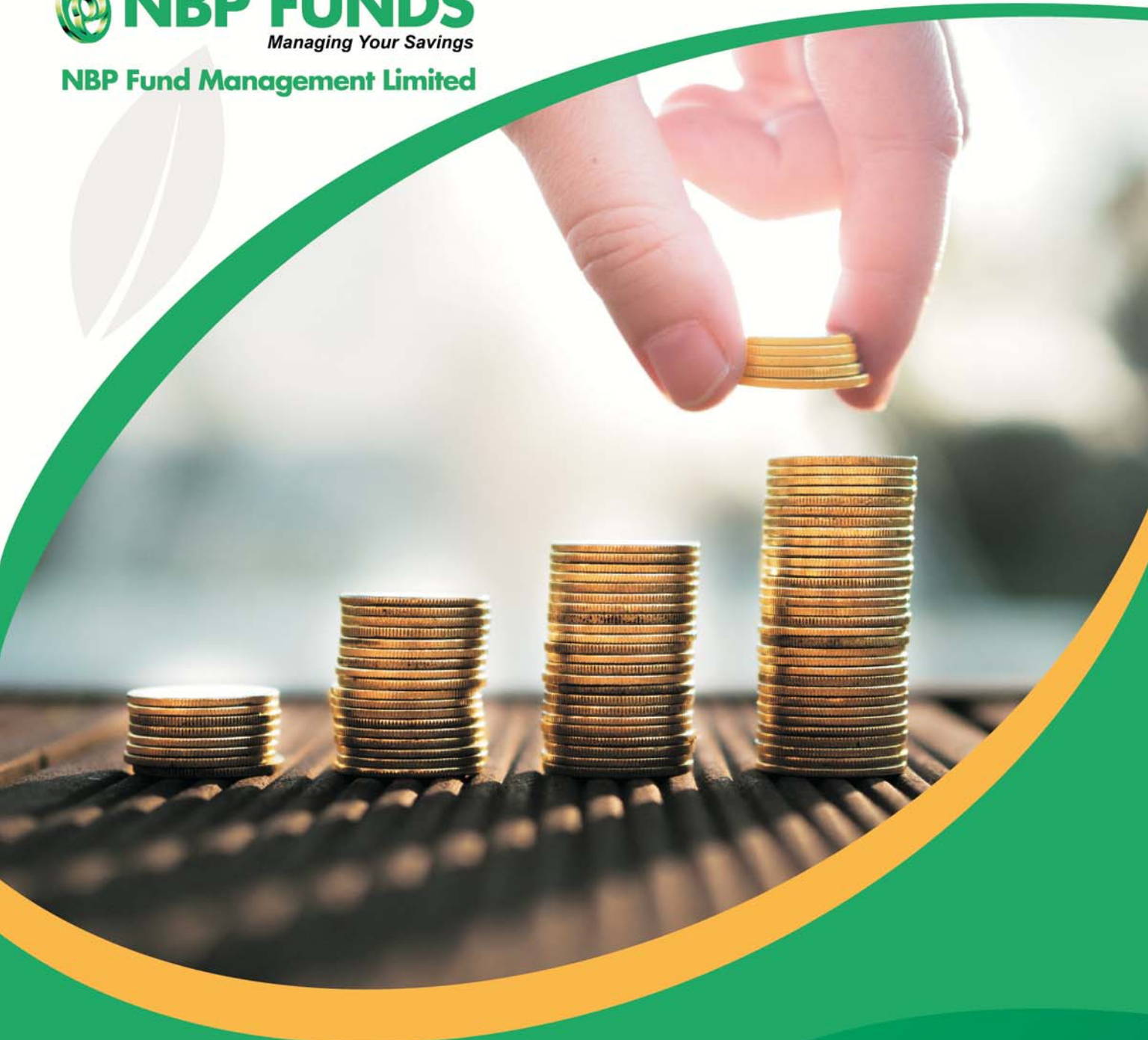




**NBP FUNDS**

*Managing Your Savings*

**NBP Fund Management Limited**



## **NBP SAVINGS FUND**

**ANNUAL** REPORT  
2023

**AM1**  
Rated by PACRA

# MISSION STATEMENT

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

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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource & Remuneration Committee

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

### Strategy & Business Planning Committee

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

### Trustee

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

### Bankers to the Fund

Allied Bank Limited	Khushhali Microfinance Bank Limited
Al Baraka Islamic Bank Limited	Habib Metropolitan Bank Limited
Bank Islami Pakistan Limited	Mobilink Microfinance Bank Limited
Bank Alfalah Limited	
Bank Al Habib Limited	
Dubai Islamic Bank Pakistan Limited	
Faysal Bank Limited	
HBL Microfinance Bank Limited	
JS Bank Limited	
MCB Bank Limited	
National Bank of Pakistan	
Silk Bank Limited	
Soneri Bank Limited	
Telenor Microfinance Bank Limited	
The Bank of Khyber	
United Bank Limited	
U Microfinance Bank Limited	

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

1st Floor, Ranjha Arcade  
Main Double Road, Gulberg Greens,  
Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

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

## **Multan Office:**

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

## Board of Directors



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



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Saad Amanullah Khan**  
Director



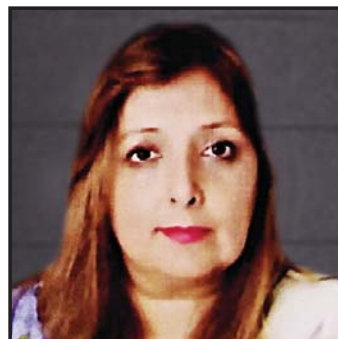
**Mr. Tauqeer Mazhar**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Ruhail Muhammad**  
Director



**Ms. Mehnaz Salar**  
Director



**Mr. Imran Zaffar**  
Director

## Senior Management



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



**Mr. Muhammad Murtaza Ali**  
Chief Operating Officer &  
Company Secretary



**Mr. Asim Wahab Khan, CFA**  
Chief Investment Officer



**Mr. Ozair Khan**  
Chief Technology Officer



**Mr. Salim S Mehdi**  
Chief Business  
Development Officer



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



**Mr. Khalid Mehmood**  
Chief Financial Officer



**Mr. Salman Ahmed, CFA**  
Head of Fixed Income



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



**Mr. Muhammad Umer Khan**  
Head of Human Resources &  
Administration



**Syed Sharoz Mazhar, CFA**  
Head of Business &  
Sales Strategy



**Mr. Zaheer Iqbal, ACA FPFA**  
Head of Operations



**Mr. Waheed Abidi**  
Head of Internal Audit



**Mr. Hassan Raza, CFA**  
Head of Research



**Mr. Mustafa Farooq**  
Head of Compliance

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 16th Annual Report of NBP Savings Fund (NBP-SF) for the year ended June 30, 2023.

