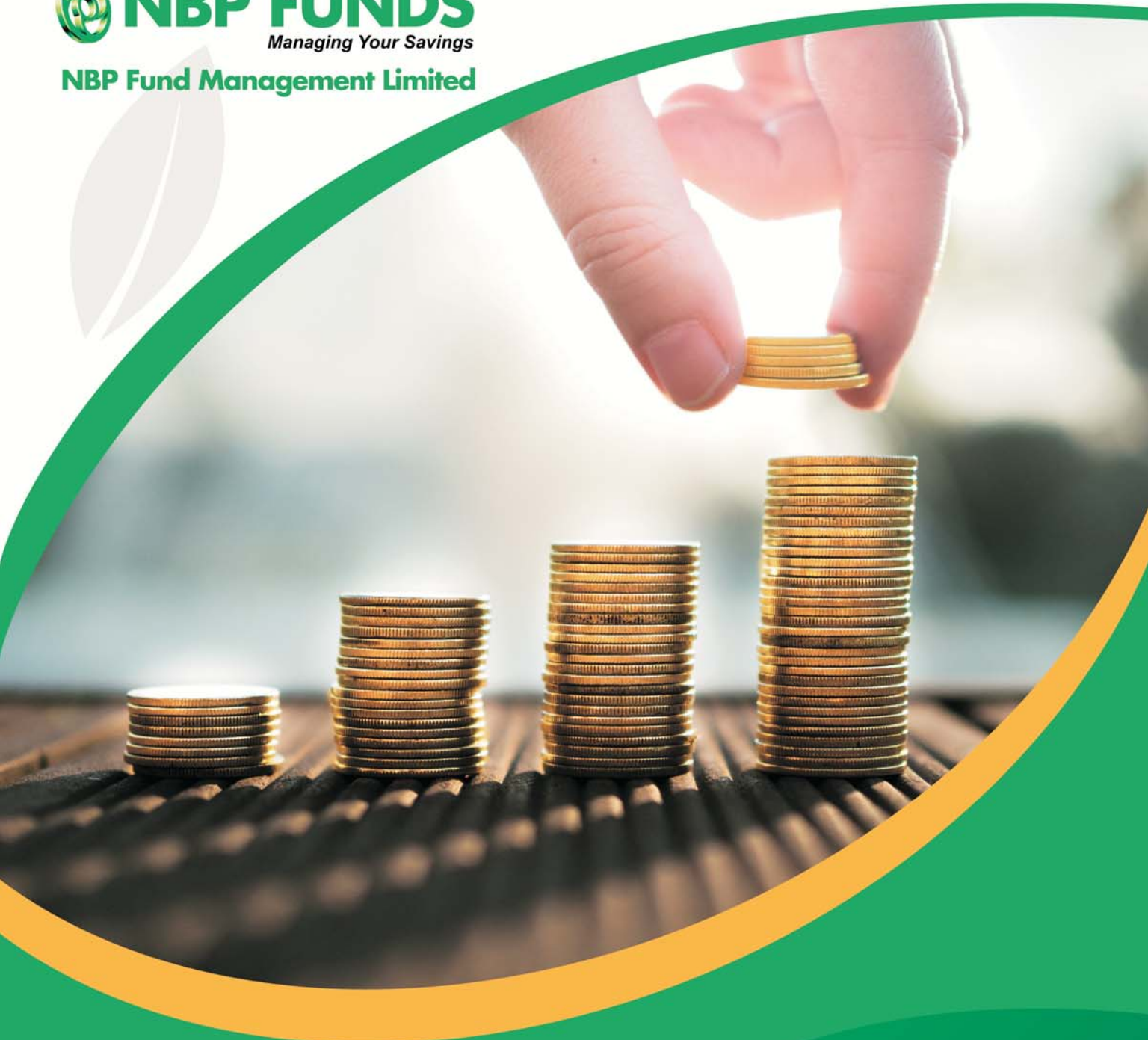




Managing Your Savings

NBP Fund Management Limited



NBP MUSTAHKAM FUND

ANNUAL REPORT
2023

AM1
Rated by PACRA

MISSION STATEMENT

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

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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource & Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Bank Alfalah Limited
Habib Metropolitan Bank Limited
Allied Bank Limited

Auditors

Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Saad Amanullah Khan
Director



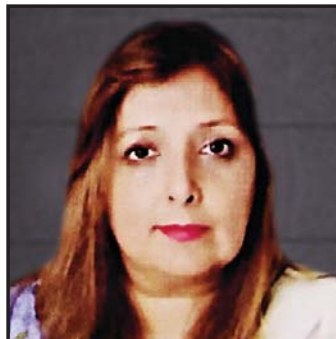
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Ruhail Muhammad
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Business
Development Officer



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



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



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



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



Mr. Hassan Raza, CFA
Head of Research



Mr. Mustafa Farooq
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 1st Annual Report of **NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - I (NFTMP-I)**, **NBP Fixed Term Munafa Plan - II (NFTMP-II)** and **NBP Fixed Term Munafa Plan - III (NFTMP-III)** for the period ended June 30, 2023.

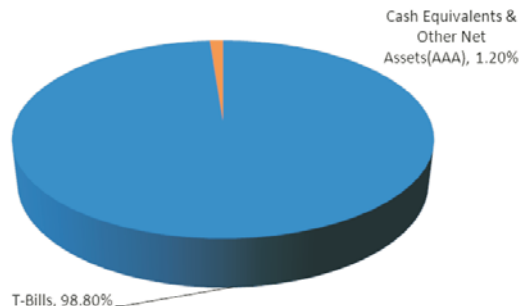
NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - I (NFTMP-I)

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. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively.

The fund NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - I was re-launched on June 21, 2023 and closed at Rs. 5,418 million on June 30, 2023. During the period, the unit price of the Fund has increased from Rs. 10.0000 since inception to Rs. 10.0397, thus showing a return of 16.10% as compared to the benchmark return of 21.96%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 547.68 million during the period. After deducting total expenses of Rs. 43.39 million, the net income is Rs. 504.29 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFTMP-I as on June 30, 2023.



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 4.999% of the opening ex-NAV (4.999% of the par value) during the period from March 21, 2023 to June 30, 2023.

NBP MUSTAHKAM FUND - NBP FIXED TERM MUNAFA PLAN - II (NFTMP-II)

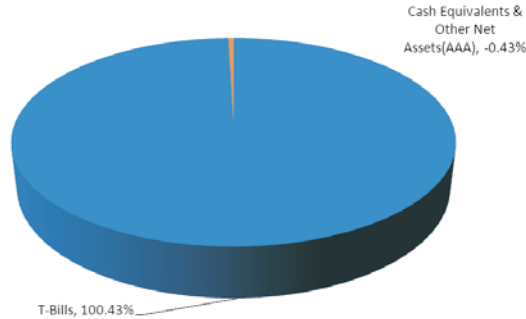
Fund's Performance

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. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively.

NBP MUSTAHKAM FUND

The fund NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - II (NFTMP-II) was launched on May 03, 2023 and closed at Rs. 6,871 million on June 30, 2023. During the period, the unit price of the Fund has increased from Rs 9.7028 (Ex-Div) since inception to Rs. 10.0197, thus showing a return of 20.55% as compared to the benchmark return of 21.94%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 238.60 million during the period. After deducting total expenses of Rs. 14.27 million, the net income is Rs. 224.33 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFTMP-II as on June 30, 2023.



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 3.063% of the opening ex-NAV (3.063% of the par value) during the period from May 04, 2023 to June 30, 2023.

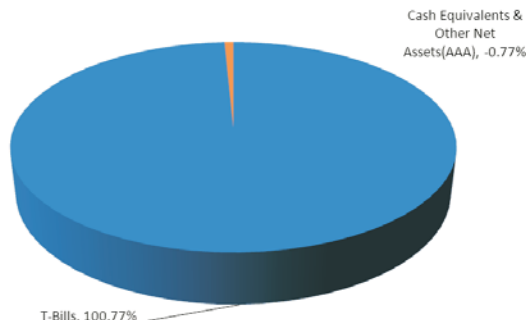
NBP MUSTAHKAM FUND - NBP FIXED TERM MUNAFA PLAN - III (NFTMP-III)

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. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively.

