

NBP FUNDS
Managing Your Savings

Aitemaad اعتماد
اسلامک سیونر

Islamic Savings

اسلامک سیونر

NBP Fund Management Limited



NBP ISLAMIC SAVINGS FUND

ANNUAL REPORT
2023

AM1
Rated by PACRA

MISSION STATEMENT

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

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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource & Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

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

Auditors

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

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.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.
Phone: 051-2514987
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



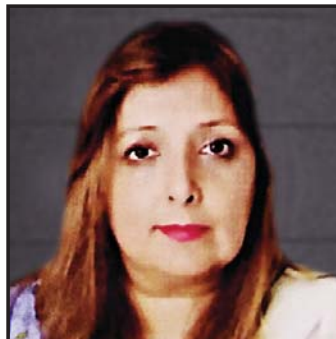
Mr. Tauqeer Mazhar
Director



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 16th Annual Report of **NBP Islamic Savings Fund (NBP-ISF)** for the year ended June 30, 2023.

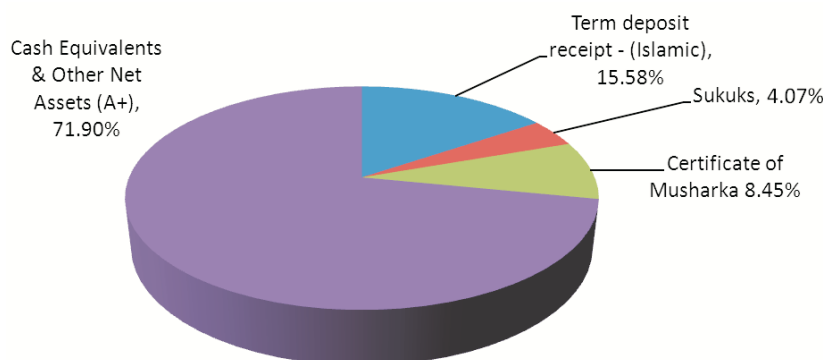
Fund's Performance

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

NBP-ISF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'AA- (f)' by PACRA.

The size of NBP Islamic Savings Fund has increased from Rs. 1,845 million to Rs. 3,690 million during the period (a notable increase of 100%). During the period, the unit price of the Fund has increased from Rs. 8.3622 (Ex-Div) on June 30, 2022 to Rs. 9.5870 on June 30, 2023, thus showing a return of 14.65% as compared to the benchmark return of 6.05% for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 485.69 million during the year. After deducting total expenses of Rs. 75.10 million, the net income is Rs. 410.59 million. The asset allocation of NBP-ISF as on June 30, 2023 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 14.22% of the opening ex-NAV (13.58% of the par value) during the year ended June 30, 2023.

Taxation

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

Auditors

The present auditors, Messrs Grant Thornton Anjum Rahman, Chartered Accountant, retire 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 22 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. For the year ended June 30, 2023, the Board included:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Ruhail Muhammad 4. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Tauqeer Mazhar 3. Ms. Mehnaz Salar 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: September 15, 2023
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسلامک سیونگ فنڈ (NBP-ISF) کی سولہویں سالانہ رپورٹ برائے سال تختہ 30 جون 2023ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

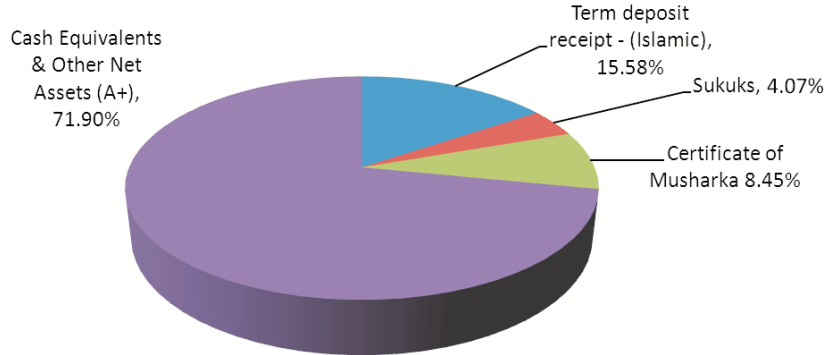
مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 19 اجلاس منعقد ہوئے اور ملکی غیر یقینی صورتحال اور بیرونی اکاؤنٹ پر مسلسل دباؤ کی وجہ سے افراط زر کے دباؤ کو روکنے، قیمتوں میں استحکام حاصل کرنے، اقتصادی استحکام کو یقینی بنانے، اور کرنسی کے دباؤ کو کم کرنے کے لیے پالیسی شرح کو 825 بیسس پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمونو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے انفلووز اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنج اور خطرات کا باعث بنے ہیں۔

NBP-ISF کی درجہ بندی بطور شریعہ مکمل انجمنٹ آف فنڈ کی گئی ہے اور PACRA کی طرف سے 'AA-(F)' کی مستحکم ریٹنگ دی گئی ہے۔

NBP اسلامک سیونگ فنڈ کا ساڑھے اسی مدت کے دوران 1,845 ملین روپے سے بڑھ کر 3,690 ملین روپے ہو گیا، یعنی 100% کا قابل ذکر اضافہ ہوا۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2022 کو 8.3622 (Ex-Div) روپے سے بڑھ کر 30 جون 2023 کو 9.5870 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 6.05% پیچھا مارک منافع کے مقابلے میں 14.65% منافع دیا۔ فنڈ کا یہ منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اسی مدت کے دوران 485.69 ملین روپے کی آمدنی ہوئی۔ 75.10 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 410.59 ملین روپے ہے۔

NBP اسلامک سیونگ فنڈ کی ایسٹ ایلوکیشن برطانیہ 30 جون 2023 درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2023 کے اختتام کے بعد اوریونگ ex-NAV کا 14.22% (بنیادی قدر کا 13.58%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

حکایتیں

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین اور جمع شدہ نقصانات منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر ایکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شرح 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 کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پینن مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز ہی ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ زیر جانزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔

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



اظہار شکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber

Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2023

FUND MANAGER REPORT

NBP Islamic Savings Fund

NBP Islamic Savings Fund (NBP-ISF) is an Open-End Shariah Compliant Income Scheme.