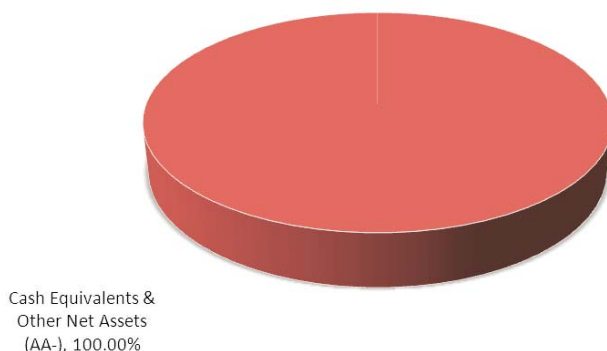
### Fund's Performance

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

The size of NBP Savings Fund has increased from Rs. 1,728 million to Rs. 3,321 million during the period (a growth of 92%). During the period, the unit price of NBP Savings Fund has increased from Rs. 8.5037 (Ex-Div) on June 30, 2022 to Rs. 9.8950 on June 30, 2023, thus showing a return of 16.36% as compared to the benchmark return of 18.34% for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 484.15 million during the year. After deducting total expenses of Rs. 70.92 million, the net income is Rs. 413.23 million. The asset allocation of NBP-SF as on June 30, 2023 is as follows:



### Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 15.64% of the opening ex-NAV (15.38% of the par value) during the year ended June 30, 2023.

### Taxation

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



## Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2024.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. For the year ended June 30, 2023, the Board included:

Category	Names
<b>Independent Directors</b>	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Ruhail Muhammad 4. Mr. Humayun Bashir
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 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 لیڈ کے بورڈ آف ڈائریکٹرز NBP سیونگز فنڈ (NBP-SF) کی سولہویں سالانہ رپورٹ برائے سال اختتامہ 30 جون 2023ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

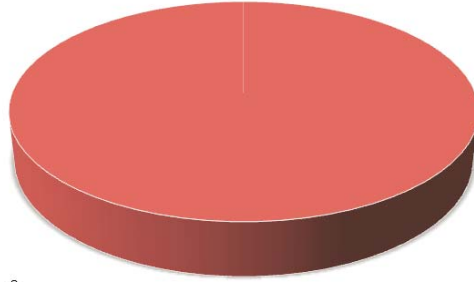
### فنڈ کی کارکردگی

مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 19 اجلاس منعقد ہوئے اور ملکی غیر یقینی صورتحال اور بیرونی اکاؤنٹ پر مسلسل دباؤ کی وجہ سے افراط زر کے دباؤ کو روکنے، قیمتوں میں استحکام حاصل کرنے، اقتصادی استحکام کو یقینی بنانے، اور کرنسی کے دباؤ کو کم کرنے کے لیے پالیسی شرح کو 825 بیسس پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمکوکمزور کر رہا ہے۔ مزید برآں، کم نئے انفلو ز اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکچر ڈیٹا 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 بھگاؤ مختصر مدت کی طرف رہا۔ SBP نے ستائیس (27) ٹی بی نیلا میوں 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۔

NBP سیونگز فنڈ ایک انکم اسکیم ہے اور PACRA کی طرف سے اسے 'A+(f)' کی سٹیٹیلٹی ریٹنگ دی گئی ہے۔

NBP سیونگز فنڈ کا سائز اس مدت کے دوران 1,728 ملین روپے سے بڑھ کر 3,321 ملین روپے ہو گیا، یعنی 92% کا اضافہ ہوا۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2022 کو (Ex-Div) 8.5037 روپے سے بڑھ کر 30 جون 2023 کو 9.8950 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 18.34% نیٹ مارک منافع کے مقابلے میں 16.36% منافع دیا۔ فنڈ کا یہ منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 484.15 ملین روپے کی آمدنی ہوئی۔ 70.92 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 413.23 ملین روپے ہے۔ NBP سیونگز فنڈ کی ایسٹ ایلیوشن برطابق 30 جون 2023 درج ذیل ہے:



Cash Equivalents &  
Other Net Assets  
(AA-), 100.00%

### آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2023 کے اختتام کے بعد اوپننگ ex-NAV کا 15.64% (بنیادی قدر کا 15.38%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

### تحقیق و تیسرے

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 ایف فرگن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2024 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

- 1 مینجمنٹ 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 مصفاہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیمیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چوراہا منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی 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 20 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔

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



## اظہار شکر

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

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ مینجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

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

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2023

## FUND MANAGER REPORT

### NBP Savings Fund

NBP Savings Fund (NBP-SF) is an Open-End Income Scheme.

### Investment Objective of the Fund

The objective of NBP-SF is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

### Benchmark

6 Month - KIBOR.

### Fund Performance Review

This is the 16th Annual report since the launch of the Fund on March 28, 2008. The Fund size increased significantly by 92% and stands at Rs. 3.3 billion as of June 30, 2023. The Fund's return since its inception is 6.3% p.a. versus the benchmark return of 10.5% p.a. During FY23, the Fund posted an annualized return of 16.4% as compared to a benchmark return of 18.3%. The return of the Fund is net of management fee and all other expenses.

