| Profit accrued  | 9    | -                                | 250,651           | 250,651           | -          | -                | -        | -                |
| Deposit and other receivable                            | 8    | -                                | 100               | 100               | -          | -                | -        | -                |
| Receivable against transfer of units                    |      | -                                | 53,167            | 53,167            | -          | -                | -        | -                |
|   |      | <b>-</b>                         | <b>8,007,186</b>  | <b>8,007,186</b>  | <b>-</b>   | <b>-</b>         | <b>-</b> | <b>-</b>         |
| <b>Financial liabilities not measured at fair value</b> |      |                                  |                   |                   |            |                  |          |                  |
| Payable to the Management Company                       | 10   | -                                | 29,750            | 29,750            | -          | -                | -        | -                |
| Remuneration payable to the trustee                     | 11   | -                                | 715               | 715               | -          | -                | -        | -                |
| Accrued expenses and other liabilities                  | 13   | -                                | 2,334             | 2,334             | -          | -                | -        | -                |
| Payable against redemption of units                     |      | -                                | 120,476           | 120,476           | -          | -                | -        | -                |
| Net assets attributable to redeemable units             |      | -                                | 14,664,938        | 14,664,938        | -          | -                | -        | -                |
|   |      | <b>-</b>                         | <b>14,818,213</b> | <b>14,818,213</b> | <b>-</b>   | <b>-</b>         | <b>-</b> | <b>-</b>         |
| <b>June 30, 2022</b>                                    |      |                                  |                   |                   |            |                  |          |                  |
| <b>Financial assets measured at fair value</b>          |      |                                  |                   |                   |            |                  |          |                  |
| Certificate of musharakah                               | 6    | -                                | -                 | -                 | -          | -                | -        | -                |
| Sukuks  | 6    | 650,000                          | -                 | 650,000           | -          | 650,000          | -        | 650,000          |
| Term deposit receipts - short term                      | 6    | 890,000                          | -                 | 890,000           | -          | 890,000          | -        | 890,000          |
| Term deposit receipts - long term                       | 6    | -                                | -                 | -                 | -          | -                | -        | -                |
| Bai muajjal   | 6    | -                                | -                 | -                 | -          | -                | -        | -                |
|   |      | <b>1,540,000</b>                 | <b>-</b>          | <b>1,540,000</b>  | <b>-</b>   | <b>1,540,000</b> | <b>-</b> | <b>1,540,000</b> |
| <b>Financial assets not measured at fair value</b>      |      |                                  |                   |                   |            |                  |          |                  |
| Bank balances   | 5    | -                                | 4,532,900         | 4,532,900         | -          | -                | -        | -                |
| Profit accrued  | 9    | -                                | 75,017            | 75,017            | -          | -                | -        | -                |
| Deposit and other receivable                            | 8    | -                                | 100               | 100               | -          | -                | -        | -                |
| Receivable against transfer of units                    |      | -                                | 23,735            | 23,735            | -          | -                | -        | -                |
|   |      | <b>-</b>                         | <b>4,631,752</b>  | <b>4,631,752</b>  | <b>-</b>   | <b>-</b>         | <b>-</b> | <b>-</b>         |
| <b>Financial liabilities not measured at fair value</b> |      |                                  |                   |                   |            |                  |          |                  |
| Payable to the Management Company                       | 10   | -                                | 12,637            | 12,637            | -          | -                | -        | -                |
| Remuneration payable to the trustee                     | 11   | -                                | 308               | 308               | -          | -                | -        | -                |
| Accrued expenses and other liabilities                  | 13   | -                                | 1,456             | 1,456             | -          | -                | -        | -                |
| Payable against redemption of units                     |      | -                                | 45,355            | 45,355            | -          | -                | -        | -                |
| Net assets attributable to redeemable units             |      | -                                | 6,086,938         | 6,086,938         | -          | -                | -        | -                |
|   |      | <b>-</b>                         | <b>6,146,694</b>  | <b>6,146,694</b>  | <b>-</b>   | <b>-</b>         | <b>-</b> | <b>-</b>         |

- 27.1 The Fund has not disclosed the fair values for these financial assets (other than investment) and for financial liabilities, as these are either short term in nature or are repriced periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

## 28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restrictions on the issuance and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies stated in note 26, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