The fund NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - III (NFTMP-III) was launched on November 15, 2022 and closed at Rs. 2,055 million on June 30, 2023. During the period, the unit price of the Fund has increased from Rs 9.4244 (Ex-Div) since inception to Rs. 9.9953, thus showing a return of 9.74% as compared to the benchmark return of 15.72%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 127.54 million during the period. After deducting total expenses of Rs. 9.25 million, the net income is Rs. 118.29 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFTMP-III as on June 30, 2023.



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 6.095% of the opening ex-NAV (6.095% of the par value) during the period from November 15, 2022 to 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 Yousuf Adil & Co., Chartered Accountants, 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 22 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 21 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 19 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 period 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 مستحکم فنڈ - NBP فکسڈ ٹرم منافع پلان -I-(NFTMP-I)، NBP فکسڈ ٹرم منافع پلان -II-(NFTMP-II)، NBP فکسڈ ٹرم منافع پلان -III-(NFTMP-III)، پہلی سالانہ رپورٹ برائے تختہ سال 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

NBP مستحکم فنڈ - NBP فکسڈ ٹرم منافع پلان -I-(NFTMP-I)

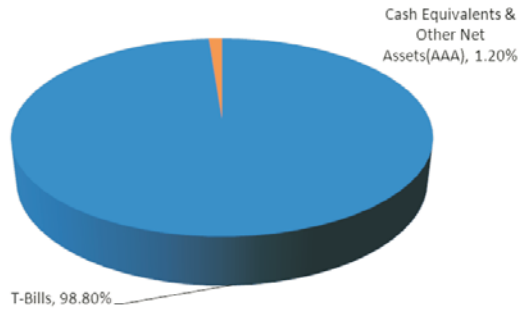
فنڈ کی کارکردگی

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 مہلکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے افراط زر اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکچو ڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنجز اور خطرات کا باعث بنے ہیں۔ گورنمنٹ بونڈز منافعوں نے بھی ان پالیسی اقدامات اور بڑھتی ہوئی افراط زر اور شرح سود کے نقطہ نظر کا جواب دیا۔ سیاسی اور معاشی غیر یقینی صورتحال کی وجہ سے مارکیٹ کے شرکاء کی دلچسپی کا جھکاؤ مختصر مدت کی طرف رہا۔ SBP نے سٹائیس (27) ٹی بل نیلامیوں کا انعقاد کیا، جس میں 24.4 ٹریلین روپے کے ہدف اور 23.5 ٹریلین روپے کی میچورٹی کے مقابل 25.1 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی 3 ماہ، 6 ماہ اور 12 ماہ کی پیداوار میں بالترتیب 767 bps، 772 bps اور 763 bps کا اضافہ ہوا۔

فنڈ NBP مستحکم فنڈ - NBP فکسڈ ٹرم منافع پلان -I-(NFTMP-I) کا 21 جون 2023 کو دوبارہ آغاز کیا گیا اور 30 جون 2023 کو 5,418 ملین روپے پر بند ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت اپنے آغاز 10,000 روپے سے بڑھ کر 10,0397 روپے ہو گئی، لہذا 21.96 فیصد پینج مارک ریٹرن کے مقابلے 16.10 فیصد کار ریٹرن ظاہر کیا۔ فنڈ کی یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔

فنڈ کو مدت کے دوران 547.68 ملین روپے کی کل آمدنی ہوئی ہے۔ 43.39 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 504.29 ملین روپے ہے۔

درج ذیل چارٹ 30 جون 2023 کے مطابق NFTMP-I کی ہر ایک ذیلی کلاسوں کی ایسٹیلویشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



آمدنی کی تقسیم

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 21 مارچ 2023 سے 30 جون 2023 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV کا 4.999 فیصد (بنیادی قیمت کا 4.999) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

NBP مستحکم فنڈ - NBP فکسڈ ٹرم منافع پلان-II (NFTMP-II)

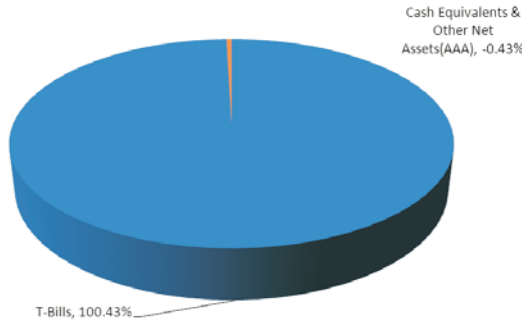
فنڈ کی کارکردگی

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 پیسے پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے افلوہ اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنجز اور خطرات کا باعث بنے ہیں۔ گورنمنٹ بونڈز منافعوں نے بھی ان پالیسی اقدامات اور بڑھتی ہوئی افراط زر اور شرح سود کے نقطہ نظر کا جواب دیا۔ سیاسی اور معاشی غیر یقینی صورتحال کی وجہ سے مارکیٹ کے شرکاء کی دلچسپی کا جھکاؤ مختصر مدت کی طرف رہا۔ SBP نے سٹائیکس (27) ٹی بل نیلامیوں کا انعقاد کیا، جس میں 24.4 ٹریلین روپے کے ہدف اور 23.5 ٹریلین روپے کی میچورٹی کے مقابل 25.1 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی 3 ماہ، 6 ماہ اور 12 ماہ کی پیداوار میں بالترتیب 767 bps، 772 bps اور 763 bps کا اضافہ ہوا۔

فنڈ NBP مستحکم فنڈ - NBP فکسڈ ٹرم منافع پلان-II (NFTMP-II) کا 03 مئی 2023 کو آغاز کیا گیا اور 30 جون 2023 کو 6,871 ملین روپے پر بند ہوا۔ اس مدت کے دوران فنڈ کے پونٹ کی قیمت اپنے آغاز (Ex-Div) 9.7028 روپے سے بڑھ کر 10.0197 روپے ہو گئی، لہذا 21.94 فیصد پینچ مارک ریٹرن کے مقابلے 20.55 فیصد کارپریٹن ظاہر کیا۔ فنڈ کی یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔

فنڈ کو مدت کے دوران 238.60 ملین روپے کی کل آمدنی ہوئی ہے۔ 14.27 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 224.33 ملین روپے ہے۔

درج ذیل چارٹ 30 جون 2023 کے مطابق NFTMP-II کی ہر ایک ذیلی کلاسوں کی ایسٹ ایبلویشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



آمدنی کی تقسیم

پینچمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 04 مئی 2023 سے 30 جون 2023 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV 3.063 فیصد (بنیادی قیمت کا 3.063) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

NBP مستحکم فنڈ - NBP فکسڈ ٹرم منافع پلان-III (NFTMP-III)

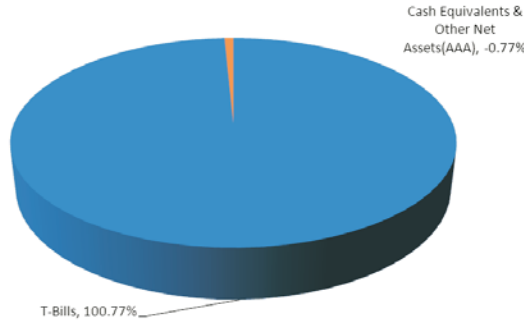
فنڈ کی کارکردگی

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 پیسے پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے افلوہ اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنجز اور خطرات کا باعث بنے ہیں۔ گورنمنٹ بونڈز منافعوں نے بھی ان پالیسی اقدامات اور بڑھتی ہوئی افراط زر

اور شرح سود کے نقطہ نظر کا جواب دیا۔ سیاسی اور معاشی غیر یقینی صورتحال کی وجہ سے مارکیٹ کے شرکاء کی دلچسپی کا جھکاؤ مختصر مدت کی طرف رہا۔ SBP نے سٹائیکس (27) ٹی بل نیلامیوں کا انعقاد کیا، جس میں 24.4 ٹریلین روپے کے ہدف اور 23.5 ٹریلین روپے کی میچورٹی کے مقابلے میں 25.1 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی 3 ماہ، 6 ماہ اور 12 ماہ کی پیداوار میں بالترتیب 767 bps، 772 bps اور 763 bps کا اضافہ ہوا۔