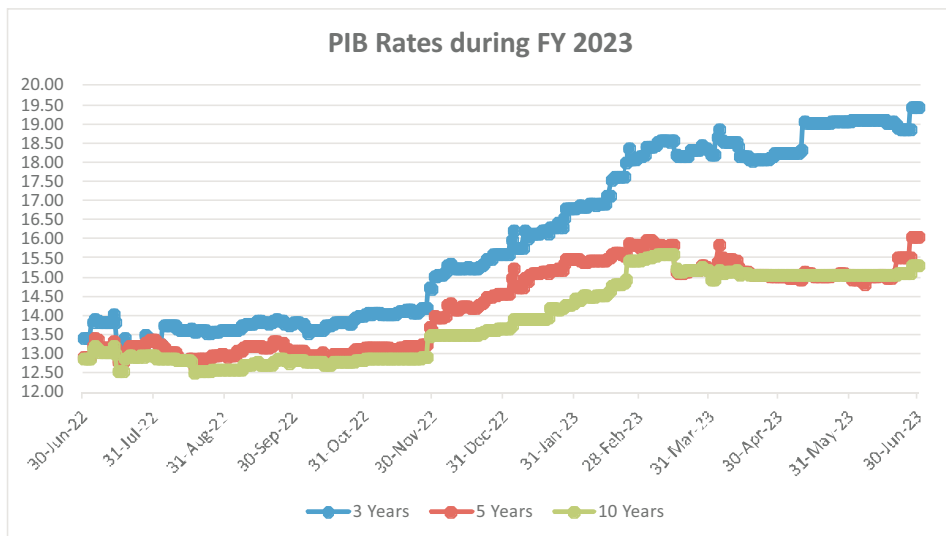
The weighted average Yield-to-Maturity of the Fund is 19.2% p.a. while the yield does not include potential recovery in fully provided TFCs/Sukuks (Face Value of around Rs. 302 million), which is a potential upside for the Fund. Weighted average time to maturity of the Fund is around 4 days.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. 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
Commercial Paper	-	4.18%
Cash (Cash Equivalents) & Other Assets	100%	95.82
<b>Total</b>	<b>100%</b>	<b>100%</b>

PIB yields during the year are shown in the below graph:



### Distribution for the Financial Year 2023

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 23	15.38%	11.3712	9.8335

### Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
AgriTech Limited-II	TFC	148,641,048	148,641,048	-	0.0%	0.0%
AgriTech Limited-V	TFC	22,180,000	22,180,000	-	0.0%	0.0%
Saudi Pak Leasing Company Limited	TFC	41,321,115	41,321,115	-	0.0%	0.0%
Worldcall	TFC	21,515,581	21,515,581	-	0.0%	0.0%
Eden House Limited	Sukuk	19,687,500	19,687,500	-	0.0%	0.0%
New Allied Electronics Limited-II	Sukuk	49,054,371	49,054,371	-	0.0%	0.0%
<b>Total</b>		<b>302,399,615</b>	<b>302,399,615</b>	-	0.0%	0.0%

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

Size of Unit Holding (Units)	# of Unit Holders
1-1000	1,203
1001-5000	122
5001-10000	47
10001-50000	209
50001-100000	131
100001-500000	287
500001-1000000	41
1000001-5000000	25
10000001-100000000	3
<b>Total</b>	<b>2,068</b>



**During the period under question:**

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

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### INDEPENDENT AUDITOR'S REPORT

To the Unit holders of NBP Savings Fund

Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Savings Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### Basis for Opinion

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

#### Key Audit Matters

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

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
<p><b>Net Asset Value</b> (Refer note 4 to the annexed financial statements)</p>	
<p>Bank balances constitute the most significant component of the net asset value (NAV). Bank balances of the Fund as at June 30, 2023 amounted to Rs. 3,321.68 million.</p> <p>The existence of bank balances for the determination of NAV of the Fund as at June 30, 2023 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>obtained independent confirmations for verifying the existence of bank balances as at June 30, 2023 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and</li> <li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

#### Other Information

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

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

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

## **Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

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

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi  
Date: September 21, 2023  
UDIN: AR202310061cyUw68kVB

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

	Note	2023 Rupees in '000	2022 Rupees in '000
<b>ASSETS</b>			
Bank balances	4	3,321,680	1,651,129
Investments	5	-	72,300
Profit receivable	6	55,319	18,204
Deposits, prepayments and other receivables	7	1,144	1,123
<b>Total assets</b>		<u>3,378,143</u>	<u>1,742,756</u>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	8	18,852	8,482
Payable to the Central Depository Company of Pakistan Limited - the Trustee	9	224	107
Payable to the Securities and Exchange Commission of Pakistan	10	529	302
Payable against redemption of units		12,015	256
Accrued expenses and other liabilities	11	25,943	5,254
<b>Total liabilities</b>		<u>57,563</u>	<u>14,401</u>
<b>NET ASSETS</b>		<u>3,320,580</u>	<u>1,728,355</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>3,320,580</u>	<u>1,728,355</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	13	<u>335,582,320</u>	<u>175,762,211</u>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>	14	<u>9.8950</u>	<u>9.8335</u>

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2023	2022
Note	----- (Rupees in 000) -----	
<b>INCOME</b>		
Income on government securities	71,849	11,594
Income on commercial papers	2,700	14,489
Income on certificates of investment	-	773
Income on debt securities	12,923	-
Income on letters of placement	13,227	-
Profit on bank balances	369,355	119,549
Income from Margin Trading System (MTS)	12,954	9,645
Other income	1,235	2,910
Loss on sale of investments	(92)	(93)
<b>Total income</b>	<b>484,151</b>	<b>158,867</b>
<b>EXPENSES</b>		
Remuneration of NBP Fund Management Limited - the Management Company	8.1 34,865	11,060
Sindh sales tax on remuneration of the Management Company	8.2 4,532	1,438
Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	9.1 1,982	1,132
Sindh sales tax on remuneration of the Trustee	9.2 258	147
Annual fee to the Securities and Exchange Commission of Pakistan	10.1 529	302
Reimbursement of allocated expenses	8.4 3,541	1,887
Reimbursement of selling and marketing expenses	8.5 21,146	11,523
Settlement and bank charges	1,836	1,573
Annual listing fee	28	28
Auditors' remuneration	15 881	809
Legal and professional charges	769	1,811
Annual rating fee	409	308
Securities transaction cost	34	1
Printing and other charges	105	50
<b>Total operating expenses</b>	<b>70,915</b>	<b>32,069</b>
<b>Net income from operating activities</b>	<b>413,236</b>	<b>126,798</b>
Reversal of provision against Sindh Workers' Welfare Fund - net	-	9,160
<b>Net income for the year before taxation</b>	<b>413,236</b>	<b>135,958</b>
Taxation	16 -	-
<b>Net income for the year after taxation</b>	<b>413,236</b>	<b>135,958</b>
<b>Earnings per unit</b>	17	
<b>Allocation of net income for the year:</b>		
Net income for the year after taxation	413,236	135,958
Income already paid on units redeemed	(129,021)	(32,173)
	<b>284,215</b>	<b>103,785</b>
<b>Accounting income available for distribution:</b>		
- Relating to capital gains	-	-
- Excluding capital gains	284,215	103,785
	<b>284,215</b>	<b>103,785</b>