## 29 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**.

## 30 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



## PERFORMANCE TABLE

| Particulars   | For the Year Ended June 30, 2023 | For the Year Ended June 30, 2022 | For the Year Ended June 30, 2021 | For the Year Ended June 30, 2020 | For the Year Ended June 30, 2019 | For the Year Ended June 30, 2018 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net assets at the year / period ended (Rs '000)                   | 14,664,938                       | 6,086,938                        | 4,822,642                        | 5,886,396                        | 750,493                          | 1,518,654                        |
| Net income for the year / period ended (Rs '000)                  | 1,609,069                        | 488,866                          | 287,901                          | 381,506                          | 93,790                           | 24,663                           |
| Net Asset Value per unit at the year / period ended (Rs)          | 10.1322                          | 10.0764                          | 10.0504                          | 10.0355                          | 10.0226                          | 10.1518                          |
| Offer Price per unit at year end                                  | 10.2467                          | 10.1903                          | 10.1640                          | 10.0922                          | 10.0792                          | 10.2092                          |
| Redemption Price per unit at year end                             | 10.1322                          | 10.0764                          | 10.0504                          | 10.0355                          | 10.0226                          | 10.1518                          |
| Highest offer price per unit (Rs)                                 | 10.2467                          | 10.1903                          | 10.5665                          | 10.0922                          | 10.0792                          | 10.2092                          |
| Lowest offer price per unit (Rs)                                  | 8.8127                           | 9.3313                           | 9.5177                           | 8.9728                           | 9.3269                           | 10.0000                          |
| Highest redemption price per unit (Rs)                            | 10.1322                          | 10.0764                          | 10.0504                          | 10.0355                          | 10.0226                          | 10.1518                          |
| Lowest redemption price per unit (Rs)                             | 8.7142                           | 9.2270                           | 9.4642                           | 8.9728                           | 9.2716                           | 10.0000                          |
| Opening Nav of Fiscal Year  | 8.7111                           | 9.2254                           | 9.4626                           | 8.9695                           | 10.0000                          | 10.0000                          |
| Total return of the fund  | 16.31%                           | 9.20%                            | 6.21%                            | 11.85%                           | 8.15%                            | 1.52%                            |
| Capital growth  | 0.64%                            | 0.26%                            | 0.16%                            | 0.11%                            | 0.45%                            | 0.00%                            |
| Income distribution as a % of ex nav                              | 15.67%                           | 8.94%                            | 6.05%                            | 11.74%                           | 7.70%                            | 1.52%                            |
| Income distribution as a % of par value                           | 15.79%                           | 8.99%                            | 6.08%                            | 11.77%                           | 7.70%                            | 1.52%                            |
| Distribution  |                                  |                                  |                                  |                                  |                                  |                                  |
| Interim distribution per unit                                     | 1.5793                           | 0.8988                           | 0.6076                           | 1.1767                           | 0.7702                           | -                                |
| Final distribution per unit                                       | -                                | -                                | -                                | -                                | -                                | 0.1518                           |
| Distribution Dates  |                                  |                                  |                                  |                                  |                                  |                                  |
| Interim   |                                  |                                  |                                  |                                  | 29-Jan-19                        | -                                |
| Interim   |                                  |                                  |                                  |                                  | 27-Feb-19                        | -                                |
| Interim   |                                  |                                  |                                  |                                  | 29-Mar-19                        | -                                |
| Interim   |                                  |                                  |                                  |                                  | 26-Apr-19                        | -                                |
| Interim   |                                  |                                  |                                  |                                  | 30-May-19                        | -                                |
| Interim   | 21-Jun-23                        | 24-Jun-22                        | 23-Jun-21                        | 24-Jun-20                        | 24-Jun-19                        | -                                |
| Final   |                                  |                                  |                                  |                                  |                                  | 4-Jul-18                         |
| Average annual return of the fund (launch date February 28, 2019) |                                  |                                  |                                  |                                  |                                  |                                  |
| (Since inception to June 30, 2023)                                | 9.93%                            |                                  |                                  |                                  |                                  |                                  |
| (Since inception to June 30, 2022)                                |                                  | 8.50%                            |                                  |                                  |                                  |                                  |
| (Since inception to June 30, 2021)                                |                                  |                                  | 8.30%                            |                                  |                                  |                                  |
| (Since inception to June 30, 2020)                                |                                  |                                  |                                  | 9.20%                            |                                  |                                  |
| (Since inception to June 30, 2019)                                |                                  |                                  |                                  |                                  | 7.25%                            |                                  |
| (Since inception to June 30, 2018)                                |                                  |                                  |                                  |                                  |                                  | 4.50%                            |
| Portfolio Composition ( Please see Fund Manager Report)           |                                  |                                  |                                  |                                  |                                  |                                  |
| Weighted average portfolio duration                               | 13 Days                          | 15 Days                          | 16 Days                          | 24 Days                          | 1 Days                           | 1 Days                           |

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

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