

**NBP FUNDS**  
Managing Your Savings

Aitemaad اعتماد  
اسلامک سیونر

Islamic Savings

اسلامک سیونر

**NBP Fund Management Limited**



# **NBP ISLAMIC SARMAYA IZAFI FUND**

**ANNUAL REPORT  
2023**

**AM1**  
Rated by PACRA

# MISSION STATEMENT

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



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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

#### Board of Directors of Management Company

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

#### Company Secretary & COO

Mr. Muhammad Murtaza Ali

#### Chief Financial Officer

Mr. Khalid Mehmood

#### Audit & Risk Committee

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

#### Human Resource & Remuneration Committee

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

#### Strategy & Business Planning Committee

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

#### Trustee

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

#### Bankers to the Fund

Habib Bank Limited (Islamic)  
United Bank Limited (Ameen)  
Bank Al Habib Limited (Islamic)  
Meezan Bank Limited  
Bank Islami (Pakistan) Limited  
Sindh Bank Limited (Saadat)  
MCB Bank Limited (Islamic)  
Dubai Islamic Bank Limited  
Bank Alfalah Limited (Islamic)  
Soneri Bank Limited (Mustaqeem)  
Habib Metro Bank Limited (Islamic)  
Allied Bank Limited (Islamic)  
Silk Bank Limited (Emaan)  
National Bank of Pakistan  
JS Bank Limited  
Al Baraka Bank Pakistan 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



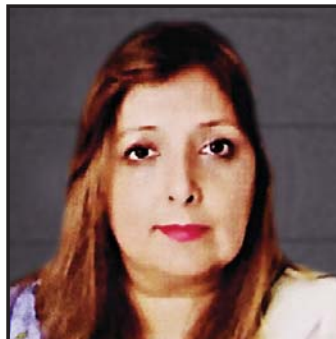
**Mr. Tauqeer Mazhar**  
Director



**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 Sixteenth Annual Report of NBP Islamic Sarmaya Izafa Fund for the year ended June 30, 2023.

### Fund's Performance

FY23 was a lackluster year for equities as the benchmark KMI-30 Index inched up by only 2.9% during the year. However, during the year, the market remained very volatile and the Index exhibited large swings on both sides.

The stock market performance remained subdued during the outgoing year as investors' confidence remained fragile shaped by worsening political and macro-economic outlook. On economic front, the precarious situation on balance of payment (BOP) troubled investors. Though the current account deficit (CAD), that stood at USD 2.6 billion as against USD 17.5 billion last year was brought under control due to various administrative measures/restrictions, yet elevated external debt repayments of around USD 21 billion remained a cause of concern. Due to delay in meeting conditions of IMF, the program remained in abeyance and the external inflows dried up. Hence, SBP's FX reserves slipped from USD 9.8 billion to USD 4.5 billion for the same reason. Amid steep drawdown in FX reserves, PKR witnessed massive devaluation of around 40% during FY23 that also dented sentiments. Unprecedented rains led to massive floods in the country that not only caused massive devastation but further worsened economic outlook as GDP growth was recorded at merely 0.3% during the year. Large Scale Manufacturing was particularly hit as its output dropped by around 10.3% during FY23. Inflation, which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up as acute supply disruptions & shortages put more pressure on prices. Average inflation clocked in at around 29.2% in FY23. This prompted the central bank to aggressively increase Policy Rate to 22% from 13.75% during the year. Although listed corporate sector continued to post robust double-digit growth in profitability despite of imposition of higher taxes and anemic GDP growth, multi-faceted economic challenges and political uncertainty sapped sentiments and weighed heavily on market performance. A key aspect during last year related to capital market was the sponsor buy back programs which remained a major redeeming factor where cumulative buybacks of around PKR 28 billion were announced reflecting immense sponsor confidence in their own companies.

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

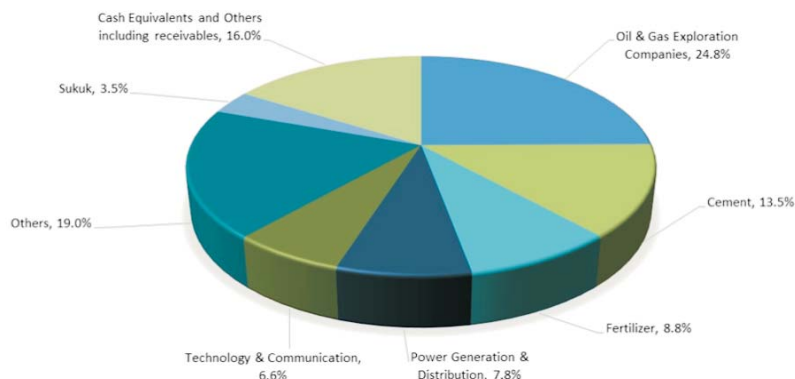
The cumulative trading in corporate sukuks for FY23 was recorded at Rs. 6.1 billion (around 53% up compared to Rs. 4 billion in FY22). However, fresh issuance of shariah compliant short-term corporate sukuks helped the undersupplied market for long-term shariah compliant debt securities. During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation.

During the fiscal year, return of NBP Islamic Sarmaya Izafa Fund increased by 2.6% versus 3.7% increase in the benchmark. Thus, the Fund underperformed the benchmark by 1.1% during the year. NISIF underperformance during the year was because the Fund was underweight in key stocks in Cement, Fertilizer, Inv. Banks / Inv. Cos. / Securities Cos, Oil & Gas Marketing Companies, and Oil & Gas Exploration Companies, sectors that outperformed the market and was overweight in key stocks in Automobile Parts & Accessories, Engineering, Glass & Ceramics, Pharmaceuticals and Textile Composite, sectors that underperformed the market. Since its launch (October 26, 2007), the Fund has risen by 342.2%, versus the benchmark return of 212.9%, thus to date outperformance is 129.3%. This outperformance is net of management fee and all other expenses. The Fund size is 1,284 mln as of June 30, 2023.

NBP Islamic Sarmaya Izafa Fund has earned total income of Rs. 154.93 million during the year. After deducting total expenses of Rs. 93.51 million, the net income is Rs. 61.42 million. During the year, the unit price of NBP Islamic Sarmaya Izafa Fund has increased from Rs. 15.2302 (Ex-Div) on June 30, 2022 to Rs. 15.1426 on June 30, 2022. The resultant per unit loss is Rs. 0.0876 i.e. (0.58%).



The asset allocation of NBP Islamic Sarmaya Izafa Fund as on June 30, 2023 is as follows:



## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 3.13% of the opening ex-NAV (4.76% 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 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 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>	<ol style="list-style-type: none"> <li>1. Mr. Khalid Mansoor</li> <li>2. Mr. Saad Amanullah Khan</li> <li>3. Mr. Ruhail Muhammad</li> <li>4. Mr. Humayun Bashir</li> </ol>
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	<ol style="list-style-type: none"> <li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Mr. Tauqeer Mazhar</li> <li>3. Ms. Mehnaz Salar</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol>

## Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of  
**NBP Fund Management Limited**

**Chief Executive Officer**

**Director**

Date: **September 15, 2023**  
Place: Karachi.

## ڈائریکٹرز رپورٹ

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

### فٹ کی کارکردگی

مالی سال 23 ایکویٹیز کے لیے مایوس کن تھا کیونکہ بیچ مارک KMI-30 انڈیکس میں سال کے دوران صرف 2.9 فیصد اضافہ ہوا۔ تاہم سال کے دوران مارکیٹ کافی اتار چڑھاؤ کا شکار رہی اور انڈیکس نے بھی دونوں اطراف جھکاؤ دکھایا۔

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

سیکٹرز اور کارکردگی کے لحاظ سے سینٹ، کیمیکل، بینک، فریٹلائزر، آئل اینڈ گیس ایکسپلوریشن کمپنیاں، پاور جنریشن اینڈ ڈسٹری بیوٹن، شوگر اینڈ اینڈسٹریز، اور ٹیکسٹائل اور کیمیکل اینڈ سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اس کے برعکس، آٹو اسمبلرز، آٹو پارٹس اور اسپرینز، کبل اور الیکٹریکل سامان، انجینئرنگ، فوڈ اینڈ پراسسنگ، گلاس اینڈ سٹریکس، انشورنس، لیڈر اینڈ ٹیکسٹائل، متفرقات، آئل اینڈ گیس مارکیٹنگ، پیپر اینڈ بورڈ، فارماسیوٹیکل، ریفرنسری، ٹیکسٹائل کمپوزٹ، اور تھما کو کے شعبوں نے مارکیٹ سے اتر کر کارکردگی کا مظاہرہ کیا۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، کمپنیاں، انفرادی اور بینک/DFIs بالترتیب 100 بلین امریکی ڈالر، 84 بلین امریکی ڈالر اور 74 بلین امریکی ڈالر کی آمد کے ساتھ سب سے بڑے خالص خریدار رہے۔ اس کے برعکس، میوچل فنڈز اور انشورنس نے اپنی خالص ہولڈنگز کو بالترتیب 144 بلین امریکی ڈالر اور 124 بلین امریکی ڈالر تک کم کر دیا۔