NBP مستحکم فنڈ۔ فکسڈ ٹرم منافع پلان-III (NFTMP-III) کا 15 نومبر 2023 کو آغاز کیا گیا اور 30 جون 2023 کو 2,055 ملین روپے پر بند ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت اپنے آغاز (Ex-Div) 9.4244 روپے سے بڑھ کر 9.9953 روپے ہو گئی، لہذا 15.72 فیصد پنچ مارک ریٹرن کے مقابلے میں 9.74 فیصد کار ریٹرن ظاہر کیا۔ فنڈ کی یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔

فنڈ کو مدت کے دوران 127.54 ملین روپے کی کل آمدنی ہوئی ہے۔ 9.25 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 118.29 ملین روپے ہے۔ درج ذیل چارٹ 30 جون 2023 کے مطابق NFTMP-III کی ہر ایک ذیلی کلاسوں کی ایسٹ ایلوکیشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



آمدنی کی تقسیم

میجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 15 نومبر 2022 سے 30 جون 2023 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV کا 6.095 فیصد (بنیادی قیمت کا 6.095) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین اور جمع شدہ نقصانات منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز یوسف عادل اینڈ کو، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2024 کو ختم ہونے والے سال کی دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

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

1. میجمنٹ 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۔ شمار یا تین 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 مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10۔ اس مدت کے دوران منجھٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کی گئی ہے۔
- 11۔ یونٹ ہولڈنگ کا تفصیلی پیرن مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کیا گیا ہے۔
- 12۔ ڈائریکٹرز، 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 19 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 انٹریٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔

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

اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجھٹ 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 رٹرنی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجھٹ 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 Musthakam 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 period from November 16, 2022 to 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 Mustahkam Fund - NBP Fixed Term Munafa Plan - I

NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - I (NFTMP-I) is an Open-End Fixed Rate / Return Plan.

Investment Objective of the Fund

To provide investors with potentially higher returns, for fixed tenure by investing primarily in Fixed Income instruments for a specific duration of time.

Benchmark

3-month PKRV Rates at the time of plan launch

Fund Performance Review

This is the 1st Annual report since the launch of the Fund on June 21, 2023. The Fund size stands at Rs. 5,418 million as of June 30, 2023. Since its inception, the Fund posted a return of 16.1% p.a. versus the benchmark return of 22.0% p.a. The return of the Fund is net of the management fee.

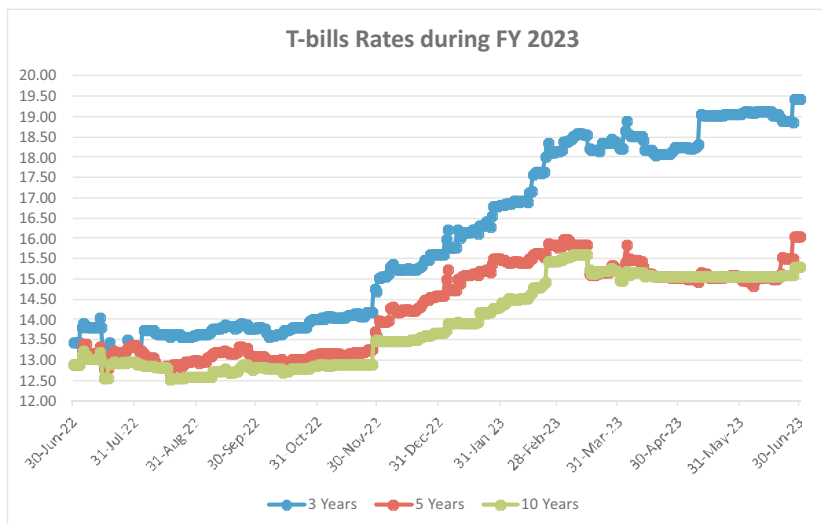
The Plan invests in Government Securities in line with the maturity of the plan, in order to deliver a fixed return to its unit holders at maturity. NFTMP-I has 2nd term maturity of 3 months.

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. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-23	30-Jun-22
T-Bills	98.80%	N/A
Cash equivalents & other net assets	1.20%	N/A
Total	100.00%	N/A

T-bills yields during the year are shown in the below graph:



Distribution for the Financial Year 2023

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/UNIT	Ex- Div. Price
Jun-23	4.999%	10.4999	10.0000

During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - I does not have any soft commission arrangement with any broker in the industry.

Unit Holding Pattern of NBP Financial Sector Income Fund as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
1-1000	-
1001-5000	-
5001-10000	-
10001-50000	-
50001-100000	-
100001-500000	34
500001-1000000	20
1000001-5000000	54
5000001-10000000	10
10000001-100000000	15
100000001-1000000000	-
Total	133

NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - II

NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - II (NFTMP-II) is an Open-End Fixed Rate / Return Plan.

Investment Objective of the Fund

To provide investors with potentially higher returns, for fixed tenure by investing primarily in Fixed Income instruments for a specific duration of time.

Benchmark

Upto 1 year PKRV Rates.

Fund Performance Review

This is the 1st Annual report since the launch of the Fund on May 03, 2023. The Fund size stands at Rs. 6,871 million as of June 30, 2023. Since its inception, the Fund posted a return of 20.6% p.a. versus the benchmark return of 21.9% p.a. The return of the Fund is net of the management fee.

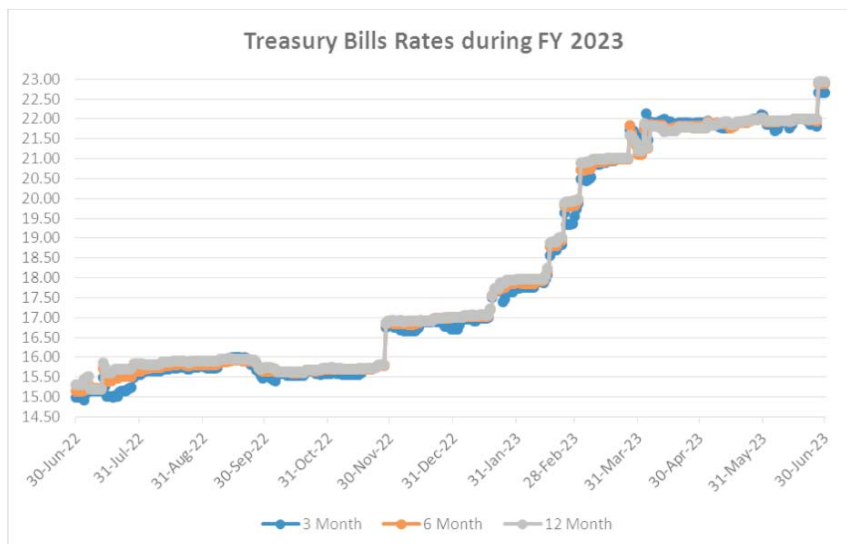
The Plan invests in T-bill in line with the maturity of the plan, in order to deliver a fixed return to its unit holders at maturity. NFTMP-II has an initial maturity of 3 months.

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. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-23	30-Jun-22
T-Bills	100.43%	N/A
Cash equivalents & other net assets	-0.43%	N/A
Total	100.00%	N/A

T-bills yields during the year are shown in the below graph:



NBP MUSTAHKAM FUND



Distribution for the Financial Year 2023

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-23	3.063%	10.3063	10.0000

During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - II does not have any soft commission arrangement with any broker in the industry.

Unit Holding Pattern of NBP Financial Sector Income Fund as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
1-1000	-
1001-5000	-
5001-10000	-
10001-50000	-
50001-100000	-
100001-500000	32
500001-1000000	34
1000001-5000000	45
5000001-10000000	10
10000001-100000000	10
100000001-1000000000	1
Total	132

NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - III

NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - III (NFTMP-III) is an Open-End Fixed Rate / Return Plan.

Investment Objective of the Fund

To provide investors with potentially higher returns, for fixed tenure by investing primarily in Fixed Income instruments for a specific duration of time.

Benchmark

12-month PKRV Rates at the time of plan launch

Fund Performance Review

This is the 1st Annual report since the launch of the Fund on November 15, 2022. The Fund size stands at Rs. 2,055 million as of June 30, 2023. Since its inception, the Fund posted a return of 9.7% p.a. versus the benchmark return of 15.7% p.a. The return of the Fund is net of the management fee.