Investment Objective of the Fund

The objective of NBP-ISF is to earn a reasonable rate of return in a Shariah compliant manner by investing primarily in Shariah Compliant money markets instruments and bank deposits.

Benchmark

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

Fund Performance Review

This is the 16th Annual report since the launch of the Fund on October 26, 2007. The Fund size doubled and stands at Rs. 3.7 billion as of June 30, 2023. The Fund's return since inception is 7.6% p.a. versus the benchmark return of 5.5% p.a. During FY23, the Fund posted an annualized return of 14.7% as compared to the benchmark return of 6.1%. This outperformance is net of management fee and all other expenses.

The portfolio does not include potential recovery in fully provided Sukuks (Face Value of around Rs 115 million), which is a potential upside for the Fund. Weighted average time to maturity of Fund is 12 days.

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

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-23	30-Jun-22
Sukuks / Commercial Paper (Islamic)	4.07%	12.18%
Placement with Banks and DFIs (Islamic)	24.03%	17.54%
Cash (Cash Equivalents) & Other Assets	71.90%	70.28%
Total	100%	100%

Distribution for the Financial Year 2023

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 23	13.58%	10.9090	9.5511

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
New Allied Electronics Limited I	SUKUK	110,000,000	110,000,000	-	0.0%	0.0%
New Allied Electronics Limited II	SUKUK	4,905,437	4,905,437	-	0.0%	0.0%
Total		114,905,437	114,905,437	-	0.0%	0.0%

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

Size of Unit Holding (Units)	# of Unit Holders
1-1000	3,394
1001-5000	626
5001-10000	226
10001-50000	737
50001-100000	384
100001-500000	586
500001-1000000	121
1000001-5000000	56
5000001-10000000	1
Total	6,131

During the period under question

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

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

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

For and behalf of the board

Date: **September 15, 2023**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 27, 2023/ Rabiul Awwal 10, 1445

Alhamdulillah, the period from July 01, 2022 to June 30, 2023 marks the Sixteenth year of the operations of NBP Islamic Savings Fund (the "NBP-ISF" or the "Fund") under management of NBP Funds Management Limited (the "NBP Funds" or the "Management Company").

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

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

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

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

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

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

For and on behalf of Shariah Technical Services & Support

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Introduction

We have performed an independent assurance engagement of NBP Islamic Savings Fund (the Fund), to express a Limited Assurance on the annexed Statement of Compliance with Shariah Principles (the Statement) for the year ended June 30, 2023. Our engagement was carried out as per the Shariah Principle specified in the Trust Deed, Offering Document, and the guidelines issued by the Shariah Advisor.

Management Company's responsibility

Management Company of the Fund is responsible for the preparation of the Statement (the subject matter) and for compliance with Shariah Principles specified in the Trust Deed, Offering Document, and the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control to ensure operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

Our responsibility

Our responsibility to carry out procedures, to ensure compliance with the applicable statutory and regulatory requirements and to report thereon in the form of an independent limited assurance conclusion.

Scope of assurance

We conduct our engagement in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagement other than Audit or Reviews of Historical Financial Statements'. This standard requires that we comply with the ethical requirements, including independence requirements, and plan and perform the engagement to obtain limited assurance whether the Statement reflects the status of the Fund's compliance with Shariah Principles specified in the Trust Deed, Offering Document and the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgment, including the assessment of risks of material non-compliance with the Shariah Principles whether due to Fraud or error. In making those risk assessments, we have considered Internal controls relevant to the Fund's Compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for purpose of expressing an opinion in the effectiveness of the Fund's internal control.

The assurance engagement is not limited preliminary to enquiries but also includes inspection of records and; to ensure existence of any evidence gathering procedures as appropriate.

- Performed inquires, walkthrough and test of controls on sample basis, the compliance with specified guidelines issued by Shariah Advisor relating to maintaining of bank accounts and for making investments of the Fund; and
- Reviewing that the Shariah Advisor has certified that the operations of the Fund and investment made by the Fund during the year ended June 30, 2023 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Fund's annexed Statement of Compliance with Shariah Principles (the Statement) for the year ended June 30, 2023 is not prepared, in all material respects, in accordance with the Shariah Principles specified in the Trust Deed, Offering Document and the guidelines issued by the Shariah Advisor.

Grant Thornton Anjum Rahman
Chartered Accountants

Place: Karachi
Dated: September 28, 2023

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 Savings 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>Investments (refer note 6 to the financial statements)</p>	
<p>Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2023 amounted to Rs. 1,036.936 million (2022: Rs. 548.554 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"> obtained understanding of relevant controls placed by the Management Company applicable to the account balance; verified existence of investments from Central Depository Company (CDC) account statement, bank statements and other relevant documents; performed test of details on sale, purchase and maturity of investments on a sample basis; and tested valuation of investments.