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

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

	2023	2022
	----- (Rupees in 000) -----	
<b>Net income for the year after taxation</b>	413,236	135,958
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>413,236</u>	<u>135,958</u>

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

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

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in 000) -----					
Net assets at the beginning of the year	1,719,315	9,040	1,728,355	1,526,730	5,275	1,532,005
Issuance of 387,312,931 units (2022: 99,936,169 units)						
- Capital value (at ex - net asset value per unit)	3,808,642	-	3,808,642	980,134	-	980,134
- Element of income	197,505	-	197,505	16,461	-	16,461
Total proceeds on issuance of units	4,006,147	-	4,006,147	996,595	-	996,595
Redemption of 227,492,822 units (2022: 80,379,886 units)						
- Capital value (at ex - net asset value per unit)	(2,237,051)	-	(2,237,051)	(788,334)	-	(788,334)
- Element of loss	(108,459)	(129,021)	(237,480)	(9,605)	(32,173)	(41,778)
Total payments on redemption of units	(2,345,510)	(129,021)	(2,474,531)	(797,939)	(32,173)	(830,112)
Total comprehensive income for the year	-	413,236	413,236	-	135,958	135,958
Distribution during the year:						
For the year ended June 30, 2022: Re. 0.8941 per unit declared on June 24, 2022	-	-	-	(6,071)	(100,020)	(106,091)
For the year ended June 30, 2023: Re. 1.5377 per unit declared on June 21, 2023	(88,011)	(264,616)	(352,627)	-	-	-
Total distribution during the year	(88,011)	(264,616)	(352,627)	(6,071)	(100,020)	(106,091)
<b>Net assets at the end of the year</b>	<b>3,291,941</b>	<b>28,639</b>	<b>3,320,580</b>	<b>1,719,315</b>	<b>9,040</b>	<b>1,728,355</b>
Undistributed income brought forward						
- Realised income		9,040			5,275	
- Unrealised income		-			-	
		<u>9,040</u>			<u>5,275</u>	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		284,215			103,785	
		<u>284,215</u>			<u>103,785</u>	
Distribution during the year		(264,616)			(100,020)	
<b>Undistributed income carried forward</b>		<b><u>28,639</u></b>			<b><u>9,040</u></b>	
<b>Undistributed income carried forward</b>						
- Realised income		28,639			9,040	
- Unrealised income		-			-	
		<u>28,639</u>			<u>9,040</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			<u>9.8335</u>			<u>9.8076</u>
Net asset value per unit at the end of the year			<u>9.8950</u>			<u>9.8335</u>

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

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

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

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

\_\_\_\_\_  
Director



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

	2023	2022
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	413,236	135,958
<b>Adjustments:</b>		
Reversal of provision against Sindh Workers' Welfare Fund - net	-	(9,160)
	<u>413,236</u>	<u>126,798</u>
<b>Decrease in assets</b>		
Investments - net	72,300	(72,300)
Receivable against Margin Trading System (MTS)	-	107,206
Profit receivable	(37,115)	(9,797)
Deposits, prepayments and other receivables	(21)	(81)
	<u>35,164</u>	<u>25,028</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to NBP Fund Management Limited - the Management Company	10,370	1,072
Payable to the Central Depository Company of Pakistan Limited - the Trustee	117	3
Payable to the Securities and Exchange Commission of Pakistan	227	(10)
Accrued expenses and other liabilities	20,689	(1,767)
	<u>31,403</u>	<u>(702)</u>
<b>Net cash generated from operating activities</b>	<u>479,803</u>	<u>151,124</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units - net of refund of element	3,918,136	990,524
Net payments against redemption of units	(2,462,772)	(834,686)
Distributions pay-out	(264,616)	(100,020)
<b>Net cash generated from financing activities</b>	<u>1,190,748</u>	<u>55,818</u>
<b>Net increase in cash and cash equivalents during the year</b>	<u>1,670,551</u>	<u>206,942</u>
Cash and cash equivalents at the beginning of the year	1,651,129	1,444,187
<b>Cash and cash equivalents at the end of the year</b>	<u>4</u> <u>3,321,680</u>	<u>1,651,129</u>

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

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

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

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

- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company by the SECP 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 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by the Securities and Exchange Commission of Pakistan (SECP) and the Fund 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 investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2022: AM1) on June 22, 2023. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has determined the stability rating of the Fund at "A+(f)" (2022: "A+(f)" on April 19, 2022) dated April 14, 2023.
- 1.6 Title of the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.7 The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unit holders of the Fund as stated in the Offering Document.

The cost of premium is borne by the investor (where applicable). Such premium cost is deducted from the unit holder's investment on a monthly basis in case of life insurance and annual basis in case of health insurance and deposited with the Insurance Company / Takaful Operator by the Management Company as per the terms and conditions of the Insurance / Takaful coverage defined in the Insurance / Takaful policy document signed between the Insurance Company / Takaful Operator and Management Company.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and 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.

## **2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

## **2.3 Standards, interpretations and amendments to published accounting and standards that are not yet effective:**

There are certain standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Fund's operations and, therefore, have not been disclosed in these financial statements.