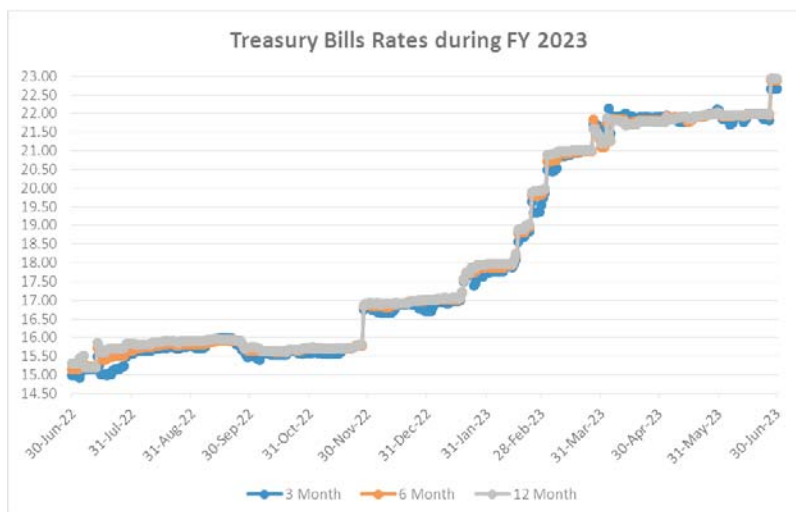
The Plan invests in T-bill of 1 year in line with the maturity of the plan, in order to deliver a fixed return to its unit holders at maturity. NFTMP-III has an initial maturity of one year.

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. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-23	30-Jun-22
T-Bills	100.77%	N/A
Cash equivalents & other net assets	-0.77%	N/A
Total	100.00%	N/A

T-bills yields during the year are shown in the below graph:



Distribution for the Financial Year 2023

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/UNIT	Ex- Div. Price
Nov-22	0.212%	10.0212	10.0000
June-23	5.88%	10.5883	10.0000

During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - III does not have any soft commission arrangement with any broker in the industry.

Unit Holding Pattern of NBP Financial Sector Income Fund as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
1-1000	-
1001-5000	-
5001-10000	-
10001-50000	-
50001-100000	-
100001-500000	-
500001-1000000	1
1000001-5000000	6
5000001-10000000	-
10000001-100000000	6
100000001-1000000000	-
Total	13

INDEPENDENT AUDITORS' REPORT

To the unit holders of NBP Mustahkam Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **NBP Mustahkam Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the cash flow statement for the period ended from November 16, 2022 to June 30, 2023 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 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 NBP Fund Management Limited (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 matter

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 year.

This matter was 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 this matter.

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
<p>1 Valuation and existence of investment</p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in government securities ((treasury bills and Pakistan investment bonds), Letter of Placements (LOP) and TDRs which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • Obtained an understanding of relevant controls placed by the Management Company applicable to the balance; • Independently verified existence of investments from Investment Portfolio Services (IPS), bank confirmations and other relevant documents; • Performed test of details on sale, purchase and maturity of investments on a sample basis by inspecting deal tickets, counterparty confirmation, broker confirmation and bank statements; and • Tested valuation of investments by independently tracing rate to externally quoted market prices, Pakistan revaluation rates (PKRV)

Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information (Directors' Report, Fund Manager Report & Trustee Report to the Unit Holders) included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management Company and Those Charged with Governance for the financial statements

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

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

Board of Directors of the Management Company are 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Chartered Accountants

Place: Karachi

Date: September 21, 2023

UDIN: AR202310091VcRQ0bW9e

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

		June 30, 2023			
		NFTMP - I	NFTMP - II	NFTMP - III	Total
		(Rupees in 000)			
Assets					
Bank balances	5	165,662	10,562	3,769	179,993
Investments	6	5,353,088	6,900,526	2,071,076	14,324,690
Profit receivables	7	9,095	193	249	9,537
Advance, deposits and prepayment	8	-	-	111	111
Preliminary expenses and floatation cost	9	-	71	75	146
Total assets		5,527,845	6,911,352	2,075,280	14,514,477
Liabilities					
Payable to NBP Fund Management Limited - Management Company	10	21,615	10,020	2,737	34,372
Payable to Central Depository Company of Pakistan Limited - Trustee	11	433	357	123	913
Payable to Securities and Exchange Commission of Pakistan	12	520	222	248	990
Payable against redemption of units		25,195	-	-	25,195
Accrued expenses and other liabilities	13	62,172	29,931	16,879	108,982
Total liabilities		109,935	40,530	19,987	170,452
Net assets		5,417,910	6,870,822	2,055,293	14,344,025
Unit holders' fund (as per statement attached)		5,417,910	6,870,822	2,055,293	14,344,025
Contingency and commitment					
		(Number of units)			
Number of units in issue		539,649,920	685,731,889	205,625,662	
		(Rupees)			
Net assets value per unit		10.0397	10.0197	9.9953	

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30, 2023

	Note	From March 21, 2023 to June 30, 2023	From May 04, 2023 to June 30, 2023	From Nov 16, 2022 to June 30, 2023	Total
		NFTMP - I	NFTMP - II	NFTMP - III	
(Rupees in 000)					
Income					
Income from government securities		539,758	239,632	189,176	968,566
Profit on bank balances		16,789	3,813	1,814	22,416
Income from contingent load		-	9	-	9
Loss on sale of investment		(393)	(33)	-	(426)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(8,474)	(4,822)	(63,453)	(76,749)
Total income		547,680	238,599	127,537	913,816
Expenses					
Remuneration of NBP Fund Management Limited - Management Company		22,409	5,522	1,860	29,791
Sindh Sales Tax on remuneration of the Management Company		2,913	718	242	3,873
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,431	610	682	2,723
Sindh sales tax on remuneration of the Trustee		186	79	89	354
Annual fees to the Securities and Exchange Commission of Pakistan		520	222	248	990
Reimbursement of allocated expenses		3,901	1,664	1,698	7,263
Reimbursement of selling and marketing expenses		11,210	4,993	3,789	19,992
Auditors' remuneration		308	250	316	874
Settlement and bank charges		39	8	55	102
Annual listing fee		11	10	9	30
Legal and professional charges		88	50	103	241
Preliminary Expenses and Floatation costs		200	129	125	454
Brokerage Expenses		157	-	-	157
Printing charges		19	10	34	63
Total expenses		43,392	14,265	9,250	66,907
Net income from operating activities		504,288	224,334	118,287	846,909
Reversal / (Provision) for Sindh Workers' Welfare Fund		-	-	-	-
Net income for the period before taxation		504,288	224,334	118,287	846,909
Taxation	18	-	-	-	-
Net income for the period		504,288	224,334	118,287	846,909
Allocation of Net income for the period:					
Net income for the period		504,288	224,334	118,287	846,909
Income already paid on units redeemed		(80,703)	(6,266)	-	(86,969)
Accounting income available for distribution		423,585	218,068	118,287	759,940
- Relating to capital gains		-	-	-	-
- Excluding capital gains		423,585	218,068	118,287	759,940
		423,585	218,068	118,287	759,940

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

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

	From March 21, 2023 to June 30, 2023	From May 04, 2023 to June 30, 2023	From Nov 16, 2022 to June 30, 2023	Total
	NFTMP - I	NFTMP - II	NFTMP - III	
	----- (Rupees in 000) -----			
Net income for the period	504,288	224,334	118,287	846,909
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	504,288	224,334	118,287	846,909