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: AR202310126ajnSmp8yL

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

	2023	2022
Note	Rupees in '000	
ASSETS		
Bank balances	5 2,723,109	1,309,827
Investments	6 1,036,936	548,554
Profit accrued	7 68,975	34,102
Deposits, prepayments and other receivables	8 1,614	1,589
Total assets	3,830,634	1,894,072
LIABILITIES		
Payable to NBP Funds Management Limited - Management Company	9 18,923	9,137
Payable to Central Depository Company of Pakistan Limited - Trustee	10 271	147
Payable to the Securities and Exchange Commission of Pakistan	11 581	429
Accrued expenses and other liabilities	12 61,384	28,174
Payable against redemption of units	13 59,612	10,692
Total liabilities	140,771	48,579
NET ASSETS	3,689,863	1,845,493
UNIT HOLDERS' FUND (as per attached statement)	3,689,863	1,845,493
Contingencies and commitments		
	14	
	----- Number of units -----	
Number of units in issue	15 384,883,483	193,223,949
	----- Rupees -----	
Net asset value per unit	16 9.5870	9.5511

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 -----	
INCOME		
Return / profit on:		
- bank balances	380,509	131,348
- term deposit	22,508	9,562
- sukuks	30,261	11,151
- bai muajjal	-	2,663
- musharka	52,226	31,627
- commercial paper	184	21,339
Net loss on sale of investments	-	(6)
Total income	485,688	207,684
EXPENSES		
Remuneration of NBP Fund Management Limited	36,033	14,735
Sindh Sales Tax on remuneration of the Management Company	4,684	1,916
Reimbursement of operational expenses to the Management Company	3,913	2,682
Reimbursement of selling and marketing expenses - Management Company	24,715	16,710
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1 2,181	1,609
Sindh Sales Tax on remuneration of the Trustee	10.2 283	209
Annual fee to the Securities and Exchange Commission of Pakistan	11.1 582	429
Settlement and bank charges	467	367
Securities transaction cost	-	3
Auditors' remuneration	17 962	696
Fund rating fee	523	476
Legal and professional charges	213	712
Annual listing fee	28	28
Printing charges	106	76
Shariah advisor fee	405	307
Total expenses	75,095	40,955
Net income from operating activities	410,593	166,729
Reversal against Sindh Workers' Welfare Fund	-	22,002
Net income for the year before taxation	410,593	188,731
Taxation	18 -	-
Net income for the year after taxation	410,593	188,731
Allocation of net income for the year		
Net income for the year after taxation	410,593	188,731
Income already paid on units redeemed	(134,429)	(64,484)
	276,164	124,247
Accounting income available for distribution:		
- Relating to capital gain	-	-
- Excluding capital gain	276,164	124,247
	276,164	124,247

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 -----	
Net income for the year after taxation	410,593	188,731
Other comprehensive income	-	-
Total comprehensive income for the year	410,593	188,731

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

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at beginning of the year	1,781,395	64,098	1,845,493	2,092,893	62,046	2,154,939
Issuance of 704,472,607 units (2022: 212,443,345 units)						
- Capital value	6,728,488	-	6,728,488	2,026,731	-	2,026,731
- Element of income	533,421	-	533,421	113,286	-	113,286
Total proceeds on issuance of units	7,261,909	-	7,261,909	2,140,017	-	2,140,017
Redemption of 512,813,073 units (2022: 245,102,223 units)						
- Capital value	(4,897,929)	-	(4,897,929)	(2,338,300)	-	(2,338,300)
- Element of loss	(349,123)	(134,429)	(483,552)	(77,045)	(64,484)	(141,529)
Total payments on redemption of units	(5,247,052)	(134,429)	(5,381,481)	(2,415,345)	(64,484)	(2,479,829)
Total comprehensive income for the year	-	410,593	410,593	-	188,731	188,731
Interim distribution @Re.1.3579/unit declared on June 23, 2023 (2022: Re.0.8669/unit)	(183,960)	(262,691)	(446,651)	(36,170)	(122,195)	(158,365)
Total distribution for the year	(183,960)	(262,691)	(446,651)	(36,170)	(122,195)	(158,365)
Net assets at end of the year	3,612,292	77,571	3,689,863	1,781,395	64,098	1,845,493
Undistributed income brought forward						
- Realised		64,098			62,046	
- Unrealised		-			-	
		64,098			62,046	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		276,164			124,247	
		276,164			124,247	
Total distribution		(262,691)			(122,195)	
Undistributed income carried forward		77,571			64,098	
Undistributed income carried forward comprising of :						
- Realised		77,571			64,098	
- Unrealised		-			-	
		77,571			64,098	
			---Rupees---			---Rupees---
Net assets value per unit at beginning of the year			9.5511			9.5401
Net assets value per unit at end of the year			9.5870			9.5511

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

Note	2023	2022
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	410,593	188,731
Adjustments:		
Return / profit on;		
- bank balances	(380,509)	(131,348)
- term deposit	(22,508)	(9,562)
- sukuks	(30,261)	(11,151)
- bai muajjal	-	(2,663)
- musharka	(52,226)	(31,627)
- commercial paper	(184)	(21,339)
Loss / (gain) on sale of investment	-	6
(Reversal) / provision for Sindh Workers' Welfare Fund	-	(22,002)
13.1	(485,688)	(229,686)
	(75,095)	(40,955)
Decrease / (Increase) in assets		
Investments - net	74,817	208,238
Deposits, prepayments and other receivables	(25)	(22)
	74,792	208,216
Increase / (decrease) in liabilities		
Payable to the Management Company	9,786	1,902
Payable to the Trustee	124	(16)
Payable to the Securities and Exchange Commission of Pakistan	152	(163)
Accrued expenses and other liabilities	33,210	2,572
	43,272	4,295
Profit on bank balances received	357,297	120,416
Profit on term deposit received	17,366	9,622
Profit on sukuks received	27,313	5,718
Profit on certificate of musharika received	48,654	34,466
Profit on bai muajjal received	-	2,663
Profit on commercial paper received	184	21,339
Net cash generated from operating activities	493,783	365,780
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	7,077,949	2,103,847
Amounts paid on redemption of units	(5,332,561)	(2,469,442)
Dividend paid	(262,691)	(122,195)
Net cash (used in) financing activities	1,482,697	(487,790)
Net Increase/ (decrease) in cash and cash equivalents during the year	1,976,480	(122,010)
Cash and cash equivalents at the beginning of the year	1,633,565	1,755,575
Cash and cash equivalents at the end of the year	3,610,045	1,633,565
5.2		

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

NBP Islamic Savings 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 Regulation) Rules, 2003 (the NBFC Rules).

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

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

Management Company has obtained approval of SECP, pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Income Fund' with effect from March 14, 2017.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 18, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company, dated June 22, 2023, and has assigned stability rating of 'AA-(f)' to the Fund.

Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting judgments and estimates

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan. It requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

- a) classification of financial assets (note 4.2.2.1 and 6);
- b) impairment of financial assets (note 4.2.3); and
- c) provisions (note 4.6).

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

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

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

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on 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.

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

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Fund for the financial year beginning on 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 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements as set out below.

4.1 Cash and cash equivalents

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

4.2 Financial assets and liabilities

4.2.1 Initial Recognition

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

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

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

4.2.2 Classification and measurement

4.2.2.1 Financial Assets

There are three principal classification categories for financial assets:

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

Financial asset at amortised cost (AC)

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 (“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 (“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 period after the Fund changes its business model for managing financial assets.

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

Business model assessment

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

Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model;
- 2) Hold to collect and sell business model.; and
- 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.

4.2.2.2 Financial liabilities

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Measured at Fair value through profit or loss ("FVTPL").

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

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

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

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

4.2.3 Impairment of financial assets

The SECP has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017, 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 required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

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

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and

Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of shariah compliant government securities:

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

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

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

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

4.2.5 Regular way contracts

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

4.2.6 Derecognition

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

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

4.2.7 Offsetting of financial instruments

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

4.3 Impairment of non financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

4.4 Issuance and redemption of units

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

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

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

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

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

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, 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.

4.7 Revenue recognition

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

4.8 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 as and when incurred.

4.9 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.

4.10 Distribution to the unit holders

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

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

4.11 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 17.

	Note	2023 Rupees in '000	2022 Rupees in '000
5 BANK BALANCES			
Current accounts		62,310	12,009
Savings accounts	5.1	2,660,799	1,297,818
		<u>2,723,109</u>	<u>1,309,827</u>

5.1 These savings accounts have an expected profit at rates ranging from 10% to 21.25% per annum (2022: 6.50% to 16.00% per annum). Balance maintained with related parties i.e. National Bank of Pakistan amount to Rs. 1.68 Million (2022: Rs. 2.35 Million).

	Note	2023 Rupees in '000	2022 Rupees in '000
5.2 Cash and cash equivalents			
Current accounts		62,310	12,009
Savings accounts		2,660,799	1,297,818
Term deposits receipt	6.4	575,000	-
Certificate of musharka	6.5	311,936	323,738
		<u>3,610,045</u>	<u>1,633,565</u>

6 INVESTMENTS

At fair value through profit or loss

	Note	2023	2022
		Rupees in '000	
Sukuks	6.1,6.2	150,000	175,000
Commercial paper	6.3	-	49,816
Term deposit receipts	6.4	575,000	-
Certificate of musharka	6.5	311,936	323,738
		<u>1,036,936</u>	<u>548,554</u>

6.1 Sukuks

Description	Number of certificates				Market value as at June 30, 2023	Investment as a percentage of	
	As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023		Net assets	Market value of total investments
					Rupees in '000	%	
K-Electric	50	-	50	-	-	-	-
K-Electric	50	-	50	-	-	-	-
K-Electric	75	-	75	-	-	-	-
K-Electric	-	55	55	-	-	-	-
K-Electric	-	50	50	-	-	-	-
K-Electric	-	50	50	-	-	-	-
K-Electric	-	25	25	-	-	-	-
K-Electric	-	150	-	150	150,000	4.07%	14.47%
Total as at June 30, 2023					<u>150,000</u>	<u>4.07%</u>	<u>14.47%</u>
Carrying value before mark to market as at June 30, 2023					<u>150,000</u>		

The The Hub Power Company Limited sukuks have a face value of Rs. 100,000 each and KE sukuks have a face value of Rs. 1,000,000 each.

6.2 Non-performing sukuks classified at fair value through profit or loss

Name of the investee company	Note	Number of certificates				Market value as at June 30, 2023	Investment as a percentage of	
		As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023		Net assets	Market value of total investments
						Rupees in '000	%	
New Allied Electronics Industries (Private) Limited								
- Sukuk 1	6.2.1 & 6.2.2	352,000	-	-	352,000	-	-	-
New Allied Electronics Industries (Private) Limited								
- Sukuk 2	6.2.1 & 6.2.2	1,000	-	-	1,000	-	-	-
Carrying value as at June 30, 2023						<u>114,905</u>		
Accumulated impairment						<u>114,905</u>		

All sukuks have a face value of Rs. 100,000 except New Allied Electronics Industries (Private) Limited - Sukuk 1 and Sukuk 2 which have face value of Rs. 312.5 and Rs. 4,905.5 respectively.

6.2.1 These represent investment in privately placed sukuk with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 9, 2009. 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.

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

6.2.3 Significant terms and conditions of sukuk outstanding as at June 30, 2023 are as follows:

Name of the Security	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
Rupees in '000				
K-Electric Limited	150,000	6 month KIBOR +0.5%	21-Mar-23	21-Sep-23
New Allied Electronics Industries (Private) Limited - Sukuk 1	110,000	3 month KIBOR + 2.60%	27-Jul-07	27-Jul-12
New Allied Electronics Industries (Private) Limited - Sukuk 2	4,905	6 month KIBOR + 2.20%	3-Dec-07	3-Dec-12

6.3 Commercial Papers

Name of the investee company	Note.	Face value				Carrying value as at June 30, 2023	Carrying value as at June 30, 2022
		As at July 01, 2022	Placements made during the year	Matured during the year	As at June 30, 2023		
Rupees in '000							
Lucky Electric Power	6.3.1	49,816	-	49,816	-	-	-
		49,816	-	49,816	-	-	-

6.4 Term deposit receipts

Name of the investee company	Note	Carrying Amount				
		As at July 01, 2022	Purchases during the year	Matured during the year	As at June 30, 2023	As at June 30, 2022
Rupees '000'						
Faysal Bank Limited		-	500,000	500,000	-	-
Faysal Bank Limited		-	500,000	500,000	-	-
Faysal Bank Limited	6.4.1	-	575,000	-	575,000	-
		-	1,575,000	1,000,000	575,000	-