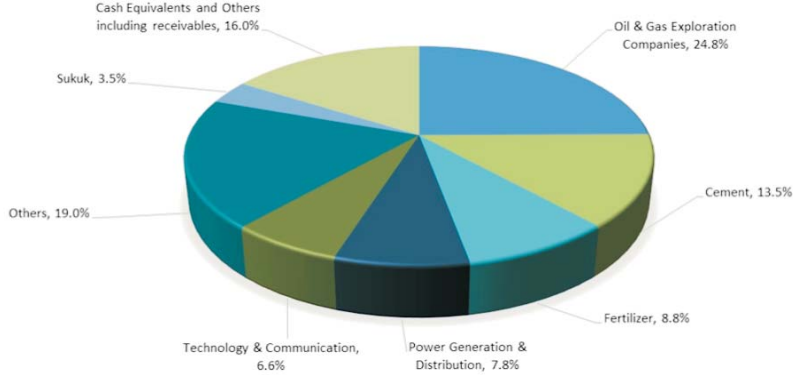
مالی سال 23 کے لیے کارپوریٹ سٹاک میں مجموعی تجارت 6.1 بلین روپے (مالی سال 22 میں 4 بلین روپے کے مقابلے میں تقریباً 53 فیصد زیادہ) ریکارڈ کی گئی۔ تاہم، شریعت کے مطابق قلیل مدتی کارپوریٹ سٹاک کے نئے اجراء سے طویل مدتی شریعتی مطابقت پذیر ڈیٹ سیکورٹیز کے لیے زبردستی مارکیٹ کو کچھ حد تک مدہمتی۔ مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 19 اجلاس منعقد ہونے 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 کوئیٹنی 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 مزید ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانہ قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے انفلوئرز اور کم سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنج اور خطرات کا باعث بنے ہیں۔

مالی سال کے دوران، NBP اسلامک سرمایہ اضافہ فنڈ کے بیچ مارک منافع میں 3.7% اضافہ کے مقابلے میں 2.6% اضافہ ہوا، لہذا سال کے دوران بیچ مارک 1.1% کی اتر کر کارکردگی دکھائی۔ NISIF نے سال کے دوران اتر کر کارکردگی کا مظاہرہ کیا کیونکہ فنڈ نے سینٹ، کھادوں، انویسٹمنٹ بینکوں/انویسٹمنٹ کارپوریشنز/سیکورٹیز کارپوریشنز، آئل اینڈ گیس مارکیٹنگ کمپنیوں، اور آئل اینڈ گیس ایکسپلوریشن کمپنیوں کے شعبوں میں اہم اسٹاک کو کم اہمیت دی جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا اور کیبل اینڈ الیکٹریکل اشیا، انجینئرنگ، گلاس اور اسپرینس، ٹرانسپورٹ اور ٹیکسٹائل کمپوزٹ، وہ شعبے ہیں جنہوں نے مارکیٹ میں اتر کر کارکردگی کا مظاہرہ کیا، ان کے اہم اسٹاک کو زیادہ اہمیت دی گئی۔ جس کے باعث کارکردگی اتر رہی۔ اپنے آغاز (26 اکتوبر 2007) سے، فنڈ نے 212.9 فیصد بیچ مارک

ریٹرن کے مقابلے 342.2 فیصد کا اضافہ حاصل کیا، چنانچہ آج تک بہتر کارکردگی 129.3 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا سائز 30 جون 2023 کو 1,284 ملین ہے۔

NBP اسلامک سرمایہ اضافہ فنڈ کو سال کے دوران 154.93 ملین روپے کی مجموعی آمدنی ہوئی۔ 93.51 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص آمدنی 61.42 ملین روپے ہے۔ سال کے دوران NAFA اسلامک سرمایہ اضافہ فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 15.2302 (EX-Div) روپے سے کم ہو کر 30 جون 2023 کو 15.1426 روپے ہو گئی، جس کے نتیجے میں یونٹ نقصان 0.0876 روپے یعنی (0.58%) ہے۔ یہ کارکردگی منجسٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

30 جون 2023 کو این بی پی اسلامک سرمایہ اضافہ فنڈ کی ایسٹ ایلیوکیٹیشن درج ذیل ہے:



## آمدنی کی تقسیم

منجسٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے دوران اوپننگ ex-NAV 1.50 کا فیصد (بنیادی قیمت کا 1.50 فیصد) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

## ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیسٹل 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 شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھارن انٹرمیڈیاٹ چارٹرڈ اکاؤنٹنٹس، 30 جون 2024 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. منجسٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو 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 مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجسٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کی گئی ہے۔



- 11 یونٹ ہولڈنگ کا تفصیلی پٹرن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کچتی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2023 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

نام	کیٹگری
<ul style="list-style-type: none"> <li>•1 جناب خالد منصور</li> <li>•2 جناب سعد امان اللہ خان</li> <li>•3 جناب روجیل محمد</li> <li>•4 جناب ہمایوں بشیر</li> </ul>	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ul style="list-style-type: none"> <li>•1 شیخ محمد عبدالواحد سیٹھی (چیئر مین)</li> <li>•2 جناب توقیر مظہر</li> <li>•3 محترمہ مہناز سالار</li> <li>•4 جناب علی سیگل</li> <li>•5 جناب عمران ظفر</li> </ul>	نان ایگزیکٹو ڈائریکٹرز

## اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ مینجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Sarmaya Izafa 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 Sarmaya Izafa Fund

NBP Islamic Sarmaya Izafa Fund (NISIF) is an Open-ended Shariah Compliant Asset Allocation Fund

#### Investment Objective of the Fund

Objective of NISIF is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

#### Benchmark

Daily weighted return of KMI-30 Index & 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP, based on Fund's actual allocation, effective from September 01, 2016. Previously average of (i) average 3-months Islamic banks deposit rate (ii) 6-months KIBOR or its Shariah Compliant Equivalent (iii) KMI 30 Index.

The fund category was changed to Islamic Asset Allocation from Islamic Balanced with effect from April 22, 2014. Consequently, allowed equity range is now 0% to 90% which previously was 30% to 70%. Previous benchmark was 50% KSE-30 Index & 50% 3-month Islamic Bank Deposit.

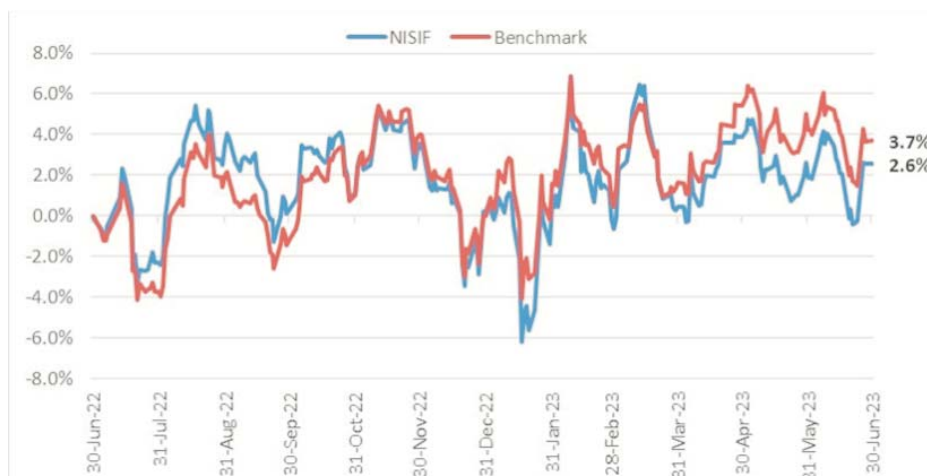
#### Fund performance review

This is the Sixteenth annual report of the Fund. During the fiscal year, NBP Islamic Asset Allocation Fund increased by 2.6% versus 3.7% increase in the benchmark. Thus, the Fund underperformed the benchmark by 1.1% during the year. Since its launch (October 26, 2007), the Fund has risen by 342.2%, versus the benchmark return of 212.9%, thus to date outperformance is 129.3%. This outperformance is net of management fee and all other expenses. The Fund size is 1,284 mln as of June 30, 2023.

NISIF underperformed during the year was because the Fund was underweight in key stocks in Cement, Fertilizer, Inv. Banks / Inv. Cos. / Securities Cos, Oil & Gas Marketing Companies, and Oil & Gas Exploration Companies, sectors that outperformed the market and was overweight in key stocks in Automobile Parts & Accessories, Engineering, Glass & Ceramics, Pharmaceuticals and Textile Composite, sectors that underperformed the market.

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

#### NISIF Performance vs. Benchmark during FY23



NISIF was around 79.1% invested in equities at the beginning of the year. During the year, we adjusted the allocation of the Fund based on our view on different asset classes. Towards the end of the year, NISIF was around 80.5% invested in equities.

FY23 was a lackluster year for equities as the benchmark KMI-30 Index inched up by only 2.9% during the year. However, during the period, the market remained very volatile and the Index exhibited large swings on both sides.