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	From March 21, 2023 to June 30, 2023			From May 04, 2023 to June 30, 2023			From Nov 16, 2022 to June 30, 2023			Total		
	NFTMP - I			NFTMP - II			NFTMP - III			Total		
	Capital Value	Undistributed (loss) / income	Total	Capital Value	Undistributed (loss) / income	Total	Capital Value	Undistributed (loss) / income	Total	Capital Value	Undistributed (loss) / income	Total
Rupees in '000												
Net assets at beginning of the period	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of units: NFTMP-I: 1,574,376,921/ NFTMP-II: 708,546,360/ NFTMP-III: 205,625,662												
- Capital value (at ex nav value per unit)	15,743,769	-	15,743,769	7,085,464	-	7,085,464	2,056,257	-	2,056,257	24,885,490	-	24,885,490
- Element of income/ (loss)	-	-	-	103	-	103	56	-	56	159	-	159
Total proceeds on issuance of units	15,743,769	-	15,743,769	7,085,567	-	7,085,567	2,056,313	-	2,056,313	24,885,649	-	24,885,649
Redemption of units: NFTMP-I: 1,034,727,001/ NFTMP-II: 22,814,472/ NFTMP-III: nil												
- Capital value (at ex nav value per unit)	(10,347,270)	-	(10,347,270)	(228,144)	-	(228,144)	-	-	-	(10,575,414)	-	(10,575,414)
- Element of income / (loss)	(453)	(80,703)	(81,156)	(8)	(6,266)	(6,274)	-	-	-	(461)	(86,969)	(87,430)
Total payments on redemption of units	(10,347,723)	(80,703)	(10,428,426)	(228,152)	(6,266)	(234,418)	-	-	-	(10,575,875)	(86,969)	(10,662,844)
Distribution during the period ended June 30, 2023: NFTMP-I: Re. 0.4999/ NFTMP-II Re.0.3063 NFTMP-III Re.0.0212 & 0.5883												
	-	(401,721)	(401,721)	-	(204,661)	(204,661)	-	(119,307)	(119,307)	-	(725,689)	(725,689)
Total comprehensive income for the period	-	504,288	504,288	-	224,334	224,334	-	118,287	118,287	-	846,909	846,909
Net assets at end of the period	5,396,046	21,864	5,417,910	6,857,415	13,407	6,870,822	2,056,313	(1,020)	2,055,293	14,309,774	34,251	14,344,025
Undistributed (loss) / income brought forward												
- Realised	-	-	-	-	-	-	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-	-	-	-	-	-	-
Accounting income available for distribution:												
- Relating to capital gains	-	-	-	-	-	-	-	-	-	-	-	-
- Excluding capital gains	423,585		423,585	218,068		218,068	118,287		118,287			
Total distribution during the period	(401,721)		(401,721)	(204,661)		(204,661)	(119,307)		(119,307)			
Undistributed income carried forward	21,864		21,864	13,407		13,407	(1,020)		(1,020)			
Undistributed income carried forward												
- Realised	30,338		30,338	18,229		18,229	62,433		62,433			
- Unrealised	(8,474)		(8,474)	(4,822)		(4,822)	(63,453)		(63,453)			
	21,864		21,864	13,407		13,407	(1,020)		(1,020)			
Net assets value per unit at beginning of the period	-		-	-		-	-		-		-	-
Net assets value per unit at end of the period	10.0397		10.0397	10.0197		10.0197	9.9953		9.9953			

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2023

	From March 21, 2023 to June 30, 2023	From May 04, 2023 to June 30, 2023	From Nov 16, 2022 to June 30, 2023	Total
Note	NFTMP - I	NFTMP - II	NFTMP - III	
	(Rupees in 000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	504,288	224,334	118,287	846,909
Adjustments for:				
Loss on sale of investments - net	393	33	-	426
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	8,474	4,822	63,453	76,749
Amortisation expense	(200)	(129)	(125)	(454)
	512,955	229,060	181,615	923,630
Decrease / (increase) in assets				
Investments - net	(5,361,955)	(6,905,381)	(2,134,529)	(14,401,865)
Profit receivable	(9,095)	(193)	(249)	(9,537)
Receivable against sale of investments	-	-	-	-
Preliminary expenses and floatation cost	200	58	50	308
Advances, deposit and prepayment	-	-	(111)	(111)
	(5,370,850)	(6,905,516)	(2,134,839)	(14,411,205)
(Decrease) / increase in liabilities				
Payable to NBP Fund Management Limited -Management Company	21,615	10,020	2,737	34,372
Payable to Central Depository Company of Pakistan Limited - Trustee	433	357	123	913
Payable to Securities and Exchange Commission of Pakistan	520	222	248	990
Payable against Preliminary expenses and floatation cost	-	-	-	-
Accrued expenses and other liabilities	62,172	29,931	16,879	108,982
	84,740	40,530	19,987	145,257
Net cash generated from / (used in) operating activities	(4,773,155)	(6,635,926)	(1,933,237)	(13,342,318)
CASH FLOWS FROM FINANCING ACTIVITIES				
Amounts received against issuance of units	15,743,769	7,085,567	2,056,313	24,885,649
Amount paid against redemption of units	(10,403,231)	(234,418)	-	(10,637,649)
Dividend Paid	(401,721)	(204,661)	(119,307)	(725,689)
Net cash (used in) / generated from financing activities	4,938,817	6,646,488	1,937,006	13,522,311
Net (decrease) / increase in cash and cash equivalents during the period	165,662	10,562	3,769	179,993
Cash and cash equivalents at beginning of the period	-	-	-	-
Cash and cash equivalents at end of the period	165,662	10,562	3,769	179,993

The annexed notes 1 to 27 form an integral part of these condensed interim 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 PERIOD ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP MUSTAHKAM Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 23 August 2022 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 09 September 2022 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 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 the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as an "Fixed rate/return" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund is to earn potentially high returns by investing in Fixed investment instruments.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned and maintained an asset manager rating of AM1' of Management Company.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.7 Currently the fund has three plans NBP Fixed Term Munafa Plan – I shall be three months, second plan namely NBP Fixed Term Munafa Plan – II shall be six months and third plan namely NBP Fixed Term Munafa Plan – III shall be twelve months . The Management Company may rollover the maturity of the plan, if it is in the interest of Unit Holders, with the approval of SECP and prior intimation to Unit Holders. However, SECP or the Management Company may wind it up or revoke, on the occurrence of certain events as specified in the NBFC Regulations. Subsequently, on 26 July 23 the NBP Fixed Term Munafa Plan – II was closed.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1 This condensed interim financial information has been prepared, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.

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

2.1.2 The SECP vide SRO 800 (I)/2021 dated 22 June 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as Reporting period / year ending on or after 30 June 2022 (earlier application permitted).

2.1.3 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for certain investments which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousand rupees, unless otherwise stated.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the subsequent year is included in the following notes:

- Classification and valuation of financial instruments (Note 4.1.2 and 4.1.3);
- Impairment of financial assets (Note 4.1.7); and
- Provision (Note 4.2).

3 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS:

New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Effective from accounting period beginning on or after:

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	January 01, 2023

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

Effective from accounting periods beginning on or after:

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller - lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial instruments

The Fund applied IFRS 9 (refer note 2.1.2) except for impairment requirements for which the Fund has continued to follow the requirements of SECP (refer note 2.1.3).

4.1.1 Recognition and initial measurement

The Fund initially recognises regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

4.1.2 Classification - Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: This includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: This includes debt securities. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

4.1.3 Subsequent measurement - Financial assets

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

Debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities (note 2.1.3). In 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 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.

b) 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 (PKRSV rates) which are based on the remaining tenure of the securities.

4.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognised in income statement.

Financial liabilities are initially classified as measured at amortised cost and also subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement. Any gain or loss on derecognition is also recognised in income statement.

4.1.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. 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.

4.1.6 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

4.1.7 Impairment of financial assets

The Fund at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 the recoverable amount.

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

4.1.8 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in income statement.

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognised.

4.1.9 Offsetting of financial assets and liabilities

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

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

4.1.10 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.1.11 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.2 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 amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.3 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets 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. The sales load if applicable, is payable to the investment facilitators and the Management Company / distributors.

Units redeemed are recorded at the redemption price, applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price represents the net assets 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.