6.4.1

Particulars	Profit rates	Issue date	Maturity Date	Face Value	Carrying Amount	Carrying value as a % of net assets	Carrying value as a % of total investment
					----- Rupees '000 -----	----- % -----	
Faysal Bank Limited	20.40%	June 15, 2023	July 17, 2023	575,000	575,000	15.58%	55.45%
				575,000	575,000		

6.5 Musharka

Name of the investee company	Note.	Face value				
		As at July 01, 2022	Purchases during the year	Sales / matured during the year	As at June 30, 2023	As at June 30, 2022
Rupees '000						
First Habib Mudaraba	6.5.1	<u>323,738</u>	<u>1,170,559</u>	<u>1,182,361</u>	<u>311,936</u>	<u>323,738</u>

Particulars	Profit Rates	Issue date	Maturity Date	Carrying Amount	Carrying Amount as a % of net assets	Carrying Amount as a % of total investment
Certificate of Musharka	22.25%	April 26, 2023	July 26, 2023	<u>311,936</u>	8.45%	30.08%

7 PROFIT ACCRUED	Note	2023	2022
		----- Rupees in '000 -----	
Profit accrued on:			
- bank balances	7.1	<u>42,539</u>	19,328
- term deposit receipts	7.2	<u>5,142</u>	-
- sukuks	7.3	<u>9,406</u>	6,458
- certificate of musharka	7.4	<u>11,888</u>	8,316
		<u><u>68,975</u></u>	<u><u>34,102</u></u>

7.1 These savings accounts have an expected profit at rates ranging from 10% to 21.25% per annum.

7.2 TDRs placed with Faysal Bank Limited during the year have profit at rates ranging from 20.00% to 20.40% per annum.

7.3 These Sukuks have profit at rates ranging from 17.24% to 21.66% per annum.

7.4 These Certificate of Musharika have expected profit rates ranging from 15.70% to 21% per annum.

8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2023	2022
		----- Rupees in '000 -----	
Security deposit with Central Depository Company of Pakistan Limited		<u>100</u>	100
Advance tax		<u>1,240</u>	1,240
Prepayments		<u>274</u>	249
		<u><u>1,614</u></u>	<u><u>1,589</u></u>

9 PAYABLE TO NBP FUNDS MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	9.1	<u>4,711</u>	1,897
Sindh Sales Tax on remuneration of the Management Company	9.2	<u>612</u>	247
Reimbursement of operational expenses	9.3	<u>1,433</u>	662
Reimbursement of selling and marketing expenses	9.4	<u>8,101</u>	4,503
Sales load		<u>2,474</u>	867
Sindh Sales Tax and Federal Excise Duty on sales load		<u>942</u>	734
ADC charges and Sindh Sales Tax on ADC charges		<u>650</u>	227
		<u><u>18,923</u></u>	<u><u>9,137</u></u>

- 9.1** Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to an accrued remuneration. During the year, Management Company has charged remuneration as follows:

8% of net income of the Fund subject to minimum 0.5% as average of NAV and maximum 1.5% of average NAV, applicable from January 10, 2020 onwards

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

- 9.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2021: 13%) on remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

- 9.3** As per regulation 60(3)(s) of the NBFC Regulations, an asset management company is entitled to charge fees and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS). Accordingly, the Management Company based on its discretion has charged 0.125% of the average annual net assets.

- 9.4** SECP through its Circular No. 11 of 2019 dated July 5, 2019, has removed cap of 0.4% on all open end funds (except "Fund of Funds") in relation to selling and marketing expenses. In addition to the requirement of Board approval, now these expenses to be paid to AMC on reimbursement basis and subject to approval of the Trustee.

In pursuance of the above, the Fund has charged selling and marketing expenses 0.85% of daily Net Assets Value of the Fund w.e.f March 07, 2022.

		2023	2022
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	Rupees in '000
	Remuneration of the Trustee	10.1	240 130
	Sindh Sales Tax on remuneration of the Trustee	10.2	31 17
			<u>271</u> <u>147</u>

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

This amount represents the Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.075% per annum of net assets.

- 10.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2021: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

		2023	2022
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	Rupees in '000
	Fee payable to the Securities and Exchange Commission of Pakistan	11.1	581 429
			<u>581</u> <u>429</u>

- 11.1** Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "shariah compliant" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan (SECP). The fund has charged SECP fee at the rate of 0.02% per annum of the average annual net assets during the year (2022: 0.02% per annum of the average annual net assets). The fee is paid annually in arrears.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2023 ----- Rupees in '000 -----	2022
Withholding tax		49,343	20,222
Capital gain tax		5,023	1,575
Federal Excise Duty	12.1	3,955	3,955
Auditors' remuneration		609	597
Shariah advisor fee		436	348
Legal and professional charges		192	203
Printing charges		73	89
Bank charges		61	41
Settlement charges		36	19
Brokerage charges		-	19
Others		<u>1,656</u>	<u>1,106</u>
		<u>61,384</u>	<u>28,174</u>

- 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 Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 3.955 million as at June 30, 2023. Had the provision not being made, the net asset value per unit as at June 30, 2022 would have been higher by Re. 0.0103 per unit (2022: Re. 0.0205 per unit).

13 PAYABLE AGAINST REDEMPTION OF UNITS

This includes amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are payable in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes.

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022 other than those already disclosed in note 12.1 to the financial statements.

15 NUMBER OF UNITS IN ISSUE	2023 ----- No of Units -----	2022
Total units in issue at the beginning of the year	193,223,949	225,882,827
Add: units issued during the year	704,472,607	212,443,345
Less: units redeemed during the year	<u>(512,813,073)</u>	<u>(245,102,223)</u>
Total units in issue at the end of the year	<u>384,883,483</u>	<u>193,223,949</u>

16 NET ASSET VALUE PER UNIT

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

	2023	2022
	----- Rupees in '000 -----	
17 AUDITORS' REMUNERATION		
Annual audit fee	440	400
Half yearly review fee	182	165
Income certification	100	-
Sindh sales tax & out of pocket expenses	240	131
	962	696

18 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2022 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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.