The stock market performance remained subdued during the outgoing year as investors' confidence remained fragile shaped by worsening political and macro-economic outlook. On the political front, uncertainty & agitation remained elevated during the year and weighed on investors' sentiments. The dissolution of two provincial assemblies and uncertainty over continuity of federal government and contention between government and apex court caused jitters in the market. On economic front, the precarious situation on balance of payment (BOP) troubled investors. Though the current account deficit (CAD), that stood at USD 2.6 bn as against USD 17.5 bn last year, was brought under control due to various administrative measures/restrictions, elevated external debt repayments of around USD 21 bn remained a cause of concern. Due to delay in meeting conditions of IMF, the program remained in abeyance and the external inflows dried up. Hence, SBP's FX reserves slipped from USD 9.8 billion to USD 4.5 billion for the same reason. Amid steep drawdown in FX reserves, PKR witnessed massive devaluation of around 40% during FY23 that also dented sentiments. Unprecedented rains led to massive floods in the country that not only caused massive devastation but further worsened economic outlook as GDP growth was merely recorded at 0.3% during the year. Large Scale Manufacturing was particularly hit as its output dropped by around 10.3% during FY23. Inflation, which was already on an ascent due to commodity upcycle and retail fuel & power prices adjustments, further ratcheted up as acute supply disruptions & shortages put more pressure on prices. Average inflation clocked in at around 29.2% in FY23. This prompted the central bank to aggressively increase Policy Rate to 22% from 13.75% at the start of the period. Although listed corporate sector continued to post robust double-digit growth in profitability, despite imposition of higher taxes and anemic GDP growth, multi-faceted economic challenges and political uncertainty sapped sentiments and weighed on market performance. A key aspect during last year related to capital market was the sponsor buy back programs which remained a major redeeming factor where cumulative buybacks of around PKR 28 billion were announced reflecting immense sponsor confidence in their own companies.

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

The cumulative trading in corporate sukuks for FY23 was recorded at Rs. 6.1 billion (around 53% up compared to Rs. 4 billion in FY22). However, fresh issuance of shariah compliant short-term corporate sukuks helped the undersupplied market for long-term shariah compliant debt securities. During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation.

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

Particulars	30-Jun-23	30-Jun-22
Equities / Stocks	80.5%	79.2%
Cash Equivalents	18.9%	11.2%
TFC/Sukuk	3.5%	11.0%
Other Net Assets / (Liabilities)	(2.9%)	(1.4%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>



## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
Eden Housing (Sukuh II)	SUKUH	4,921,875	4,921,875	-	-	-
<b>Total</b>		<b>4,921,875</b>	<b>4,921,875</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Distribution for the Financial Year 2023

Interim Period/ Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex-Div. Price
Interim	4.76%	15.6295	15.1531

## Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.9999	782
1-1000	2301
1001-5000	580
5001-10000	419
10001-50000	746
50001-100000	228
100001-500000	145
500001-1000000	17
1000001-5000000	4
<b>Total</b>	<b>5222</b>

## During the period under question:

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

## STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

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

For and behalf of the board

Date: **September 15, 2023**  
Karachi

**Dr. Amjad Waheed, CFA**  
Chief Executive Officer

## REPORT OF THE SHARIAH SUPERVISORY BOARD

September 27, 2023/ Rabiul Awwal 10, 1445

**Alhamdulillah**, the period from July 1, 2022 to June 30, 2023 marks the Sixteenth year of operations of NBP Islamic Sarmaya Izafa Fund (the "NISIF" or the "Fund") under management of NBP Fund Management Limited (the "NBP Funds" or the "Management Company").

In the capacity of Shariah Supervisory Board (the "SSB"), we have prescribed six criteria for Shariah-compliance of equity investments which relate to (i) Nature of business, (ii) Interest-bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah non-compliant income to gross revenue, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. market price per share.

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's 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 equity investment, 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
- iii. Any earnings that have realized from sources or by means prohibited by Shariah have been credited to the charity account where applicable.
- a. During the year, Fund booked charity of amounting PKR 9,500,956/- wherein amount available for disbursement is PKR 7,435,723/-, which is inclusive of PKR 3,179,205/- provisional amount of previous year adjusted after availability of the respective financial statements.

Based on the above facts, SSB is of the opinion that during the year, nothing has come to our attention which causes to believe that the 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 our cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

**For and on behalf of Shariah Technical Services & Support**

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

**Mufti Muhammad Naveed Alam**  
Member  
Shariah Supervisory Board

**Mufti Ehsan Waqar**  
Shariah Advisor & Member  
Shariah Supervisory Board

**Dr. Imran Ashraf Usmani**  
Chairman  
Shariah Supervisory Board

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
<p><b>Investments</b> (refer note 5 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.1,079.25 million (2021: Rs. 2,794.958 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, 2021, were audited by another firm of auditors who in their audit report dated September 30, 2021 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: AR202310126zb6L319uW

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

	Note	2023 ----- Rupees in '000 -----	2022 ----- Rupees in '000 -----
<b>ASSETS</b>			
Bank balances	5	243,176	347,525
Investments	6	1,079,253	2,794,958
Accrued profit and dividend receivable	7	5,885	16,635
Receivable against transfer of units		11,268	6,819
Receivable against sale of investments		11,399	5,782
Deposits, prepayments and other receivables	8	6,478	6,424
<b>Total assets</b>		<b>1,357,459</b>	<b>3,178,143</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	9	29,182	37,730
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	215	383
Payable to the Securities and Exchange Commission of Pakistan	11	449	905
Payable against redemption of units		1,544	5,447
Accrued expenses and other liabilities	12	41,620	31,340
<b>Total liabilities</b>		<b>73,010</b>	<b>75,805</b>
<b>NET ASSETS</b>		<b>1,284,449</b>	<b>3,102,338</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,284,449</b>	<b>3,102,338</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>84,823,698</b>	<b>203,696,124</b>
		-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>		<b>15.1426</b>	<b>15.2302</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2023	2022
Note	----- Rupees in '000 -----	
<b>INCOME</b>		
Return / income on:		
-bank balances	45,455	38,781
-sukuks	29,506	41,372
Dividend income	164,677	242,434
Net (loss) on investments - net	(38,791)	(26,614)
Net unrealised (loss) on re-measurement of investments -at fair value through profit or loss	(45,913)	(519,148)
<b>Total income / (loss)</b>	<b>154,934</b>	<b>(223,175)</b>
<b>EXPENSES</b>		
Remuneration of NBP Fund Management Limited - Management Company	9.1 44,913	75,543
Sindh sales tax on remuneration of the Management Company	9.2 5,839	9,821
Reimbursement of operational expenses to the Management Company	9.3 4,491	8,858
Reimbursement of selling and marketing expenses	9.4 29,193	73,385
Remuneration of Central Depository Company of Pakistan Limited ' - Trustee	10.1 3,246	5,525
Sindh sales tax on remuneration of the Trustee	422	718
Annual fee to the Securities and Exchange Commission of Pakistan	11 449	905
Securities transaction cost	2,572	3,177
Settlement and bank charges	616	879
Auditors' remuneration	793	704
Fund rating fee	269	270
Legal and professional charges	148	286
Annual listing fee	28	28
Printing charges	183	135
Shariah advisor fee	347	676
<b>Total expenses</b>	<b>93,509</b>	<b>180,910</b>
<b>Net income /(loss) from operating activities</b>	<b>61,425</b>	<b>(404,085)</b>
Reversal of provision for Sindh Workers' Welfare Fund	-	89,944
<b>Net income / (loss) for the year before taxation</b>	<b>61,425</b>	<b>(314,141)</b>
Taxation	17 -	-
<b>Net income /(loss) for the year after taxation</b>	<b>61,425</b>	<b>(314,141)</b>
<b>Allocation of net income for the year</b>		
Net income for the year after taxation	61,425	
Income already paid on units redeemed	(23,302)	
	<b>38,123</b>	
<b>Accounting income available for distribution:</b>		
Relating to capital gain	-	
Excluding capital gain	38,123	
	<b>38,123</b>	

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director



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

	2023	2022
	----- Rupees in '000 -----	-----
<b>Net income / (loss) for the year after taxation</b>	<b>61,425</b>	(314,141)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>61,425</b>	(314,141)