4.4 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

		June 30, 2023				
		NFTMP - I	NFTMP - II	NFTMP - III	Total	
Note		----- (Rupees in '000') -----				
5	BANK BALANCES					
	Balances with Banks in:					
	Savings accounts	5.1	165,662	10,562	3,769	179,993
	Current accounts		-	-	-	-
			<u>165,662</u>	<u>10,562</u>	<u>3,769</u>	<u>179,993</u>

5.1 These carry a rate of return ranging from 15.5% to 19.50% per annum.

		June 30, 2023			
		NFTMP - I	NFTMP - II	NFTMP - III	Total
Note		----- (Rupees in '000') -----			
6	INVESTMENTS				
	Financial assets at fair value through profit or loss				
	Market Treasury Bills	5,353,088	6,900,526	2,071,076	14,324,690
	Pakistan Investment Bonds	-	-	-	-
	Letter of Placement	-	-	-	-
		<u>5,353,088</u>	<u>6,900,526</u>	<u>2,071,076</u>	<u>14,324,690</u>

6.1 Investment in government securities

6.1.1 NBP Fixed Term Munafa Plan - I

Issue Date	Tenor / Maturity Date	Face value			Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchases during the period	Sales / matured during the period	As at June 30, 2023			
----- (Rupees in '000) -----							
Market Treasury Bills							
22 June 2023	3 Months	5,850,000	225,000	5,625,000	5,353,088	98.80	100.00
Pakistan Investment Bonds							
22 June 2023	3 Months	9,525,000	9,525,000	-	-	-	-
Letter of Placements							
19 June 2023	20 June 2023	7,100,000	7,100,000	-	-	-	-
					5,353,088	98.80	100.00
Carrying value before fair value adjustment as at June 30, 2023					5,361,561		

6.1.2 NBP Fixed Term Munafa Plan - II

Issue date	Tenor	Face value			Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchases during the period	Sales / matured during the period	As at June 30, 2023			
----- % -----							
Market Treasury Bills							
04 May 2023	3 Months	7,241,500	239,700	7,001,800	6,900,526	100.43	100.00
					6,900,526	100.43	100.00
Carrying value before fair value adjustment as at June 30, 2023					6,905,348		

6.1.3 NBP Fixed Term Munafa Plan - III

Issue date	Tenor	Face value			Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchases during the period	Sales / matured during the period	As at June 30, 2023			
----- % -----							
Market Treasury Bills							
17 November 2022	12 Months	2,250,000	-	2,250,000	2,071,076	100.77	100.00
01 December 2022	3 Months	7,000	7,000	-	-	-	-
					2,071,076	100.77	100.00
Carrying value before fair value adjustment as at June 30, 2023					2,134,529		

		June 30, 2023				
		NFTMP - I	NFTMP - II	NFTMP - III	Total	
		(Rupees in '000')				
6.2	Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note				
	Market value of investments	6.1	5,353,088	6,900,526	2,071,076	14,324,690
	Less: carrying value of investments		(5,361,561)	(6,905,348)	(2,134,529)	(14,401,438)
			<u>(8,473)</u>	<u>(4,822)</u>	<u>(63,453)</u>	<u>(76,748)</u>
7	PROFIT AND DIVIDEND RECEIVABLE					
	Profit receivable on bank balances		<u>9,095</u>	<u>193</u>	<u>249</u>	<u>9,537</u>
8	ADVANCE, DEPOSITS AND OTHER RECEIVABLES					
	Advance tax receivable		-	-	111	111
			<u>-</u>	<u>-</u>	<u>111</u>	<u>111</u>
9	Preliminary Expenses and Floatation costs					
	Preliminary expenses and floatation costs	9.1	200	200	200	600
	Less: amortisation during the year		(200)	(129)	(125)	(454)
	Balance as at June 30, 2023		<u>-</u>	<u>71</u>	<u>75</u>	<u>146</u>

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of one year commencing from Nov 15, 2022 as per the requirement of the Trust Deed of the Fund.

		June 30, 2023				
		NFTMP - I	NFTMP - II	NFTMP - III	Total	
		(Rupees in '000')				
10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note				
	Management fee payable	10.1	6,895	2,815	262	9,972
	Sindh sales tax payable on remuneration of the Management Company	10.2	896	366	34	1,296
	Reimbursement of allocated expenses payable	10.3	3,494	1,664	759	5,917
	Reimbursement of selling and marketing expenses payable	10.4	10,125	4,975	1,467	16,567
	Payable against Preliminary expenses and floatation cost		200	200	200	600
	Other payable NBP Fund Management		5	-	15	20
			<u>21,615</u>	<u>10,020</u>	<u>2,737</u>	<u>34,372</u>

10.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration as follows:

The management company has charged its remuneration for Plan NFTMP-I,II and III at the rate of 2% per annum of the Gross earning subject to Minimum 0.15% of Average Net Asset during the period ended June 30, 2023.

The remuneration is payable to the Management Company monthly in arrears.

10.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

10.3 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O. 639 (I)/2019 has substitute clause (s) of sub regulation 3 of regulation 60 and accordingly has removed cap charging 0.1% per annum of average daily net asset on account of fee and expenses related to registrar services, accounting, operation and valuation services. During the period ended 30 June, 2023, the Management Company has charged NAV Related expenses of average daily net assets at the following rates:

- NFTMP-I: From 22 March 2023 at the rate of 0.2%
From 1 April 2023 till 30 April at the rate of 0.125%
From 1 May 2023 till 30 June 2023 at the rate of 0.150%
- NFTMP-II: From 4 May 2023 till 30 June 2023 at the rate of 0.150%
- NFTMP-III: From 16 November 2022 till 30 June 2023 at the rate of 0.125%

- 10.4** As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme upto 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated circular and has revised the conditions and waived capping for charging selling and marketing expense. The Management Company has charged selling and marketing expenses of average daily net assets at the following rates:

- NFTMP-I : From 22 March 2023 till 30 June 2023 at the rate of 0.40%
- NFTMP-II: From 4 May 2023 till 30 June 2023 at the arte of 0.45%
- NFTMP-III: From 16 November till 30 June 2023 at the rate of 0.32%

		June 30, 2023			
		NFTMP - I	NFTMP - II	NFTMP - III	Total
Note		----- (Rupees in '000') -----			
11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE				
	Trustee fee payable	11.1	370	316	96
	Sindh sales tax payable on trustee fee	11.2	48	41	12
	Other payable to CDC		15	-	15
			<u>433</u>	<u>357</u>	<u>123</u>
					<u>913</u>

- 11.1** Effective from 16 November 2022 the Trustee has charged its remuneration at the rate of 0.055% per annum of net assets of the fund. The remuneration is payable to Trustee monthly in arrears.
- 11.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

		June 30, 2023			
		NFTMP - I	NFTMP - II	NFTMP - III	Total
Note		----- (Rupees in '000') -----			
12	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN				
	Annual fee payable	12.1	520	222	248
			<u>520</u>	<u>222</u>	<u>248</u>

- 12.1** Required to pay an annual fee to Securities and Exchange Commission of Pakistan, at an amount equal to 0.02% of the average annual net assets of the Fund. Under the provisions of the NBFC Regulations, a collective investment scheme categorized as Income scheme is

		June 30, 2023			
		NFTMP - I	NFTMP - II	NFTMP - III	Total
Note		----- (Rupees in '000') -----			
13	ACCRUED EXPENSES AND OTHER LIABILITIES				
	Auditors' remuneration payable		308	250	257
	Withholding tax payable		61,778	29,610	16,464
	Printing charges payable		17	11	26
	Legal and professional charges payable		58	50	103
	Bank charges payable		-	-	20
	Annual listing fee payable		11	10	9
			<u>62,172</u>	<u>29,931</u>	<u>16,879</u>
					<u>108,982</u>

Preliminary Expenses and Floatation costs

14 CONTINGENCY AND COMMITMENT

There were no contingencies and commitments as at June 30, 2023, except else disclosed elsewhere.

15 NUMBER OF UNITS IN ISSUE

	NFTMP - I	NFTMP - II	NFTMP - III	Total
	----- (Number of units) -----			
Total units in issue at the beginning of the year	-	-	-	-
Units issued during the year	1,574,376,921	708,546,360	205,625,662	2,488,548,944
Less: units redeemed during the year	(1,034,727,001)	(22,814,472)	-	(1,057,541,473)
Total units in issue at the end of the year	539,649,920	685,731,889	205,625,662	1,431,007,471

16 AUDITORS' REMUNERATION

	NFTMP - I	NFTMP - II	NFTMP - III	Total
	----- (Rupees in '000) -----			
Annual audit fee	150	150	150	450
Out of pocket expenses and others including government levy	158	100	166	424
	308	250	316	874

17 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) NFTMP I, NFTMP II, NFTMP III is 1.65%, 1.29%, 0.75%, per annum. Total expense ratio (excluding government levies) is 0.12%, 0.10%, and 0.05% per annum.

18 TAXATION

18.1 The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses, capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. Since, the Management Company has distributed its accounting income as per its distribution policy for the year ending 30 June 2023 to ensure the compliance of this clause. Accordingly, no provision for taxation has been made in these financial statements.