19 EARNINGS PER UNIT

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

20 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 2.58% (2022: 1.91%) which includes 0.19% (2022: 0.12%) representing government levies on the fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% as prescribed under the NBFC Regulations for a collective investment scheme categorized as "Shariah compliant income scheme".

21 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 categorize funds under their management on the basis of criteria laid down in the Circular. The Board has approved the category of the fund as 'income scheme'.

The SECP vide Circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Following is the detail of non-compliant investments :

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
New Allied Electronics Industries (Private) Limited - Sukuk 1	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	Sukuks (6.2)	110,000	(110,000)	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk 2	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	Sukuks (6.2)	4,905	(4,905)	-	-	-
Total carrying value			<u>114,905</u>	<u>(114,905)</u>			

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

22 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

22.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

22.2 The transactions with connected persons and related parties are carried at agreed terms.

22.3 Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and Trust Deed respectively.

22.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

22.5 Details of transactions with connected persons are as follows: 2023 2022

NBP Fund Management Limited - Management Company

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

Remuneration of the Management Company	36,033	14,735
Sindh Sales Tax on Management Company's remuneration	4,684	1,916
Reimbursement of operational expenses	3,913	2,682
Sales and Transfer Load	42,349	3,819
Reimbursement of selling and marketing expenses	24,715	16,710
Units issued / transferred in: 2,065,598 units (2022: 265,753 units)	20,582	2,620
Unit redeemed / transferred out units: 1,209,414 units (2022: 135,088 units)	12,628	1,393
Dividend re-invest: 9,308 units (2022: 2,074 units)	89	20
ADC Charges and Sindh Sales Tax on ADC charges	2,522	403

	2023	2022
	----- Rupees in '000 -----	
22.5 Details of transactions with connected persons are as follows:		
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	2,181	1,609
Sindh Sales Tax on Remuneration of the Trustee	283	209
Employees of the Management Company		
Units issued / transferred in: 2,806,937 units (2022: 965,482 units)	28,807	9,679
Unit redeemed / transferred out units: 2,689,721 units (2022: 1,010,423 units)	28,038	10,247
Dividend re-invest: 56,910 units (2022: 37,163 units)	544	355
Chief Financial Officer of the Management Company		
Unit redeemed / transferred out units: Nil units (2022: 6,158 units)	-	60
Dr. Amjad Waheed - Chief Executive Officer (CEO)		
Units issued / transferred in: 4,851 units (2022: Nil units)	50	-
Unit redeemed / transferred out units: 4,400 units (2022: Nil units)	46	-
BankIslami Pakistan Limited (Common Directorship with the Management Company)*		
Profit on savings accounts	-	14,563
Purchase of term deposit receipt	-	1,266,929
Profit on Term deposit receipt	-	9,562
Portfolio Managed by NBP Funds		
Units issued / transferred in: 4,606,799 units (2022: Nil units)	44,000	-
Unit redeemed / transferred out units: 522,521 units (2022: Nil units)	5,000	-
National Bank of Pakistan - Parent of the Management Company		
Profit on bank deposit	20	-
K-Electric (Common Directorship)**		
Purchase of sukuk	330,000	-
Sukuks matured	180,000	-
Profit on sukuk	30,261	-
22.6 Amounts outstanding as at the year end		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	4,711	1,897
Sindh Sales Tax payable on remuneration of the Management Company	612	247
Reimbursement of operational expenses	1,433	662
Sales load	2,474	867
Sindh Sales Tax and Federal Excise Duty on sales load	942	734
ADC charges and Sindh Sales Tax on ADC charges	650	227
Reimbursement of selling and marketing expenses	8,101	4,503
Investment held in the fund: 999,321 units (2022: 133,830 units)	9,580	1,278
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	240	130
Sindh Sales tax Remuneration payable	31	17
Security deposit	100	100
Settlement charges	36	19
National Bank of Pakistan - Parent of the Management Company		
Bank balances	28,077	2,351
Profit receivable	11	4

	2023	2022
	----- Rupees in '000 -----	
Employees of the Management Company		
Investment held in the Fund: 700,884 units (2022: 526,758 units)	6,719	5,031
Amounts outstanding as at the year end		
Dr. Amjad Waheed - Chief Executive Officer (CEO)		
Investment held in the Fund: 474 units (2022: Nil units)	5	-
Portfolio Managed by NBP Funds		
Investment held in the Fund: 4,084,279 units (2022: Nil units)	39,156	-
BankIslami Pakistan Limited (Common Directorship with the Management Company)*		
Balance in savings accounts	-	19,052
Profit receivable on Bank Deposit	-	104
K-Electric (Common Directorship)**		
Investment in Debt Securities - Sukuk	150,000	-
Profit accrued on Sukuk	9,406	-

* Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2023.

** Prior period balances with these parties have not been disclosed as they were not connected person and related parties during prior periods.