The annexed notes from 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



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

	Year ended					
	June 30,			June 30,		
	2023			2022		
	(Rupees in '000)					
	Capital value	Undistributed income/(loss)	Total	Capital value	Undistributed income/(loss)	Total
Net assets at beginning of the year	3,341,972	(239,634)	3,102,338	5,536,910	74,507	5,611,417
Issuance of 19,545,079 units (2022:81,762,305)						
- Capital value	297,823	-	297,823	1,366,963	-	1,366,963
- Element of income / (loss)	4,984	-	4,984	(16,541)	-	(16,541)
Total proceeds on issue of units	302,807	-	302,807	1,350,422	-	1,350,422
Redemption of 138,417,505 units (2022 :213,703,351)						
- Capital value	(2,108,126)	-	(2,108,126)	(3,572,842)	-	(3,572,842)
- Element of (loss) / income	(11,554)	(23,302)	(34,856)	27,482	-	27,482
Total payments on redemption of units	(2,119,680)	(23,302)	(2,142,982)	(3,545,360)	-	(3,545,360)
Total comprehensive income / (loss) for the year	-	61,425	61,425	-	(314,141)	(314,141)
Interim distribution @Re.0.4764/unit declared on June 27 , 2023	(145)	(38,994)	(39,139)	-	-	-
<b>Net assets at end of the year</b>	<b>1,524,954</b>	<b>(240,505)</b>	<b>1,284,449</b>	<b>3,341,972</b>	<b>(239,634)</b>	<b>3,102,338</b>
Undistributed income brought forward						
- Realised		279,514			(718,426)	
- Unrealised		(519,148)			792,933	
		(239,634)			74,507	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		38,123			-	
income / (loss) for the year after taxation		38,123			(314,141)	
Interim distribution @Re.0.4764/unit declared on June 27 , 2023		(38,994)			-	
Undistributed income carried forward		(240,505)			(239,634)	
<b>Undistributed income carried forward</b>						
- Realised (loss) / income		(194,592)			279,514	
- Unrealised (loss) /income		(45,913)			(519,148)	
		(240,505)			(239,634)	
				- (Rupees) -		
Net assets value per unit at beginning of the year			15.2302			16.7187
Net assets value per unit at end of the year			15.1426			15.2302

The annexed notes from 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	2,023	2022
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before taxation	61,425	(314,141)
<b>Adjustments for non-cash items</b>		
Return / income on:		
-Bank balances	(45,455)	(38,781)
-Sukuks	(29,506)	(41,372)
Dividend income	(164,677)	(242,434)
Net loss on investments - net	38,791	26,614
Net unrealised loss on re-measurement of investments at fair value through profit or loss	45,913	519,148
	<u>(154,934)</u>	<u>223,175</u>
	(93,509)	(90,966)
<b>Working Capital Changes</b>		
<b>(Increase) / decrease in assets</b>		
Investments - net	1,631,001	1,791,009
Receivable against sale of investment	(5,405)	(5,912)
Deposits, prepayments and other receivables	(54)	32,483
	<u>1,625,542</u>	<u>1,817,580</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(8,548)	(45,889)
Payable to Central Depository Company of Pakistan Limited - Trustee	(168)	(250)
Payable to the Securities and Exchange Commission of Pakistan	(456)	(261)
Payable against purchase of investments	-	(2,990)
Accrued expenses and other liabilities	10,068	(112,763)
	<u>896</u>	<u>(162,153)</u>
Mark-up on bank balances received	45,847	37,680
Mark-up on sukuks received	39,649	40,312
Dividend received	164,892	244,167
	<u>1,783,317</u>	<u>1,886,621</u>
<b>Net cash generated from operating activities</b>	<b>1,783,317</b>	<b>1,886,621</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issuance of units - net	298,213	1,348,172
Amounts paid on redemption of units - net	(2,146,885)	(3,561,029)
Dividend paid	(38,994)	-
	<u>(1,887,666)</u>	<u>(2,212,857)</u>
<b>Net cash used in financing activities</b>	<b>(1,887,666)</b>	<b>(2,212,857)</b>
<b>Net (decrease) in cash and cash equivalents during the year</b>	<b>(104,349)</b>	<b>(326,236)</b>
Cash and cash equivalents at the beginning of the year	347,525	673,761
<b>Cash and cash equivalents at the end of the year</b>	<b>243,176</b>	<b>347,525</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director

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

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Islamic Sarmaya Izafa 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 August 17 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (The NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on February 19, 2019 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.
- 1.2 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 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.
- 1.4 The Fund is an open-ended mutual fund and categorized as an Islamic Asset Allocation Scheme and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund 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.
- 1.5 The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company on August 22, 2022 and has assigned performance ranking of 3-star (Long Term) and 2-star (Short term) to the Fund on August 15, 2023.
- 1.7 Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

### 2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

Except for the transactions mentioned in note 18, there were no significant events and transactions that have affected the Fund's financial position and performance.

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

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

- International Financial Reporting 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 ; and
- The requirements of the Trust Deed , the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The "NBFC Regulation") and the directives issued by the SECP.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The accounting policies adopted and the methods of computation of balances used in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2022. Except for the adaption of any new amended standard, as set out in 4.

The Financial statements are being distributed to the unitholders as required by section 227 of the companies Act (The Act).

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these financial statements gives a true and fair view of the state of the Fund's affairs as at June 30, 2023.

The Fund is required at all the times, meet the minimum equity requirement of Rs. 100 million as per NBFC Regulations, 2008.

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

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

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

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

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied in preparation of these financial statements, unless otherwise stated.

### **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 or received.

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 ("FVTOCI") and Fair value through profit or loss ("FVTPL").
- Financial asset at amortised cost

#### 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 FVTOCI

A financial asset is measured at FVTOCI 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.

FVTOCI 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 FVTOCI).

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 FVTOCI 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 year 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.

## 4.2.2.2 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. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model"

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

## 4.2.2.3 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 hold for trading or derivatives) or the Fund has opted to measure them at FVTPL

### Classification and measurement of financial liabilities

With regards 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. Under IAS 39, 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.

## 4.3 Impairment of financial assets

The SECP has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has 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 requires 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 those financial statements.

#### **4.4 Fair value measurement principles and provision**

The fair value of financial instruments is determined as follows:

##### **4.4.1 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 equity securities**

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

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.

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

##### **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.

##### **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.



#### 4.4.2 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.

#### 4.5 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 year, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

#### 4.6 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors 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.

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 year.

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.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

#### 4.7 Provisions

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

## 4.8 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 year in which they arise.

Mark-up / return on bank balances and term deposits, term finance certificates and sukuks, government securities, letter of placement and commercial papers are recognised on a time apportionment basis using the effective interest method.

## 4.9 Expenses

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

## 4.10 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

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.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

## 4.11 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 year in which such distributions are declared and approved by the Board of Directors of the Management Company.

## 4.12 Earnings per unit

Earnings per unit (EPU) can be divided by dividing the adjusted net profit to weighted average number of units, this 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	5.1	25,132	23,466
Savings accounts	5.2 & 5.3	218,044	324,059
		<u>243,176</u>	<u>347,525</u>

- 5.1 These include bank balances of Rs. 0.905 million (June 30, 2022: Rs. 0.908 million), maintained with National Bank of Pakistan (related party).
- 5.2 These savings accounts carry mark-up at rates ranging from 7% to 15.25% per annum (June 30, 2022: 6.5% to 16% per annum).
- 5.3 These include a bank balances of Rs. 1.04 million and Rs. 22.03 (June 30, 2022: Rs. 10.350 million and Rs. 92.3262 million), which are maintained with National Bank of Pakistan and Bank Islami Pakistan, (related parties), and all parties carry mark-up at the rate of 9.55% and 15.25% (June 30, 2022: 11.00% and 15.25%) per annum respectively.

6 INVESTMENTS	Note	2023	2022
		Rupees in '000	
<b>Financial assets at fair value through profit or loss</b>			
Listed equity securities	6.1	1,034,119	2,455,403
Sukuks	6.2	45,134	339,555
		<u>1,079,253</u>	<u>2,794,958</u>

## 6.1 Listed Equity Securities

Name of the investee company	As at July 01, 2022	Acquired during the year	Bonus / right issue	Sold during the year	As at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
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Number of shares ----- Rupees in '000 ----- %

All shares have a nominal face value of Rs. 10 each except for shares of Dynea Limited, Thal limited and Agriautos Industries Company Limited, which have a face value of Rs. 5.

### OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited	101,680	-	12,800	114,480	-	-	-	-	-
Pakistan State Oil Company Limited (5.1.1) & (5.1.2)	511,771	11,200	-	269,920	253,051	28,091	2.19	2.60	0.09
Hascal Petroleum Limited (Refer 5.1.2)	3,424	-	-	-	3,424	19	0.00	0.00	0.00
	<u>616,875</u>	<u>11,200</u>	<u>12,800</u>	<u>384,400</u>	<u>256,475</u>	<u>28,110</u>	<u>2.19</u>	<u>2.60</u>	

### OIL AND GAS EXPLORATION COMPANIES

Oil and Gas Development Company Limited	2,726,000	42,300	-	1,488,710	1,279,590	99,808	7.77	9.25	0.03
Pakistan Oilfields Limited (5.1.1)	134,830	3,600	-	105,200	33,230	13,351	1.04	1.24	0.01
Pakistan Petroleum Limited (5.1.1)	2,492,480	180,000	-	1,068,000	1,604,480	94,889	7.39	8.79	0.08
Mari Petroleum Company Limited	138,077	-	-	64,828	73,249	110,946	8.64	10.28	0.07
	<u>5,491,387</u>	<u>225,900</u>	<u>-</u>	<u>2,726,738</u>	<u>2,990,549</u>	<u>318,994</u>	<u>24.84</u>	<u>29.56</u>	