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

19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

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

19.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

19.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at period end are as follows:

19.5	Transactions during the period:	From March 21, 2023 to June 30, 2023	From May 04, 2023 to June 30, 2023	From Nov 16, 2022 to June 30, 2023	Total
		NFTMP - I	NFTMP - II	NFTMP - III	
		----- (Rupees in '000) -----			
	NBP Fund Management Limited				
	- Management Company				
	Remuneration of NBP Fund Management Limited - Management Company	22,409	5,522	1,860	29,791
	Sindh Sales Tax on remuneration to Management Company	2,913	718	242	3,873
	Reimbursement of allocated expenses	3,901	1,664	1,698	7,263
	Reimbursement of selling and marketing expenses	11,210	4,993	3,789	19,992
	Central Depository Company of pakistan				
	Remuneration to Central Depository Company of Pakistan Limited - Trustee	1,431	610	682	2,723
	Sindh Sales Tax on remuneration of Trustee	186	79	89	354
	Key management personnel of the Management Company				
	Units issued / transferred in during the year:	20,252	3,001	-	23,253
	NFTMP-I : 2,025,160 (2022: nil) units	-	-	-	-
	NFTMP-II : 300,102 (2022: nil) units	-	-	-	-
	NFTMP-III : nil (2022: nil) units	-	-	-	-
	Units redeemed / transferred out during the year:	21,258	-	-	21,258
	NFTMP-I : 2,025,160 (2022: nil) units	-	-	-	-
	NFTMP-II : nil (2022: nil) units	-	-	-	-
	NFTMP-III : nil (2022: nil) units	-	-	-	-
	Dividend re-invest units issued:	-	78	-	78
	NFTMP-I : nil (2022: nil) units	-	-	-	-
	NFTMP-II : 7,809 (2022: nil) units	-	-	-	-
	NFTMP-III : nil (2022: nil) units	-	-	-	-
	Portfolio managed by NBP Funds				
	Units issued / transferred in during the year:	52,710	49,747	116,859	219,316
	NFTMP-I : 5,270,961 (2022: nil) units	-	-	-	-
	NFTMP-II : 4,974,674 (2022: nil) units	-	-	-	-
	NFTMP-III : 10,685,919 (2022: nil) units	-	-	-	-
	Dividend re-invest units issued:	-	1,295	7,045	8,340
	NFTMP-I : nil (2022: nil) units	-	-	-	-
	NFTMP-II : 129,442 (2022: nil) units	-	-	-	-
	NFTMP-III : 704,132 (2022: nil) units	-	-	-	-
	Pak American Fertilizers Ltd Provident Fund Trust				
	Units issued / transferred in during the year:	-	-	106,859	106,859
	NFTMP-I : nil (2022: nil) units	-	-	-	-
	NFTMP-II : nil (2022: nil) units	-	-	-	-
	NFTMP-III : 10,685,919 (2022: nil) units	-	-	-	-
	Dividend re-invest units issued:	-	-	6,526	6,526
	NFTMP-I : nil (2022: nil) units	-	-	-	-
	NFTMP-II : nil (2022: nil) units	-	-	-	-
	NFTMP-III : 652,264 (2022: nil) units	-	-	-	-

19.6	NFTMP - I	NFTMP - II	NFTMP - III	Total
Amount outstanding as at period / year end:	----- (Rupees in '000) -----			
NBP Fund Management Limited - Management Company				
Management remuneration payable	6,895	2,815	262	9,972
Sindh Sales tax payable	896	366	34	1,296
Other payable NBP Fund Management	5	-	15	20
Reimbursement of selling and marketing expenses	10,125	4,975	1,467	16,567
Reimbursement of allocated expenses payable	3,494	1,664	759	5,917
Payable against Preliminary expenses and floatation cost	-	-	-	-
Central Depository Company of pakistan				
Remuneration Payable	370	316	96	782
Sindh Sales Tax on Trustee remuneration	48	41	12	101
Other payable to CDC	15	-	15	30
Key management personnel of the Management Company				
Units held:	-	3,091	-	3,091
NFTMP-II : 307,910 units	-	-	-	-
Portfolio managed by NBP Funds				
Units held:	52,919	50,843	10,514	114,275
NFTMP-I : 5,270,961 units	-	-	-	-
NFTMP-II : 5,104,116 units	-	-	-	-
NFTMP-III : 12,390,052 units	-	-	-	-
PAK AMERICAN FERTILIZERS LTD PROVIDENT FUND TRUST				
Units held:	-	-	113,329	113,329
NFTMP-III : 11,338,183 units	-	-	-	-

20 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 price 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 Measurement' 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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

NBP MUSTAHKAM FUND

		June 30, 2023							
		Carrying amount			Fair value				
		At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
20.1	NBP Fixed Term Munafa Plan - I	----- Rupees in '000 -----							
	Financial assets measured at fair value								
	Investments								
	- Market Treasury Bills	5,353,088	-	-	5,353,088	-	5,353,088	-	5,353,088
	Financial assets not measured at fair value								
	Bank balances	-	165,662	-	165,662				
	Profit receivables	-	9,095	-	9,095				
	Advance and deposits	-	-	-	-				
	Preliminary expenses and floatation cost	-	-	-	-				
		<u>5,353,088</u>	<u>174,757</u>	<u>-</u>	<u>5,527,845</u>				
	Financial liabilities not measured at fair value								
	Payable to NBP Fund Management Limited - Management Company	-	-	21,615	21,615				
	Payable to Central Depository Company of Pakistan	-	-	433	433				
	Payable against Preliminary expenses and floatation cost	-	-	-	-				
	Payable to Securities and Exchange Commission of Pakistan	-	-	520	520				
	Accrued expenses and other liabilities	-	-	62,172	62,172				
		<u>-</u>	<u>-</u>	<u>84,740</u>	<u>84,740</u>				
20.2	NBP Fixed Term Munafa Plan - II								
	Financial assets measured at fair value								
	Investments								
	- Market Treasury Bills	6,900,526	-	-	6,900,526	-	6,900,526	-	6,900,526
	Financial assets not measured at fair value								
	Bank balances	-	10,562	-	10,562				
	Profit receivables	-	193	-	193				
	Advance and deposits	-	-	-	-				
	Preliminary expenses and floatation cost	-	71	-	71				
		<u>-</u>	<u>10,826</u>	<u>-</u>	<u>10,826</u>				
	Financial liabilities not measured at fair value								
	Payable to NBP Fund Management Limited - Management Company	-	-	10,020	10,020				
	Payable to Central Depository Company of Pakistan	-	-	357	357				
	Payable against Preliminary expenses and floatation cost	-	-	-	-				
	Payable to Securities and Exchange Commission of Pakistan	-	-	222	222				
	Accrued expenses and other liabilities	-	-	29,931	29,931				
		<u>-</u>	<u>-</u>	<u>40,530</u>	<u>40,530</u>				
20.3	NBP Fixed Term Munafa Plan - III								
	Financial assets measured at fair value								
	Investments								
	- Market Treasury Bills	2,071,076	-	-	2,071,076	-	2,071,076	-	2,071,076
	Financial assets not measured at fair value								
	Bank balances	-	3,769	-	3,769				
	Profit receivables	-	249	-	249				
	Advance and deposits	-	111	-	111				
	Preliminary expenses and floatation cost	-	75	-	75				
		<u>2,071,076</u>	<u>4,204</u>	<u>-</u>	<u>2,075,280</u>				
	Financial liabilities not measured at fair value								
	Payable to NBP Fund Management Limited - Management Company	-	-	2,737	2,737				
	Payable to Central Depository Company of Pakistan	-	-	123	123				
	Payable against Preliminary expenses and floatation cost	-	-	-	-				
	Payable to Securities and Exchange Commission of Pakistan	-	-	248	248				
	Accrued expenses and other liabilities	-	-	16,879	16,879				
		<u>-</u>	<u>-</u>	<u>19,987</u>	<u>19,987</u>				

- 20.4** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically.

Therefore, their carrying amounts are reasonable approximation of fair value.