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

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

- NBP Financial Sector Income Fund
- NBP Government Securities Plan II
- NBP Government Securities Plan III
- NBP Government Securities Plan IV
- NBP Government Securities Plan V
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Income Plan I
- NBP Mahana Amdani Fund
- NBP Savings Fund
- NBP Cash Plan I
- NBP Cash Plan II

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

24 PATTERN OF UNIT HOLDING

Category	As at June 30, 2023		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment

(Rupees in '000)

Individuals	6,067	3,266,314	88.52%
Associated Companies and Directors	3	9,585	0.26%
Insurance Companies	-	-	0.00%
Retirement Funds	13	81,528	2.21%
Public Limited Companies	1	95	0.00%
Others	47	332,356	9.01%
	6,131	3,689,878	100%

Category	As at June 30, 2022		
	Number of unit holders	Net asset value of the amount	Percentage of total investment

(Rupees in '000)

Individuals	4,588	1,320,425	71.55%
Associated Companies and Directors	2	1,278	0.07%
Insurance Companies	1	48,285	2.62%
Retirement Funds	19	218,277	11.83%
Public Limited Companies	1	85	0.00%
Others	38	257,142	13.93%
	4,649	1,845,492	100%

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, April 29, 2023 and June 01, 2023, respectively. Information in respect of attendance by directors in the meetings is given below:

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

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

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

26 FINANCIAL INSTRUMENTS BY CATEGORY

	At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----			
June 30, 2023			
Financial Assets			
Balances with banks	-	2,723,109	2,723,109
Investments	1,036,936	-	1,036,936
Profit accrued	-	68,975	68,975
Deposits	-	100	100
	<u>1,036,936</u>	<u>2,792,184</u>	<u>3,829,120</u>
Financial Liabilities			
Payable to the Management Company	-	4,711	4,711
Payable to Trustee	-	240	240
Accrued expenses and other liabilities	-	6,126	6,126
Payable against redemption of units	-	59,612	59,612
	<u>-</u>	<u>70,689</u>	<u>70,689</u>
-----Rupees in '000-----			
June 30, 2022			
Financial Assets			
Balances with banks	-	1,309,827	1,309,827
Investments	548,554	-	548,554
Profit accrued	-	34,102	34,102
Deposits	-	100	100
	<u>548,554</u>	<u>1,344,029</u>	<u>1,892,583</u>
Financial Liabilities			
Payable to the Management Company	-	1,897	1,897
Payable to Trustee	-	130	130
Accrued expenses and other liabilities	-	2,422	2,422
Payable against redemption of units	-	10,692	10,692
	<u>-</u>	<u>15,141</u>	<u>15,141</u>

27 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management has Company has overall responsibility for the establishment and oversight of the Funds risk management Policies. The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

27.1 Market risk

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

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

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

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 Pak 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 KIBOR based interest bearing sukuks and balance in savings accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.26.61 Million (2022: Rs. 12.98 million).

- Sensitivity analysis for fixed rate instruments

The Fund holds term deposits receipts, certificate of musharka and commercial papers that exposes the fund to fair value interest rate risk as at June 30, 2023. In case of 100 basis points increase in coupon rate on June 30, 2023, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher/lower by Rs. Nil (2022: Rs. 0.763 Million).

Yield / Interest rate	Total	Exposed to yield / interest rate risk	Not exposed to yield / interest rate risk
		Upto three months	

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

June 30, 2023

On-balance sheet financial instruments

Financial assets

Bank balances	6.5 - 16	2,723,109	2,660,799	62,310
Investments	11.61-15.0	1,036,936	1,036,936	-
Profit Accrued		68,975	-	68,975
Deposits		100	-	100
		3,829,120	3,697,735	131,385

Financial liabilities

Payable to the Management Company		18,923	-	18,923
Payable to the Trustee		271	-	271
Accrued expenses and other liabilities		61,384	-	61,384
Payable against redemption of units		59,612	-	59,612
Net assets attributable to redeemable units		3,689,863	-	3,689,863
		3,830,053	-	3,830,053
On-balance sheet gap		(933)	3,697,735	(3,698,668)
Off-balance sheet financial instruments		-	-	-
Off-balance sheet gap		-	-	-

June 30, 2022

On-balance sheet financial instruments

Financial assets

Bank balances	6.5 - 16	1,309,827	1,297,818	12,009
Investments	11.61-15.0	548,554	548,554	-
Markup Accrued		34,102	-	34,102
Deposits		100	-	100
Receivable against conversion of units		-	-	-
		1,892,583	1,846,372	46,211

Financial liabilities

Payable to the Management Company		9,137	-	9,137
Payable to the Trustee		147	-	147
Accrued expenses and other liabilities		28,174	-	28,174
Payable against redemption of units		10,692	-	10,692
Net assets attributable to redeemable units		1,845,493	-	1,845,493
		1,893,643	-	1,893,643
On-balance sheet gap		(1,060)	1,846,372	(1,847,432)
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 as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all instruments traded in the market. Presently, the Fund is not exposed to price risk.

27.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risks on loans and receivables, balances with banks, profit receivable, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the Fund's policy is to enter into financial instrument contracts following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

The analysis below summarises the credit quality of the Fund's financial assets:

Name of the Bank	Rating	June 30, 2023	June 30, 2022
National Bank Of Pakistan Habib Bank Limited UBL Ameen Meezan Bank Limited Allied Bank Limited Bank Al Habib Limited	AAA	2.16%	17.88%
Bank Alfalah Limited Habib Metropolitan Bank Limited	AA+	0.01%	0.00%
Silk Bank Limited Faysal Bank Limited Dubai Islamic Bank Pakistan Limited	AA	0.02%	30.59%
Js Bank Limited Bank Islami Pakistan Limited Soneri Bank Limited	AA-	71.63%	0.77%
Albaraka Bank Limited	A+	25.13%	50.74%
MCB Bank Limited	A-	1.05%	0.02%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is as follows :

	June 30, 2023		June 30, 2022	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
----- Rupees in '000 -----				
Balances with banks	2,723,109	2,723,109	1,309,827	1,309,827
Investments	1,036,936	1,036,936	548,554	548,554
Profit accrued	68,975	68,975	34,102	34,102
Deposits	100	100	100	100
	3,829,120	3,829,120	1,892,583	1,892,583

Concentration of credit risk

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

27.3 Liquidity risk

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

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to 15% of the net assets up to 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. The Fund did not withhold any significant redemptions during the year.