### CHEMICALS

ICI Pakistan Limited	30,050	-	-	25,284	4,766	2,879	0.22	0.27	0.01
Engro Polymer & Chemicals Limited	946,715	15,000	-	915,389	46,326	1,957	0.15	0.18	0.06
Dynea Pakistan Limited	2,500	-	-	2,500	-	-	-	-	-
	<u>979,265</u>	<u>15,000</u>	<u>-</u>	<u>943,173</u>	<u>51,092</u>	<u>4,837</u>	<u>0.38</u>	<u>0.45</u>	

### PAPERS AND BOARD

Roshan Packages Limited	199,500	-	-	199,500	-	-	-	-	-
	<u>199,500</u>	<u>-</u>	<u>-</u>	<u>199,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### FOOD AND PERSONAL CARE PRODUCTS

Al Shaheer Corporation Limited	11,788	-	-	-	11,788	85.23	0.01	0.01	0.01
	<u>11,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,788</u>	<u>85.23</u>	<u>0.01</u>	<u>0.01</u>	

### ENGINEERING

Mughal Iron And Steel Industries Limited	1,476,588	-	-	750,849	725,739	35,155	2.74	3.26	0.13
	<u>1,476,588</u>	<u>-</u>	<u>-</u>	<u>750,849</u>	<u>725,739</u>	<u>35,155</u>	<u>2.74</u>	<u>3.26</u>	

Name of the investee company	As at July 01, 2022	Acquired during the year	Bonus / right issue	Sold during the year	As at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
-----Number of shares-----					-----%-----				
<b>CEMENT</b>									
Lucky Cement Limited	324,894	3,500	-	227,974	100,420	52,428	4.08	4.86	0.03
Maple Leaf Cement Factory Limited	226,483	100,500	-	326,983	-	-	-	-	-
Attock Cement Pakistan Limited	89,100	-	-	89,100	-	-	-	-	-
Kohat Cement Company Limited	1,121,010	2,390	-	453,964	669,436	116,127	9.04	10.76	3.33
Fauji Cement Company Limited	1,927,000	32,000	208,000	2,167,000	-	-	-	-	-
FECTO Cement Limited	239,200	-	-	8,500	230,700	4,612	0.36	0.43	0.46
	<b>3,927,687</b>	<b>138,390</b>	<b>208,000</b>	<b>3,273,521</b>	<b>1,000,556</b>	<b>173,167</b>	<b>13.48</b>	<b>16.05</b>	
<b>TRANSPORT</b>									
Pakistan International Bulk	1,659,000	-	-	1,659,000	-	-	-	-	-
Pakistan National Shipping Corporation	-	135,000	-	1,700	133,300	17,666	1.38	1.64	0.07
	<b>1,659,000</b>	<b>135,000</b>	<b>-</b>	<b>1,660,700</b>	<b>133,300</b>	<b>17,666</b>	<b>1.38</b>	<b>1.64</b>	
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	601,700	-	-	431,300	170,400	9,674	0.75	0.90	0.05
Kohinoor Textile Mills Limited	1,071,380	-	-	409,000	662,380	33,722	2.63	3.12	4.97
Interloop Limited	603,886	-	3,823	607,709	-	-	-	-	-
Synthetic Products Limited	590	-	-	-	590	6	0.00	0.00	0.00
	<b>2,277,556</b>	<b>-</b>	<b>3,823</b>	<b>1,448,009</b>	<b>833,370</b>	<b>43,402</b>	<b>3.38</b>	<b>4.02</b>	
<b>FERTILIZER</b>									
Engro Corporation Limited (5.1.1)	844,276	2,000	-	433,695	412,581	107,226	8.35	9.94	0.08
Fauji Fertilizer Bin Qasim Limited	24,000	-	-	24,000	-	-	-	-	-
Engro Fertilizers	-	68,500	-	-	68,500	5,653	0.44	0.52	0.01
	<b>868,276</b>	<b>70,500</b>	<b>-</b>	<b>457,695</b>	<b>481,081</b>	<b>112,879</b>	<b>8.79</b>	<b>10.46</b>	
<b>POWER GENERATION AND DISTRIBUTION</b>									
The Hub Power Company Limited (5.1.1)	3,114,245	40,000	-	1,763,355	1,390,890	96,778	7.53	8.97	0.12
Lalpir Power Limited	370,000	-	-	136,500	233,500	3,491	0.27	0.32	0.06
	<b>3,484,245</b>	<b>40,000</b>	<b>-</b>	<b>1,899,855</b>	<b>1,624,390</b>	<b>100,269</b>	<b>7.81</b>	<b>9.29</b>	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited (Refer 5.1.2)	1,429,380	-	118,279	771,188	776,471	67,064	5.22	6.21	0.08
	<b>1,429,380</b>	<b>-</b>	<b>118,279</b>	<b>771,188</b>	<b>776,471</b>	<b>67,064</b>	<b>5.22</b>	<b>6.21</b>	
<b>AUTOMOBILE ASSEMBLER</b>									
Millat Tractors Limited	29,030	-	1,857	30,887	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	23,379	-	-	23,379	-	-	-	-	-
	<b>52,409</b>	<b>-</b>	<b>1,857</b>	<b>54,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>									
Baluchistan Wheels Limited	234,500	-	-	83,000	151,500	9,999	0.78	0.93	1.14
Thal Limited	1	-	-	-	1	0.16	0.00	0.00	0.00
Panther Tyres Ltd	514,600	-	-	468,000	46,600	939	0.07	0.09	0.03
Agriautos Industries Co. Ltd.	1,400	-	350	-	1,750	109	0.01	0.01	0.00
	<b>750,501</b>	<b>-</b>	<b>350</b>	<b>551,000</b>	<b>199,851</b>	<b>11,047</b>	<b>0.86</b>	<b>1.02</b>	
<b>PHARMACEUTICALS</b>									
Haleon Pakistan Limited (Formerly known as Glaxo Smith Kline Consumer Healthcare)	6,700	-	-	5700	1,000	140	0.01	0.01	0.00
IBL HealthCare Limited	91,000	-	6,700	62,000	35,700	1,162	0.09	0.11	0.03
Abbott Laboratories Pakistan Limited	19,000	-	-	19,000	-	-	-	-	-
The Searle Company Limited	305,949	-	73,137	260,200	118,886	4,566	0.35	0.42	0.10
AGP Limited	89,200	-	-	47,694	41,506	2,344	0.18	0.22	0.03
Citi Pharma Limited	296,216	-	-	175,400	120,816	2,578	0.20	0.24	0.43
	<b>808,065</b>	<b>-</b>	<b>79,837</b>	<b>569,994</b>	<b>317,908</b>	<b>10,780</b>	<b>0.84</b>	<b>1.00</b>	

Name of the investee company	As at July 01, 2022	Acquired during the year	Bonus / right issue	Sold during the year	As at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
<b>TECHNOLOGY AND COMMUNICATION</b>									
Avanceon Limited	17,903	-	2,685	-	20,588	907	0.07	0.08	0.02
TPL Trakker Limited	120,000	-	-	120,000	-	-	-	-	-
Systems Limited	517,201	-	-	309,460	207,741	83,788	6.52	7.76	0.20
	<b>655,104</b>	<b>-</b>	<b>2,685</b>	<b>429,460</b>	<b>228,329</b>	<b>84,695</b>	<b>6.59</b>	<b>7.85</b>	
<b>CABLE AND ELECTRICAL GOODS</b>									
Pak Elektron Limited	1,095,440	-	-	916,500	178,940	1,619	0.13	0.15	0.04
	<b>1,095,440</b>	<b>-</b>	<b>-</b>	<b>916,500</b>	<b>178,940</b>	<b>1,619</b>	<b>0.13</b>	<b>0.15</b>	
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	280,101	4,200	56,225	243,900	96,626	6,580	0.51	0.61	0.13
Shabbir Tiles and Ceramics Limited	2,294,000	-	-	158,500	2,135,500	17,767	1.38	1.65	0.21
Ghani Value Glass Limited	61,100	-	-	61,100	-	-	-	-	-
	<b>2,635,201</b>	<b>4,200</b>	<b>56,225</b>	<b>463,500</b>	<b>2,232,126</b>	<b>24,348</b>	<b>1.90</b>	<b>2.26</b>	
<b>Grand Total</b>					<b>12,041,965</b>	<b>1,034,116</b>	<b>80.51</b>	<b>95.82</b>	
Carrying value before mark to market as at June 30, 2023						<u>1,073,132</u>			
Market value as at June 30, 2022						<u>2,455,403</u>			
Carrying Value as at June 30, 2022						<u>2,981,648</u>			

- 6.1.1** Investments include shares with market value of Rs. 87.659 million (June 30, 2022: Rs. 95.859 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan, the breakup of which is as follows:

Name of Investee Company	Shares pledged	Market value
	---Rs in '000---	
Engro Corporation Limited	200,000	51,978
The Hub Power Company Limited	62,000	4,314
Pakistan Oilfields Limited	19,000	7,634
Pakistan Petroleum Limited	345,000	20,403
Pakistan State Oil Company Limited	30,000	3,330
		<b>87,659</b>