## **2.4 Critical accounting estimates and judgments**

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

## **2.5 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for investments that have been measured at fair values.

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

## 3.2 Financial assets

### 3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the income statement.

### 3.2.2 Classification and subsequent measurement

#### Debt instruments

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

- at amortised cost; or
- at fair value through other comprehensive income (FVOCI); or
- at fair value through profit or loss (FVPL)

#### based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

#### Subsequent measurement

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

#### Financial assets 'at fair value through profit or loss'

##### Basis of valuation of Government securities

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

##### Basis of valuation of debt securities

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 200 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

### 3.2.3 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

### 3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

### 3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

### 3.3 Financial liabilities

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

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

### 3.4 Offsetting of financial assets and financial liabilities

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

### 3.5 Provisions

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

### 3.6 Net asset value per unit

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

### 3.7 Issue and redemption of units

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

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

### 3.8 Distributions to unit holders

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

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

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

Element of income represents the difference between net asset value per unit on the issuance or redemption date, as the case may be, of units and the net asset value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

### 3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the Income Statement in the year in which these arise.
- Profit on savings accounts with banks, income on commercial papers, letters of placement, term deposit receipts, and certificates of investment are recognised on an accrued basis.

### 3.11 Expenses

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

### 3.12 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash.

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

### 3.13 Earnings / (loss) per unit

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

### 3.14 Foreign currency translation

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

4	BANK BALANCES	Note	2023	2022
			------(Rupees in '000)-----	
	Savings accounts	4.1	3,321,680	1,651,129
			<u>3,321,680</u>	<u>1,651,129</u>

4.1 These include balances amounting to Rs 0.006 million and Rs 2.262 million (2022: Rs 0.006 million and Rs 0.216 million respectively) maintained with Telenor Microfinance Bank Limited and National Bank of Pakistan (related parties) respectively, that carry profit at the rate of 19.50% per annum respectively (2022: 15.50% and 12.25% per annum). Other savings accounts of the Fund carry profits at the rates ranging from 19.50% to 22.60% per annum (2022: 12.00% to 17.00% per annum).

5	INVESTMENTS	Note	2023	2022
			------(Rupees in '000)-----	
	<b>At fair value through profit or loss</b>			
	Government securities - Market Treasury Bills	5.1	-	-
	Term finance certificates - non-performing securities	5.2	-	-
	Corporate sukuk certificates	5.3	-	-
	Corporate sukuk certificates - non-performing securities	5.4	-	-
	Letters of placement	5.5	-	-
	Commercial papers	5.6	-	72,300
			<u>-</u>	<u>72,300</u>

### 5.1 Government securities - Market Treasury Bills

Issue date	Maturity Date	Tenor in months	Yield	Face value				Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to	
				As at July 1, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023				Net assets of the Fund	Total investment of the Fund
------(Rupees in '000)-----												
June 16, 2022	September 8, 2022	3	15.15%	-	1,000,000	1,000,000	-	-	-	-	-	-
June 30, 2022	September 22, 2022	3	15.15%	-	750,000	750,000	-	-	-	-	-	-
June 30, 2022	September 22, 2022	3	15.10%	-	250,000	250,000	-	-	-	-	-	-
July 14, 2022	October 6, 2022	3	15.14%	-	1,000,000	1,000,000	-	-	-	-	-	-
July 28, 2022	October 20, 2022	3	15.14%	-	800,000	800,000	-	-	-	-	-	-
August 11, 2022	November 3, 2022	3	15.35%	-	100,000	100,000	-	-	-	-	-	-
August 11, 2022	November 3, 2022	3	15.25%	-	800,000	800,000	-	-	-	-	-	-
August 25, 2022	November 17, 2022	3	15.25%	-	700,000	700,000	-	-	-	-	-	-
September 22, 2022	December 15, 2022	3	15.36%	-	700,000	700,000	-	-	-	-	-	-
October 6, 2022	December 29, 2022	3	15.48%	-	800,000	800,000	-	-	-	-	-	-
October 20, 2022	January 12, 2023	3	16.03%	-	100,000	100,000	-	-	-	-	-	-
November 17, 2022	February 9, 2023	3	15.92%	-	100,000	100,000	-	-	-	-	-	-
January 4, 2023	March 29, 2023	3	17.00%	-	100,000	100,000	-	-	-	-	-	-
April 6, 2023	June 22, 2023	3	21.65%	-	1,000,000	1,000,000	-	-	-	-	-	-
<b>Total as at June 30, 2023</b>								-	-	-	-	-
<b>Total as at June 30, 2022</b>								-	-	-	-	-
------(%)-----												

## 5.2 Term finance certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchases during the year	Sales / redemptions during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to	
					Number of certificates			Rupees in '000			Net assets of the Fund	Total investment of the Fund	
<b>Leasing companies</b>													
Saudi Pak Leasing Company Limited - TFC II (Face value of Rs. 2,755 per certificate)	Unrated	-	March 13, 2025	6.87% fixed rate	15,000	-	-	15,000	-	-	-	-	-
<b>Technology &amp; communication</b>													
Worldcall Telecom Limited - TFC III (Face value of Rs. 1,537)	D, PACRA	Quarterly	September 20, 2026	6 months KIBOR plus	14,000	-	-	14,000	-	-	-	-	-
<b>Chemical</b>													
Agritech Limited TFC II (Face value of Rs. 4,996 per certificate)	Unrated	-	July 14, 2025	6 months KIBOR plus	30,000	-	247	29,753	-	-	-	-	-
Agritech Limited TFC V (Face value of Rs. 5,000 per certificate)	Unrated	-	January 1, 2025	11.00% fixed rate	4,436	-	-	4,436	-	-	-	-	-
<b>Total as at June 30, 2023</b>													
<b>Total as at June 30, 2022</b>													

**5.2.1** The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 233.658 million (2022: Rs. 234.892 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

During the year, the Fund has received Rs 1.235 million against recovery of provided term finance certificate of Agritech Limited.