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

	Total	Up to three months	Over three months and up to one year	Over one year
----- Rupees in '000 -----				
June 30, 2023				
Financial liabilities				
Payable to the Management Company	18,923	18,923	-	-
Payable to the Trustee	271	271	-	-
Accrued expenses and other liabilities	61,384	61,384	-	-
Payable against redemption of units	59,612	59,612	-	-
Net assets attributable to redeemable units	3,689,863	3,689,863	-	-
	<u>3,830,053</u>	<u>3,830,053</u>	-	-
----- Rupees in '000 -----				
June 30, 2022				
Financial liabilities				
Payable to the Management Company	9,137	9,137	-	-
Payable to the Trustee	147	147	-	-
Accrued expenses and other liabilities	2,422	2,422	-	-
Payable against redemption of units	20,660	20,660	-	-
Net assets attributable to redeemable units	1,845,493	1,845,493	-	-
	<u>1,877,859</u>	<u>1,877,859</u>	-	-

28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 28, the Fund endeavors to invest the amount received on issuance of units in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

29 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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

	Carrying amount			Fair value				
	Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total	
June 30, 2023	Rupees in '000							
Financial assets measured at fair value								
Sukuk's	6	150,000	-	150,000	-	150,000	-	150,000
Commercial paper	6	-	-	-	-	-	-	-
Term deposit receipt	6	575,000	-	575,000	-	575,000	-	575,000
Certificate of Musharka	6	311,936	-	311,936	-	311,936	-	311,936
		<u>1,036,936</u>	<u>-</u>	<u>1,036,936</u>	<u>-</u>	<u>1,036,936</u>	<u>-</u>	<u>1,036,936</u>
Financial assets not measured at fair value								
Bank balances	5	-	2,723,109	2,723,109	-	-	-	-
Profit accrued	7	-	68,975	68,975	-	-	-	-
Deposits	8	-	100	100	-	-	-	-
		<u>-</u>	<u>2,792,184</u>	<u>2,792,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	18,923	18,923	-	-	-	-
Remuneration payable to the Trustee	10	-	271	271	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	11	-	581	581	-	-	-	-
Accrued expenses and other liabilities	12	-	61,384	61,384	-	-	-	-
Payable against redemption of units	13	-	59,612	59,612	-	-	-	-
Net assets attributable to redeemable units		-	3,689,863	3,689,863	-	-	-	-
		<u>-</u>	<u>3,830,635</u>	<u>3,830,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2022	Rupees in '000							
Financial assets measured at fair value								
Sukuk's	6	175,000	-	175,000	-	175,000	-	175,000
Commercial paper	6	49,816	-	49,816	-	49,816	-	49,816
Term deposit receipt		-	-	-	-	-	-	-
Bai Muajjal		-	-	-	-	-	-	-
Certificate of Musharka	6	323,738	-	323,738	-	323,738	-	323,738
		<u>548,554</u>	<u>-</u>	<u>548,554</u>	<u>-</u>	<u>548,554</u>	<u>-</u>	<u>548,554</u>
Financial assets not measured at fair value								
Bank balances	5	-	1,309,827	1,309,827	-	-	-	-
Profit accrued	7	-	34,102	34,102	-	-	-	-
Deposits	8	-	100	100	-	-	-	-
		<u>-</u>	<u>1,344,029</u>	<u>1,344,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	9,137	9,137	-	-	-	-
Remuneration payable to the Trustee	10	-	147	147	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	11	-	429	429	-	-	-	-
Accrued expenses and other liabilities	12	-	28,174	28,174	-	-	-	-
Payable against redemption of units	13	-	10,692	10,692	-	-	-	-
Net assets attributable to redeemable units		-	1,845,493	1,845,493	-	-	-	-
		<u>-</u>	<u>1,894,072</u>	<u>1,894,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 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**.

31 GENERAL

Figures have been rounded off to the nearest thousand rupees.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018
Net assets at the year / period ended (Rs '000)	3,689,863	1,845,493	2,154,939	3,967,650	3,642,370	3,775,315
Net income for the year / period ended (Rs '000)	410,593	188,731	164,702	329,260	245,784	214,227
Net Asset Value per unit at the year / period ended (Rs)	9.5870	9.5511	9.5401	9.5313	9.5226	9.9920
Offer Price per unit	9.9120	9.6557	9.6464	9.6390	9.6272	10.1049
Redemption Price per unit	9.5870	9.5511	9.5401	9.5313	9.5226	9.9920
Ex - Highest offer price per unit (Rs.)	9.9120	10.5246	10.1810	9.6390	9.6272	10.1049
Ex - Lowest offer price per unit (Rs.)	8.4596	8.8442	9.1274	8.5939	8.8782	9.6190
Ex - Highest redemption price per unit (Rs.)	9.5870	9.5511	9.5401	9.5313	9.5226	9.9920
Ex - Lowest redemption price per unit (Rs.)	8.3650	8.7468	9.0254	8.5939	8.7763	9.5048
Fiscal Year Opening Ex NAV	8.3622	8.7	9.0	8.5913	8.7720	9.5036
Total return of the fund	14.65%	9.21%	5.72%	10.91%	8.56%	5.14%
Capital growth	0.43%	0.13%	0.10%	0.07%	0.22%	0.00%
Income distribution as % of Ex-NAV	14.22%	9.09%	5.62%	10.84%	8.34%	5.14%
Income distribution as % of Par Value	13.58%	8.67%	5.36%	10.32%	7.93%	4.88%
Distribution						
Interim distribution per unit	1.3579	0.8669	0.5359	1.0323		
Final distribution per unit	-				0.7927	0.4883
Distribution Dates						
Interim	23-Jun-22	29-Jun-22	25-Jun-21	26-Jun-20	24-June-2019	
Final						04-Jul-2018
Average annual return of the fund (launch date October 26, 2007)						
(Since inception to June 30, 2023)	7.56%					
(Since inception to June 30, 2022)		7.09%				
(Since inception to June 30, 2021)			6.94%			
(Since inception to June 30, 2020)				7%		
(Since inception to June 30, 2019)					6.71%	
(Since inception to June 30, 2018)						6.53%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	8 Days	12 Days	28 Days	27 Days	20 Days	60 Days
Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up						

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