- 6.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies are liable to withhold 5% of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to 5% of the value of the bonus shares issued to the Fund including the bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the Honourable High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule to the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Honourable Supreme Court of Pakistan (HSC) passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability

and accordingly the stay got vacated automatically during the prior year. During the prior year, the CISs have filed a fresh constitutional petition vide CP 4653 dated July 11, 2019 as a result Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares, issued to the Funds in lieu of their investments, be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

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

As at December 31, 2022, the bonus shares of the Fund have been withheld by a investee company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

## 6.2 Sukuks

Name of the investee company	Number of certificates				Market value as at June 30, 2023	Market value as at June 30, 2022	Investment as a percentage of	
	As at July 1, 2022	Acquired during the year	Sold / matured during the year	As at June 30, 2023			Net assets	Market value of total investments

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

All sukuks have a face value of Rs. 5,000, 100,000 and 1,000,000 each

Dubai Islamic Bank Pakistan Limited	129	-	129	-	-	133,322	-	-
The HUB Power Company Limited	1,800	-	-	1,800	45,134	142,033	3,514	4.18
Engro Powergen Thar (Pvt) Limited	20,000	-	20,000	-	-	-	-	-
K-Electric	-	50	50	-	-	-	-	-
Engro Polymer Chemical Limited	600	-	600	-	-	64,200	-	-
<b>Market value as at June 30, 2023</b>					<u>45,134</u>			
<b>Carrying value as at June 30, 2023</b>					<u>52,034</u>			

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
The HUB Power Company Limited - Listed	100,000	3 months KIBOR offer rate + 1.90% Spread	AA+	August 22, 2019	August 22, 2023
K-Electric	1,000,000	6 months KIBOR offer rate + 1.35% Spread	AA	August 29, 2022	February 28, 2023

## 6.3 Non-performing Sukuks

Name of the investee company	Note	Number of certificates				Market value as at June 30, 2023	Investment as a percentage of		
		As at July 1, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023		Net assets	Market value of total investments	Issue size

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

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

Eden Housing Limited	5.3.1	5,000	-	-	5,000	-	-	-
<b>Carrying value as at June 30, 2023</b>						<u>4,922</u>		
<b>Accumulated impairment</b>						<u>4,922</u>		

This represents investment in privately placed sukuk with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

**6.3.1** This represents investment in privately placed sukuk with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

**6.3.2** The sukuk held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

**6.3.3** Other particulars of sukuk outstanding as at June 30, 2023 are as follows:

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
<b>-Rupees-in 000</b>					
Eden House Limited	984	6 Month KIBOR plus 2.5%	Not rated	March 31, 2008	March 31, 2013

**6.4** **Unrealised appreciation / (diminution) on premeasurement of investments classified as financial assets at 'fair value through profit or loss'**

Market value of investments	<b>1,079,253</b>	2,275,810
Less: carrying value of investments	<b>(1,125,166)</b>	(2,794,958)
	<b><u>(45,913)</u></b>	<b><u>(519,148)</u></b>

**7** **ACCRUED PROFIT AND DIVIDEND RECEIVABLE**

Accrued profit on bank balances	<b>4,704</b>	5,096
Accrued profit on sukuk	<b>1,181</b>	11,324
Dividend receivable	-	215
	<b><u>5,885</u></b>	<b><u>16,635</u></b>

**8** **DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

**2023**                      **2022**  
-----Rupees in '000-----

Security deposits with:

-National Clearing Company of Pakistan Limited	<b>2,500</b>	2,500
-Central Depository Company of Pakistan limited	<b>100</b>	100
Advance tax	<b>3,686</b>	3,686
Prepayments	<b>192</b>	138
	<b><u>6,478</u></b>	<b><u>6,424</u></b>

9	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED</b>		2023	2022
<b>- THE MANAGEMENT COMPANY</b>		<b>Note</b>	-----Rupees in '000-----	
	Remuneration of the Management Company	9.1	2,159	5,145
	Sindh sales tax on remuneration of the Management Company	9.2	281	669
	Reimbursement of operational expenses	9.3	786	1,723
	Reimbursement of selling and marketing expenses	9.4	5,110	11,199
	ADC charges payable including sindh sales tax		135	124
	Sales and transfer load		2,798	1,169
	Sindh sales tax and Federal Excise Duty on sales and transfer load		17,913	17,701
			<b>29,182</b>	<b>37,730</b>

9.1 The Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund. The remuneration is payable to the Management Company monthly in arrears.

9.2 This represents amount payable in respect of Sindh sales tax at the rate of 13% (June 30, 2022: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9.3 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS. Accordingly, such expense has been charged at the rate of 0.2% of average annual net assets of the fund.

9.4 The Management Company based on its own discretion has charged selling and marketing expenses at the below mentioned rates duly approved by the Board of Directors of the Management Company and there is no change in such rates during the year:

Effective Dates	Applicable rates
From July, 2022 Till June 30, 2023	1.3% per annum of average daily net assets

10	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE</b>		2023	2022
<b>PAKISTAN LIMITED - THE TRUSTEE</b>		<b>Note</b>	-----Rupees in '000-----	
	Remuneration of the Trustee	10.1	190	339
	Sindh sales tax on remuneration of the Trustee		25	44
			<b>215</b>	<b>383</b>

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

<b>On net assets:</b>	<b>Tariff per annum</b>
- up to Rs one billion	0.20% per annum of Net Assets Value (NAV), whichever is higher
- Exceeding Rs one billion	Rs 2.0 million plus 0.10% per annum of net assets, on amount exceeding Rs 1,000 million.

The remuneration is paid to the Trustee monthly in arrears.

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

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan.



12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2023	2022
			---Rupees in '000---	
	Auditors' remuneration		647	581
	Federal Excise Duty on remuneration of the Management Company	12.1	18,406	18,406
	Bank charges		128	125
	Settlement charges		192	175
	Printing charges		180	124
	Brokerage Charges		212	163
	Charity	13.2	13,609	10,549
	Withholding tax		7,642	169
	Capital gain tax		48	124
	Others		554	924
			<b>41,620</b>	<b>31,340</b>

**12.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

The Honorable Sindh High Court (SHC) through its recent order dated June 02, 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from July 01, 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated July 16, 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated June 02, 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from July 01, 2016, the Fund has discontinued making the provision in this regard.

**12.2** According to the instructions of the shariah advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 1.429 million (June 30, 2022: Rs 10,220 million) is outstanding in this regard after making charity payments of Rs. 4 million (June 30, 2022: Rs. 3.3096 million) to charitable institutions.

## 13 CONTINGENCIES AND COMMITMENTS

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

14	NUMBER OF UNITS IN ISSUE	2023	2022
		(Number of units)	
	Total units in issue at beginning of the year	203,696,124	335,637,170
	Add: units issued against	19,545,079	81,762,305
	Less: units redeemed	(138,417,505)	(213,703,351)
	Total units in issue at end of the year	<b>84,823,698</b>	<b>203,696,124</b>

## 15 NET ASSET VALUE PER UNIT

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

	2023	2022
	-----Rupees in '000-----	
<b>16 AUDITORS' REMUNERATION</b>		
Audit fee	459	417
Half yearly review	183	166
Income certification	100	-
Out of pocket expenses	51	121
	<b>793</b>	<b>704</b>

## 17 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and Capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Management intends to distribute such accounting income for the year ending June 30, 2022 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current year. Moreover supertax introduced in the Finance Act, 2015 is not applicable on funds as per section 4B of the Income Tax Ordinance, 2001.

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

## 18 EARNINGS / (LOSS) PER UNIT

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

## 19 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

The following are the details of non-compliant investments:

Names of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of Net Assets	% of Gross assets
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks	4,922	(4,922)	-	-	-

**19.1** At the time of purchase, these sukuks were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

## 20 TOTAL EXPENSE RATIO

Total expense ratio (TER) of the Fund for the year ended June 30, 2023 is 4.17% (June 2022: 4%) per annum which includes 0.3% (June 2022: 0.25%) representing government levies on Collective Investment Schemes such as sales tax and Securities and Exchange Commission of Pakistan fee for the year.

## 21 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

**21.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsor, NAFA Pension Fund, NAFA Provident Fund Trust being associates Management Company and other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10% or more units of the fund.