## 5.3 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	Sold / redeemed during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to		
				Number of certificates			Rupees in '000			Net assets of the Fund	Total investment of the Fund		
<b>Power generation &amp; distribution</b>													
K-Electric short term sukuk - 7 (AA, PACRA, traded) (Face value of Rs 1,000,000 per certificate)	Semi-annually	February 10, 2023	6 months KIBOR plus base rate of 1.35%	-	45,000	45,000	-	-	-	-	-	-	-
K-Electric short term sukuk - 10 (A-1+, VIS, traded) (Face value of Rs 1,000,000 per certificate)	Semi-annually	April 5, 2023	6 months KIBOR plus base rate of 1.45%	-	100,000	100,000	-	-	-	-	-	-	-
K-Electric short term sukuk - 12 (AA, PACRA, traded) (Face value of Rs 1,000,000 per certificate)	Semi-annually	June 13, 2023	6 months KIBOR plus base rate of 1.40%	-	200,000	200,000	-	-	-	-	-	-	-
K-Electric short term sukuk - 12 (AA, PACRA, traded) (Face value of Rs 1,000,000 per certificate)	Semi-annually	June 13, 2023	6 months KIBOR plus base rate of 1.40%	-	200,000	200,000	-	-	-	-	-	-	-
<b>Total as at June 30, 2023</b>													
<b>Total as at June 30, 2022</b>													



## 5.4 Corporate sukuk certificates - non-performing securities

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchases during the year	Sales / redemptions during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to	
											Net assets of the Fund	Total investment of the Fund
							(Rupees in '000)	(Rupees in '000)			%	
<b>Miscellaneous</b>												
New Allied Electronic Industries (Private) Limited - Sukuk II (Unrated) (Face value of Rs. 4,905 per certificate)	-	December 3, 2025	6 months KIBOR plus base rate of 2.20%	10,000	-	-	10,000	-	-	-	-	-
Eden Housing Limited Sukuk - 2nd Issue (D, VIS) (Face value of Rs. 984 per certificate)	-	September 29, 2025	6 months KIBOR plus base rate of 2.50%	20,000	-	-	20,000	-	-	-	-	-
<b>Total as at June 30, 2023</b>								-	-	-	-	-
<b>Total as at June 30, 2022</b>								-	-	-	-	-

5.4.1 The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by the Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 68.742 million (2022: Rs. 68.742 million) against investee companies has been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

## 5.5 Letters of placement

Name of the Investee Company	Rating	Maturity date	Profit rate	Amount placed		As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Market value as a percentage of		
				Purchased during the year	Matured during the year					Net assets of the Fund	Total investment of the Fund	
							(Rupees in '000)	(%)			(%)	
<b>DEVELOPMENT FINANCE INSTITUTION</b>												
Pak Libya Holding Company Private Limited	AA-, PACRA	December 16, 2022	16.00%	100,000	100,000	-	-	-	-	-	-	
Pak Libya Holding Company Private Limited	AA-, PACRA	January 27, 2023	16.75%	100,000	100,000	-	-	-	-	-	-	
Pak Libya Holding Company Private Limited	AA-, PACRA	January 30, 2023	16.75%	100,000	100,000	-	-	-	-	-	-	
Pak Libya Holding Company Private Limited	AA-, PACRA	March 9, 2023	17.50%	203,029	203,029	-	-	-	-	-	-	
Pak Libya Holding Company Private Limited	AA-, PACRA	March 30, 2023	20.25%	203,029	203,029	-	-	-	-	-	-	
<b>Total as at June 30, 2023</b>								-	-	-	-	
<b>Total as at June 30, 2022</b>								-	-	-	-	

## 5.6 Commercial papers

Name of the security	Rating	Maturity Date	Yield per annum	Face value				Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Market value as a percentage of	
				As at July 1, 2022	Purchased during the year	Matured during the year	As at June 30, 2023				Net assets of the Fund	Total investment of the Fund
							(Rupees in '000)	(%)			(%)	
<b>Power generation &amp; distribution</b>												
China Power Hub Generation Company (Private) Limited	AA+, PACRA	October 9, 2022	14.05%	75,000	-	75,000	-	-	-	-	-	
<b>Total as at June 30, 2023</b>								-	-	-	-	
<b>Total as at June 30, 2022</b>								72,300	72,300	-	4.18% 100.00%	

		2023	2022
		------(Rupees in '000)-----	
<b>5.7</b>	<b>Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'</b>		
	Market value of investments	-	72,300
	Less: carrying value of investments	-	(72,300)
		-	-
<b>6</b>	<b>PROFIT RECEIVABLE</b>		
	Profit receivable on savings account	55,319	18,204
<b>7</b>	<b>DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Advance tax	479	479
	Prepaid rating fee	215	194
	Deposit with the Central Depository Company of Pakistan Limited*	100	100
	Deposit with National Clearing Company of Pakistan Limited	250	250
	Others	100	100
		1,144	1,123

\*related party balance

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, withholding taxes on profit on bank balances and debt securities paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. The taxes withheld on profit on bank balances and debt securities as at June 30, 2023 amount to Rs 0.479 million (2022: Rs 0.479 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit on bank balances and debt securities have been shown as other receivables as at June 30, 2023 as, in the opinion of the management, the amount of tax deducted at source will likely be refunded.

		2023	2022
		------(Rupees in '000)-----	
<b>8</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY</b>		
	Remuneration payable to the Management Company	3,958	1,458
	Sindh sales tax on remuneration of the Management Company	515	190
	Federal Excise Duty on remuneration of the Management Company	2,808	2,808
	Allocated expenses payable	1,210	483
	Selling and marketing expenses payable	6,454	3,091
	Sales and transfer load payable	3,236	359
	Sindh sales tax on sales and transfer load	421	48
	ADC charges payable including Sindh sales tax	250	45
		18,852	8,482

- 8.1** 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 its remuneration at the rate of 8% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets (2022: 8% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets).

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

- 8.2** During the year, an amount of Rs 4.532 million (2022: Rs 1.438 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2022: 13%).