- 20.5** Financial instruments not measured at fair value include net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

21 PATTERN OF UNIT HOLDING

21.1 NBP Fixed Term Munafa Plan - I

As at 30 June 2023

Category	Number of unit holders	Investment amount	Percentage investment
	unit holders	(Rupees in '000)	%
Individuals	273,266,837	2,743,504	50.64
Retirement Funds	48,467,415	486,598	8.98
Others	217,915,668	2,187,808	40.38
	539,649,920	5,417,910	100.00

21.2 NBP Fixed Term Munafa Plan - II

Category	Number of unit holders	Investment amount	Percentage investment
Individuals	179,728,488	1,800,820	26.21
Retirement Funds	15,657,900	156,887	2.28
Public Limited Companies	30,720,392	307,809	4.48
Others	459,625,109	4,605,306	67.03
	685,731,889	6,870,822	100.00

21.3 NBP Fixed Term Munafa Plan - III

Category	Number of unit holders	Investment amount	Percentage investment
Individuals	66,857,560	668,265	32.51
Retirement Funds	12,698,608	126,926	6.18
Others	126,069,494	1,260,102	61.31
	205,625,662	2,055,293	100.00

22 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 Director	Note	Number of Meetings			Meetings not attended
		Held	Attended	Leave	
Shaikh Muhammad Abdul Wahid Sethi		6	6	-	
Tauqeer Mazhar		6	5	1	91st BOD
Mehnaz Salar		6	6	-	
Ali Saigol		6	6	-	
Imran Zaffar		6	5	1	89th BOD
Khalid Mansoor		6	6	-	
Saad Amanullah Khan		6	6	-	
Humayun Bashir	22.1	2	2	-	
Ruhail Muhammad	22.1	3	3	-	
Amjad Waheed		6	6	-	

22.1 Mr. Humayun Bashir resigned from the Board with effect from October 04, 2022 and Mr. Ruhail Muhammad opted as Director on the Board with effect from October 04, 2022.

23 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, Offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of listed equity securities and government securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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.

23.1.2 Interest rate risk

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

	NFTMP - I	NFTMP - II	NFTMP - III
	----- (Rupees in '000) -----		
Variable rate instruments			
Bank balances	<u>165,662</u>	<u>10,562</u>	<u>3,769</u>

a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by for NFTMP-I Rs.1.66 million, NFTMP-II Rs. 0.11 million, NFTMP-III Rs. 0.04 million

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on the settlement date.

23.1.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from 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 similar financial instrument traded in the market.

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities at fair value through profit or loss.

23.2 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 and bank balances. Risks attributable to investments in Market Treasury Bills is limited as Market Treasury Bill are guaranteed by the Federal Government. While bank balances are maintained with banks with a reasonably high credit rating except as disclosed below.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2023.

	NFTMP - I	NFTMP - II	NFTMP - III
	----- (Rupees in '000) -----		
Balances with banks			
AAA			3
AA+	<u>165,662</u>	<u>10,562</u>	<u>3,767</u>
	<u>165,662</u>	<u>10,562</u>	<u>3,770</u>

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

Concentration of the 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 assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

23.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

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.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

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

Maturity analysis for financial liabilities

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

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

NBP Fixed Term Munafa Plan - I

Yield / interest rate (%)	As at 30 June 2023			Not exposed to yield / interest risk	Total
	Exposed to yield / interest risk				
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial Assets					
Assets	15.50% - 19.50%	-	-	-	-
Bank balances		165,662	-	-	165,662
Investments		-	-	5,353,088	5,353,088
Profit receivables		-	-	9,095	-
		165,662	-	5,518,750	5,518,750
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	21,615	21,615
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	433	433
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	-
Accrued expenses and other liabilities		-	-	-	-
Net assets attributable to unitholder		5,417,910	-	-	5,417,910
		5,417,910	-	22,048	5,439,958
On-balance sheet gap		(5,252,248)	-	5,496,702	78,792
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		(5,252,248)	-	-	-
Cumulative interest rate sensitivity gap		(5,252,248)	(5,252,248)	(5,252,248)	-

NBP Fixed Term Munafa Plan - II

Yield / interest rate (%)	As at 30 June 2023				Total
	Exposed to yield / interest risk			Not exposed to yield / interest risk	
	Upto three months	Over three months and upto one year	Over one year		
	(Rupees in '000)				
On-balance sheet financial instruments					
Financial Assets					
Assets	19.50% - 21.26%	-	-	-	-
Bank balances		10,562	-	-	10,562
Investments		-	-	6,900,526	6,900,526
Profit receivables		-	-	193	
		<u>10,562</u>	<u>-</u>	<u>6,900,526</u>	<u>6,911,088</u>
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	10,020	10,020
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	357	357
Accrued expenses and other liabilities		-	-	-	0
Net assets attributable to unitholder		<u>6,870,822</u>	<u>-</u>	<u>-</u>	<u>6,870,822</u>
		<u>6,870,822</u>	<u>-</u>	<u>10,377</u>	<u>6,881,199</u>
On-balance sheet gap		<u>(6,860,260)</u>	<u>-</u>	<u>6,890,149</u>	<u>29,889</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		<u>(6,860,260)</u>	<u>-</u>	<u>-</u>	
Cumulative interest rate sensitivity gap		<u>(6,860,260)</u>	<u>(6,860,260)</u>	<u>(6,860,260)</u>	

NBP Fixed Term Munafa Plan - III

Yield / interest rate (%)	As at 30 June 2023				Total
	Exposed to yield / interest risk			Not exposed to yield / interest risk	
	Upto three months	Over three months and upto one year	Over one year		
	(Rupees in '000)				
On-balance sheet financial instruments					
Financial Assets					
Assets	19.50% - 21.60%	-	-	-	-
Bank balances		3,769	-	-	3,769
Investments		-	-	2,071,076	2,071,076
Profit receivables		-	-	249	249
		<u>3,769</u>	<u>-</u>	<u>2,075,094</u>	<u>2,074,845</u>
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company		-	-	2,737	2,737
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	123	123
Accrued expenses and other liabilities		-	-	-	-
Net assets attributable to unitholder		<u>2,055,293</u>	<u>-</u>	<u>-</u>	<u>2,055,293</u>
		<u>2,055,293</u>	<u>-</u>	<u>2,860</u>	<u>2,058,153</u>
On-balance sheet gap		<u>(2,051,524)</u>	<u>-</u>	<u>2,072,234</u>	<u>16,692</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		<u>(2,051,524)</u>	<u>-</u>	<u>-</u>	
Cumulative interest rate sensitivity gap		<u>(2,051,524)</u>	<u>(2,051,524)</u>	<u>(2,051,524)</u>	

24 UNIT HOLDERS' FUND RISK MANAGEMENT

The units 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 on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units.

As at 30 June 2023, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

25 Comparative Information

There is no comparative information as this is first year of the funds life

25.1 Subsequent Information

Subsequent to year end June 30, 2023, NBP Fixed Term Munafa Plan-II is closed on account of maturity of the plan on 26 July 2023.

26 GENERAL

26.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

27 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the period from March 21, 2023 to June 30, 2023	For the period from May 04, 2023 to June 30, 2023	For the period from Nov 16, 2022 to June 30, 2023
	NFTMP-I	NFTMP-II	NFTMP-III
Net assets (Rs. '000')	5,417,910	6,870,822	2,055,293
Net Income (Rs. '000')	504,288	224,334	118,287
Net Asset Value per units (Rs.)	10.0397	10.0197	9.9953
Offer price per unit	N/A	N/A	N/A
Redemption price per unit	10.0397	10.0197	9.9953
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	10.0397	10.0197	10.5883
Ex - Lowest redemption price per unit (Rs.)	9.5239	9.7028	9.3787
Fiscal Year Opening Ex Nav	N/A	N/A	N/A
Total return of the fund (Annualized)	16.10%	20.55%	9.74%
Capital growth	-1.97%	1.28%	-0.06%
Income distribution as a % of ex nav	18.07%	19.28%	9.80%
Income distribution as a % of par value	18.07%	19.28%	9.80%
Distribution dates			
Interim			
20-Jun-23	0.4999		
26-Jun-23		0.3063	
22-Nov-22			0.0212
26-Jun-23			0.5883
Average annual return (launch date November 15, 2022)			
(Since inception to June 30, 2023)	16.10%	20.55%	9.74%
(Since inception to June 30, 2022)			
Portfolio Composition (Please see Fund Manager Report)			
Weighted average portfolio duration	82 Days	25 Days	140 Days

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