**21.2** The transactions with connected persons and related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

**21.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

### 21.4 Details of transaction with connected persons and related parties are as follows:

	2023	2022
	----- Rupees in '000' -----	
<b>NBP Fund Management Limited - The Management Company</b>		
Remuneration of the Management Company	44,913	75,543
Sindh sales tax on remuneration of the Management Company	5,839	9,821
Reimbursement of operational expenses to the Management Company	4,491	8,858
Sales load payable to Management Company	1,630	13,502
SST on sales load/Transfer load	212	1,755
Reimbursement of selling and marketing expenses	29,193	73,385
ADC charges for the year including sindh sales tax	82	253
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	3,246	5,525
Sindh sales tax on remuneration of the Trustee	422	718
Settlement charges	529	367
<b>Employees of the Management Company</b>		
Units issued / transferred in: 1,306,989 Units (2022: 2,418,109 units)	20,345	39,959
Units redeemed / transferred out: 1,409,210 Units (2022: 2,537,890 units)	21,883	42,064
Dividend reinvest: 724 Units (2022: Nil Units)	11	-
<b>NBP Fund Management Limited</b>		
Units issued / transferred in: Nil Units (2022: 10,487,687 units)	-	168,006
Units redeemed / transferred out: 5,243,844 Units (2022: 5,243,844 units)	77,706	81,281
<b>Chief Financial Officer</b>		
Units issued / transferred in: Nil Units (2022: 57,441 units)	-	1,000
Units redeemed / transferred out: 24,902 Units (2022: 32,539 units)	390	550
<b>Taurus Securities Limited</b>		
<b>(Subsidiary of Parent of the Management Company)</b>		
Brokerage Charges	184	304

	2023	2022
	----- Rupees in '000' -----	
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Markup income	-	9,055
<b>Bank Islami Pakistan Limited*</b>		
Markup income	-	7,569
Purchase of sukuks	-	-
Sale of sukuks	-	-
<b>K-Electric limited</b>		
Purchase of short term sukuk	50	-
<b>Details of transaction with connected persons and related parties are as follows:</b>		
<b>International Steel Limited</b>		
Shares Purchased Nil (2022: Nil )	-	-
Shares sold Nil (2021: 162,120 Shares )	-	12,154
Dividend income	-	1,134
<b>NBP Islamic Income Fund (Fund Managed by Management Company)</b>		
Sale of Sukuk	-	102,133
<b>National Clearing Company of Pakistan Limited*</b>		
NCCPL Charges	-	412
<b>Portfolio managed by Management Company</b>		
Units issued / transferred in: 26,286 Units (2022: 411,412 units)	<b>398</b>	6,650
Units redeemed / transferred out: 744,078 Units (2022: 1,083,417 units)	<b>11,268</b>	18,212

\* Current year transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the year.

\*\*Prior year transactions with these parties have not been disclosed as they were not connected persons and related parties during prior years.

**21.5 Details of amounts outstanding as at year end with connected persons are as follows:**

	2023	2022
	----- Rupees in '000' -----	
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	<b>2,159</b>	5,145
Sindh sales tax on remuneration of the Management Company	<b>281</b>	669
Reimbursement of operational expenses	<b>786</b>	1,723
Sales load and transfer load payable to Management Company	<b>2,798</b>	1,169
Sindh sales tax and Federal Excise Duty on sales and transfer load	<b>17,913</b>	17,701
ADC charges payable including sindh sales tax payable to	<b>135</b>	124
Reimbursement of selling and marketing expenses	<b>5,110</b>	11,199
Investment held 996,978 Units (2022: Nil Units )	<b>9,558</b>	-

	2023	2022
	----- Rupees in '000' -----	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	190	339
Sindh Sales Tax on remuneration of the Trustee	25	44
CDC charges	85	92
Security deposit	100	100
<b>Chief Financial Officer</b>		
Investment held in the Fund Nil Units(2022: 24,902 units)	-	379
<b>NBP Fund Management Limited</b>		
Investment held in the Fund 2,343 Units (2022: 5,243,844 units)	22	79,865
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balances	1,947	11,258
Mark-up accrued	-	126
<b>Bank Islami Pakistan Limited*</b>		
<b>(Common Directorship with the Management Company)</b>		
Bank balances	-	92,236
Mark-up accrued	-	1,175
<b>Dr Amjad Waheed - CEO</b>		
Investment held 474 Units ( 2022: Nil Units )	5	-
<b>National Clearing Company of Pakistan Limited*</b>		
<b>(Common Directorship with the Management Company)</b>		
NCCPL Charges payable	-	83
Security deposit	-	2,500
<b>Employees of the Management Company</b>		
Investment held in the Fund 700,884 units (2022: 108,789 units)	6,719	1,657
<b>Portfolio managed by Management Company</b>		
Investment held in the Fund 4,084,279 units (2022: 208,894 units)	39,156	3,181

\* Current year transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the year.

\*\*Prior year transactions with these parties have not been disclosed as they were not connected persons and related parties during prior years.

## 22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGERS

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

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

22.1 The name of the fund Manager is Asim Wahab Khan. Other funds managed by the Fund Manager are as follows:

Name	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	CFA	NBF,NIRIF,NIEF,NSIF,NBF,NSF,NIAAF-III, NFSF,NBP-GETF

## 23 TRANSACTIONS WITH BROKERS/DEALERS

List of top ten brokers by percentage of commission charged during the year ended June 30, 2023:

----- 2023 -----		----- 2022 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
1 TAURUS SECURITIES LTD.	8.16	TAURUS SECURITIES LTD.	9.76
2 BMA CAPITAL MANAGEMENT LIMITED	6.63	INTERMARKET SECURITIES	5.35
3 FOUNDATION SECURITIES	6.63	FOUNDATION SECURITIES	3.75
4 SHERMAN SECURITIES (PVT) LIMITED	6.12	ALFALAH SECURITIES (PVT) LIMITED	3.75
5 AQEEL KARIM DEHDI SECURITIES ( PVT) LIMITED)	5.83	HABIB METROPOLITAN FINANCIAL SERVICES	4.87
6 ALFALAH SECURITIES (PVT) LIMITED	4.77	J.S. GLOBAL CAPITAL LTD.	1.31
7 TOPLINE SECURITIES LIMITED	4.73	ARIF HABIB SECURITIES LIMITED	3.39
8 INSIGHT SECURITIES (PVT.) LIMITED	4.31	BMA CAPITAL MANAGEMENT LIMITED	4.62
9 OPTIMUS Capital Management Limited	3.78	ISMAIL IQBAL SECURITIES (PVT) LIMITED	6.92
10 INTERMARKET SECURITIES	3.76	EFG HERMES PAKISTAN LTD	4.09

## 24 PATTERN OF UNIT HOLDING

Category	2023			2022		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	5,168	1,065,434	82.95%	5,811	2,243,822	72.33%
Insurance	3	4,773	0.37%	3	14,960	0.48%
Others	26	76,290	5.94%	37	217,364	7.01%
Public Company	1	366	0.03%	1	359	0.01%
Retirement Funds	24	137,586	10.71%	53	625,834	20.17%
	<b>5,222</b>	<b>1,284,449</b>	<b>100%</b>	<b>5,905</b>	<b>3,102,338</b>	<b>100%</b>

## 25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of directors	Number of meetings			Meetings not attended
	Held	Attended	Leaves 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	6	6	-	
**Ruhail Muhammad	6	6	-	
Amjad Waheed	6	6	-	

25.1 \*Mr. Humayun Bashir resigned from the board with effect from

25.2 \*Mr. Ruhail Muhammad opted as Director on the board with effect from

## 26 FINANCIAL INSTRUMENTS BY CATEGORY

	At fair value through profit or loss	At amortized cost	Total
----- Rupees in '000 -----			
<b>As at June 30, 2023</b>			
<b>Financial assets</b>			
-Bank balances	-	243,174	243,174
-Investments	1,079,253	-	1,079,253
-Recivable against transfer of units		11,268	11,268
-Receivable against sale of units		11,187	11,187
-Markup accrued & dividend receivable	-	5,885	5,885
-Deposits, prepayments and other receivable	-	6,478	6,478
	<b>1,079,253</b>	<b>277,992</b>	<b>1,357,245</b>
<b>Financial Liabilities</b>			
-Payable to Management Company	-	29,183	29,183
-Payable to the Trustee	-	215	215
-Payable to SECP	-	449	449
-Accrues expenses and other liabilities	-	41,406	41,406
-Payable against redemption of units	-	1,544	1,544
	-	<b>72,797</b>	<b>72,797</b>
<b>As at June 30, 2022</b>			
<b>Financial assets</b>			
-Bank balances	-	347,525	347,525
-Investments	2,794,959	-	2,794,959
-Markup accrued and dividend receivable	-	16,635	16,635
- Receivable against transfer of units	-	6,819	6,819
-Deposits, prepayments and other receivable	-	2,600	2,600
	<b>2,794,959</b>	<b>373,579</b>	<b>3,168,538</b>
<b>Financial liabilities</b>			
-Payable to the Management Company	-	37,728	37,728
-Payable to Trustee	-	383	383
-Accrued expenses and other liabilities	-	2,092	2,092
-Net Assets attributable to redeemable units	-	3,102,338	3,102,338
	-	<b>3,142,542</b>	<b>3,142,542</b>

## 27 FINANCIAL RISK MANAGEMENT

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

### 27.1 Market risk

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

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

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

## 27.1.1 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 Pakistani Rupees.

## 27.1.2 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.

### Sensitivity analysis for variable rate instruments

As at June 30, 2023, the Fund holds balance in savings accounts and sukuks which are exposed to interest rate risks. 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. 2.6318 million. (June 30, 2022: Rs. 6.6361 million).