- 8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.808 million (2022: Rs 2.808 million) is being retained in the financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2023 would have been higher by Re 0.0084 (2022: Re 0.016) per unit.

- 8.4** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

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

- 8.5** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

Accordingly, the management company has currently charged selling and marketing expenses at the following rates:

Rate applicable from July 1, 2022 to June 30, 2023	Rate applicable from November 12, 2021 to June 30, 2022	Rate applicable from July 1, 2021 to November 11, 2021
0.8% per annum of average daily net assets	0.8% per annum of average daily net assets	0.7% per annum of average daily net assets

**9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY**

	Note	2023 ----- (Rupees in '000) -----	2022
Remuneration payable to Trustee	9.1	198	95
Sindh sales tax payable on Trustee remuneration	9.2	26	12
		<u>224</u>	<u>107</u>

**9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. Accordingly, the Fund has charged the Trustee fee at the rate of 0.075% per annum of the average annual net assets during the year (2022: 0.075% per annum).

**9.2** During the year, an amount of Rs 0.258 million (2022: Rs 0.147 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh sales tax on Services Act, 2011 at the rate of 13% (2022: 13%).

**10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

	Note	2023 ----- Rupees in '000 -----	2022
Annual fee payable	10.1	529	302

**10.1** Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2022: 0.02%) of the average annual net assets of the Fund.

**11 ACCRUED EXPENSES AND OTHER LIABILITIES**

	2023 ----- Rupees in '000 -----	2022
Auditors' remuneration	583	475
Printing charges payable	72	61
Settlement charges payable	61	27
Bank charges payable	86	90
Withholding tax payable	22,188	3,943
Capital gains tax payable	2,690	518
Legal and professional charges payable	191	122
Others	72	18
	<u>25,943</u>	<u>5,254</u>

**12 CONTINGENCIES AND COMMITMENTS**

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

**13 NUMBER OF UNITS IN ISSUE**

	2023 (Number of units)	2022
Total units in issue at the beginning of the year	175,762,211	156,205,928
Add: units issued during the year	387,312,931	99,936,169
Less: units redeemed during the year	<u>(227,492,822)</u>	<u>(80,379,886)</u>
Total units in issue at the end of the year	<u>335,582,320</u>	<u>175,762,211</u>

## 14 NET ASSET VALUE PER UNIT

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

15 AUDITORS' REMUNERATION	2023	2022
	------(Rupees in '000)-----	
Annual audit fee	451	400
Fee for half yearly review	173	165
Income certification	100	115
Out of pocket expenses	157	130
	<u>881</u>	<u>809</u>

## 16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2023 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

## 17 EARNINGS PER UNIT

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

## 18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2023 is 2.68% (2022: 2.00%) which includes 0.20% (2022: 0.12%) representing government levies on the Fund such as provision against Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. The TER excluding government levies is 2.48% (2022: 1.88%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 19 DETAILS OF NON-COMPLIANT INVESTMENTS

The SECP vide Circular no. 7 of 2009 dated March 6, 2009, required all asset management companies to categorise funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

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

Following are the details of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
----- (Rupees in '000) -----							
Agritech Limited TFC II	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	148,641	(148,641)	-	-	-
Agritech Limited TFC V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	22,180	(22,180)	-	-	-
Eden Housing Limited Sukuk (2nd Issue)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	19,688	(19,688)	-	-	-
New Allied Electronic Industries (Private) Limited - Sukuk II	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	49,054	(49,054)	-	-	-
Saudi Pak Leasing Company Limited - TFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	41,321	(41,321)	-	-	-
Worldcall Telecom Limited - TFC III	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	21,516	(21,516)	-	-	-
Total carrying value and accumulated impairment as at June 30, 2023			302,400	(302,400)	-	-	-
Total carrying value and accumulated impairment as at June 30, 2022			303,634	(303,634)	-	-	-

## 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 20.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 20.2** Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 20.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 20.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 20.5** Allocated expenses and selling and marketing expenses are reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.
- 20.6** Details of transactions with related parties / connected persons during the year are as follows:

	2023	2022
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of NBP Fund Management Limited - the Management Company	34,865	11,060
Sindh sales tax on remuneration of the Management Company	4,532	1,438
Sales load paid	23,233	1,519
Sindh sales tax on sales load paid	3,020	197
Reimbursement of allocated expenses	3,541	1,887
Reimbursement of selling and marketing expenses	21,146	11,523
ADC charges including Sindh sales tax	417	43
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	1,982	1,132
Sindh sales tax on remuneration of the Trustee	258	147
Settlement charges	301	392
<b>Employees of the Management Company</b>		
Dividend reinvestment units issued: 18,471 units (2022: 13,319 units)	182	131
Units issued: 1,332,261 units (2022: 1,005,916 units)	13,659	9,949
Units redeemed: 2,247,402 units (2022: 230,101 units)	22,827	2,375
<b>Portfolio managed by the Management Company</b>		
Dividend reinvest units issued: 4 units (2022: 5,330 units) **	-	52
Units issued: Nil units (2022: 930,544 units)	-	9,265
Units redeemed: Nil units (2022: 1,585,725 units)	-	16,797
<b>NBP Employees Pension Fund</b>		
Dividend reinvest units issued: 13,654,262 units (2022: 7,296,790 units)	134,348	71,593
<b>National Clearing Company of Pakistan Limited *</b>		
NCCPL charges	-	262
<b>BankIslami Pakistan Limited - common directorship *</b>		
Profit on bank balance	-	190
<b>Khushhali Bank Limited - common directorship *</b>		
Profit on bank balance	-	9,407
<b>National Bank of Pakistan - Parent company</b>		
Purchase of Market Treasury Bills	-	422,002
<b>K-Electric Limited</b>		
Purchase of corporate sukuk certificates	145,000	-
Income on corporate sukuk certificates	12,923	-
<b>Fauji Fertilizer Company Limited - common directorship **</b>		
Dividend reinvest units issued: Nil units (2022: 3 units)	-	-
Units redeemed: 37 units (2022: Nil units)	-	-
<b>K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding</b>		
Units issued: 74,076,712 units (2022: 31,688,042 units)	742,148	312,825
Units redeemed: 48,390,977 units (2022: 26,344,207 units)	549,066	281,717
<b>20.7 Amounts / balances outstanding as at year end:</b>		
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration payable to the Management Company	3,958	1,458
Sindh sales tax on remuneration of the Management Company	515	190
Reimbursement of allocated expenses payable	1,210	483
Reimbursement of selling and marketing expenses payable	6,454	3,091
Sales and transfer load payable	3,236	359
Sindh sales tax on sales and transfer load	421	48
Federal Excise Duty on remuneration of the Management Company	2,808	2,808
ADC charges payable including Sindh sales tax	250	45