### Sensitivity analysis for fixed rate instruments

As at June 30, 2023, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at year ended can be determined as follows:

Yield / Interest rate	Total	Exposed to yield / interest rate risk		Not exposed to yield / profit rate risk
		Up to three months	More than three months and up to one year	

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

As at June 30, 2023

#### On-balance sheet financial instruments

##### Financial assets

Bank balances	7 - 15.25	243,176	25,132	-	218,044
Investments	11.90 - 23.94	1,079,253	-	-	1,034,119
Markup accrued and dividend receivable		5,885	-	-	5,885
Deposits, prepayments and other receivables		2,600	-	-	2,600
Receivable against sale of investments		-	-	-	-
		1,330,913	25,132	-	1,260,648

##### Financial liabilities

Payable to the Management Company		29,182	-	-	29,182
Payable to the Trustee		215	-	-	215
Accrued expenses and other liabilities		1,915	-	-	1,915
Net assets attributable to redeemable units		1,284,449	-	-	1,284,449
		1,315,762	-	-	1,315,762

#### On-balance sheet gap

	15,152	25,132	-	(55,114)
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#### Off-balance sheet financial instruments

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

#### Off-balance sheet gap

	-	-	-	-
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Yield / Interest rate	Total	Exposed to yield / interest rate risk		Not exposed to yield / profit rate risk
		Up to three months	More than three months and up to one year	

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

As at June 30, 2022

On-balance sheet financial instruments

Financial assets

Bank balances	6.50 - 16	347,525	23,466	-	324,059
Investments	11.90 - 16.56	2,794,959	-	-	2,455,403
Markup accrued and dividend receivable		16,635	-	-	16,635
Deposits, prepayments and other receivables		2,600	-	-	2,600
Receivable against sale of investments		-	-	-	-
		3,161,719	23,466	-	2,798,697

Financial liabilities

Payable to the Management Company		37,730	-	-	37,730
Payable to the Trustee		383	-	-	383
Accrued expenses and other liabilities		2,092	-	-	2,092
Net assets attributable to redeemable units		3,102,338	-	-	3,102,338
		3,142,543	-	-	3,142,543

On-balance sheet gap

19,176    23,466    -    (343,846)

Off-balance sheet financial instruments

-    -    -    -

Off-balance sheet gap

-    -    -    -

### 27.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the trust deed. The NBFC Regulations also limit individual equity securities to no more than 20% of net assets. There is no sector exposure limit on sector specific fund under NBFC Regulations.

In case of 5% increase / decrease in KMI 30 index on June 30, 2023, with all other variables held constant, the net loss of the Fund for the year would decrease / increase by Rs. 51.71 million (2022: Rs. 122.77 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

### 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 settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

	Upto Three months	Total
----- Rupees in '000' -----		
<b>As at June 30, 2023</b>		
<b>Financial Liabilities</b>		
Payable to the Management Company	29,182	29,182
Payable to the Trustee	215	215
Accrued Expenses and other liabilities	1,915	1,915
Net assets attributable to redeemable units	1,284,449	1,284,449
	1,315,762	1,315,762
<b>As at June 30, 2022</b>		
<b>Financial Liabilities</b>		
Payable to the Management Company	37,730	37,730
Payable to the Trustee	383	383
Accrued Expenses and other liabilities	2,092	2,092
Net assets attributable to redeemable units	3,102,338	3,102,338
	3,142,543	3,142,543

### Credit risk

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

	2023		2022	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Bank balances	243,174	243,174	347,525	347,525
Investments	1,079,253	1,079,253	2,794,958	2,794,958
Profit receivable	5,887	5,887	16,635	16,635
Deposits and other receivables	11,268	11,268	6,819	6,819
Dividend receivable	11,187	11,187	5,782	5,782
Receivable against issuance of units	6,478	6,478	6,424	6,424
	<b>1,357,246</b>	<b>1,357,246</b>	<b>3,178,143</b>	<b>3,178,143</b>

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

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

## 28 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### Fair value hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

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

June 30, 2023

**Financial Assets Measured at Fair Value**

	FVTPL	AC	TOTAL	Level 1	Level 2	Level 3
- Listed equity securities	1,034,119	-	1,034,119	1,034,119		1,034,119
- Sukuks	45,134	-	45,134		45,134	45,134
	<b>1,079,253</b>	<b>-</b>	<b>1,079,253</b>	<b>1,034,119</b>	<b>45,134</b>	<b>1,079,253</b>

**Financial Assets not measured at Fair Value**

- Bank Balances	-	243,176	243,176	-	-	-
- Accrued profit and dividend receivable	-	5,885	5,885	-	-	-
- Receivable against transfer of units	-	11,268	11,268	-	-	-
- Receivable against sale of investments	-	11,399	11,399	-	-	-
- Deposits, prepayments and other receivables	-	6,478	6,478	-	-	-
	<b>-</b>	<b>278,206</b>	<b>278,206</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial Liabilities not measured at Fair Value**

Payable to NBP Fund Management Limited - the Management Company	-	29,182	29,182	-	-	-
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	215	215	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	449	449	-	-	-
Payable against redemption of units	-	1,544	1,544	-	-	-
Accrued expenses and other liabilities	-	41,619	41,619	-	-	-
	<b>-</b>	<b>73,009</b>	<b>73,009</b>	<b>-</b>	<b>-</b>	<b>-</b>

June 30, 2022

**Financial Assets Measured at Fair Value**

	FVTPL	AC	TOTAL	Level 1	Level 2	Level 3
- Listed equity securities	2,455,403	-	2,455,403	2,455,403		2,455,403
- Sukuks	339,555	-	339,555		339,555	339,555
	<b>2,794,958</b>	<b>-</b>	<b>2,794,958</b>	<b>2,455,403</b>	<b>339,555</b>	<b>2,794,958</b>

**Financial Assets not measured at Fair Value**

- Bank Balances	-	673,761	673,761	-	-	-
- Accrued profit and dividend receivable	-	16,207	16,207	-	-	-
- Receivable against transfer of units	-	4,569	4,569	-	-	-
- Deposits, prepayments and other receivables	-	2,600	2,600	-	-	-
	<b>-</b>	<b>697,137</b>	<b>697,137</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial Liabilities not measured at Fair Value**

Payable to NBP Fund Management Limited - the Management Company	-	37,728	37,728	-	-	-
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	384	384	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	905	905	-	-	-
Accrued expenses and other liabilities	-	2,096	2,096	-	-	-
	<b>-</b>	<b>41,113</b>	<b>41,113</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 29 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 (ie, net assets of the Fund) of Rs. 100 million at all times during the life of the scheme. The Fund has historically maintain 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

## 30 GENERAL

Figures in these financial statements have been rounded off to the nearest thousand of rupees.

## 31 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



## PERFORMANCE TABLE

Particulars	For the 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)	1,284,449	3,102,338	5,611,416	5,043,970	6,855,373	11,502,349
Net Income / (loss) for the year / period ended (Rs '000)	61,425	(314,141)	1,084,365	340,639	(1,096,871)	(1,323,940)
Net Asset Value per unit at the year / period ended (Rs)	15.1426	15.2302	16.7187	14.1851	13.7410	15.5128
Offer price per unit	15.6559	15.7465	17.2855	14.6660	14.2068	16.0387
Redemption price per unit	15.1426	15.2302	16.7187	14.1851	13.7410	15.5128
Ex - Highest offer price per unit (Rs.)	16.3145	18.2369	17.7241	16.6461		17.8306
Ex - Lowest offer price per unit (Rs.)	14.3198	15.4676	14.4431	12.0508		15.2740
Ex - Highest redemption price per unit (Rs.)	15.7796	17.6389	17.1430	16.1003		17.2460
Ex - Lowest redemption price per unit (Rs.)	13.8503	14.9604	13.9695	11.6557		14.7732
Opening Nav of Fiscal Year	14.7660	16.7187	13.7819	13.0657	15.5128	16.9827
Total return of the fund	2.55%	-8.90%	21.31%	8.57%		-8.66%
- capital growth	-0.59%	-8.90%	18.38%	3.40%		-8.66%
- income distribution as a % of ex nav	3.14%	-	2.93%	5.17%	-	-
- income distribution as a % of par value	4.76%	-	4.97%	7.25%	-	-
Distribution						
Interim distribution per unit (Rs)	0.4764	-	0.4974	0.7252	-	-
Final distribution per unit (Rs)	-	-	-	-	-	-
Distribution Dates						
Interim	27-Jun-2023	-	23-Jun-21	26-Jun-20		-
Final	-	-	-	-	-	-
Average annual return of the fund (launch date October 29, 2007)						
(Since inception to June 30, 2023)	9.94%					
(Since inception to June 30, 2022)		10.46%				
(Since inception to June 30, 2021)			12.03%			
(Since inception to June 30, 2020)				11.33%		
(Since inception to June 30, 2019)					11.60%	
(Since inception to June 30, 2018)						14.01%
(Since inception to June 30, 2017)						
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
(Since inception to June 30, 2010)						
Portfolio Composition (Please see Fund Manager Report)						
<b>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</b>						

## PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Islamic Sarmaya Izafa Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. [www.nbpfund.com](http://www.nbpfund.com). A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

<b>NBP Islamic Sarmaya Izafa Fund</b>				
	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
<b>Number</b>	<b>10</b>	<b>10</b>	Nil	N/A
<b>(%)</b>	<b>100%</b>	<b>100%</b>	-	-

## Head Office

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