	2023	2022
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of the Trustee	198	95
Sindh sales tax on remuneration of the Trustee	26	12
Settlement charges payable	61	27
Security deposit	100	100
<b>National Clearing Company of Pakistan Limited *</b>		
Security deposit	-	250
<b>National Bank of Pakistan - Parent company</b>		
Bank balance	2,262	216
<b>NBP Employees Pension Fund</b>		
Units held: 101,023,957 units (2022: 87,369,695 units)	999,632	859,150
<b>Employees of the Management Company</b>		
Units held: 158,009 units (2022: 1,054,679 units)	1,563	10,371
<b>Portfolio managed by the Management Company **</b>		
Units held: 37 units (2022: 725,726 units)	-	7,136
<b>BankIslami Pakistan Limited - common directorship *</b>		
Bank balance	-	7,364
Profit receivable on bank balance	-	85
<b>Khushhali Microfinance Bank Limited - common directorship *</b>		
Bank balance	-	2,682
Profit receivable on bank balance	-	412
<b>Fauji Fertilizer Company Limited - common directorship</b>		
Units held: Nil units (2022: 37 units) **	-	-
<b>Telenor Microfinance Bank Limited - common directorship</b>		
Bank balance	6	6
Profit receivable on bank balance	2	18
<b>K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding</b>		
Units held: 54,623,619 units (2022: 28,937,884 units)	540,501	284,261

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

\*\* Nil due to rounding off.

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

	2023		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
<b>Financial assets</b>			
Bank balances	3,321,680	-	3,321,680
Investments	-	-	-
Profit receivable	55,319	-	55,319
Deposits	450	-	450
	<u>3,377,449</u>	<u>-</u>	<u>3,377,449</u>



## Financial liabilities

Payable to NBP Fund Management Limited - the Management Company  
Payable to the Central Depository Company of Pakistan Limited - the Trustee  
Payable against redemption of units  
Accrued expenses and other liabilities

2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
18,852	-	18,852
224	-	224
12,015	-	12,015
1,065	-	1,065
<u>32,156</u>	<u>-</u>	<u>32,156</u>

## Financial assets

Bank balances  
Investments  
Profit receivable  
Deposits

2022		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
1,651,129	-	1,651,129
-	72,300	72,300
18,204	-	18,204
450	-	450
<u>1,669,783</u>	<u>72,300</u>	<u>1,742,083</u>

## Financial liabilities

Payable to NBP Fund Management Limited - the Management Company  
Payable to the Central Depository Company of Pakistan Limited - the Trustee  
Payable against redemption of units  
Accrued expenses and other liabilities

2022		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
8,482	-	8,482
107	-	107
256	-	256
793	-	793
<u>9,638</u>	<u>-</u>	<u>9,638</u>

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund, the NBFC Regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

## 22.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

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

### 22.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### 22.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2023, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that risk is managed within the acceptable limits.

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

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 33.217 million (2022: Rs 16.511 million).

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

Presently, the Fund does not hold any instrument which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Nil (2022: Rs. 0.723 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2023 can be determined as follows:

2023					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- (Rupees in '000) -----

### On balance sheet financial instruments

#### Financial assets

Bank balances	19.50 - 22.60	3,321,680	-	-	-	3,321,680
Investments		-	-	-	-	-
Profit receivable		-	-	-	55,319	55,319
Deposits		-	-	-	450	450
		3,321,680	-	-	55,769	3,377,449

#### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	18,852	18,852
Payable to the Central Depository Company of Pakistan Limited - the Trustee		-	-	-	224	224
Payable against redemption of units		-	-	-	12,015	12,015
Accrued expenses and other liabilities		-	-	-	1,065	1,065
		-	-	-	32,156	32,156

#### On-balance sheet gap

	3,321,680	-	-	23,613	3,345,293
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#### Total interest rate sensitivity gap

	3,321,680	-	-	23,613	3,345,293
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#### Cumulative interest rate sensitivity gap

	3,321,680	3,321,680	3,321,680
--	-----------	-----------	-----------

2022					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- (Rupees in '000) -----

### On balance sheet financial instruments

#### Financial assets

Bank balances	12.00 - 17.00	1,651,129	-	-	-	1,651,129
Investments	14.85	72,300	-	-	-	72,300
Profit receivable		-	-	-	18,204	18,204
Deposits		-	-	-	450	450
		1,723,429	-	-	18,654	1,742,083

#### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	8,482	8,482
Payable to the Central Depository Company of Pakistan Limited - the Trustee		-	-	-	107	107
Payable against redemption of units		-	-	-	256	256
Accrued expenses and other liabilities		-	-	-	793	793
		-	-	-	9,638	9,638

#### On-balance sheet gap

	1,723,429	-	-	9,016	1,732,445
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#### Total interest rate sensitivity gap

	1,723,429	-	-	9,016	1,732,445
--	-----------	---	---	-------	-----------

#### Cumulative interest rate sensitivity gap

	1,723,429	1,723,429	1,723,429
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## 22.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from 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 instruments traded in the market. The Fund does not have any financial instruments which are subject to price risk as of June 30, 2023.

## 22.2 Credit risk

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

	2023		2022	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Bank balances	3,321,680	3,321,680	1,651,129	1,651,129
Investments	-	-	72,300	72,300
Profit receivable	55,319	55,319	18,204	18,204
Deposits	450	450	450	450
	<u>3,377,449</u>	<u>3,377,449</u>	<u>1,742,083</u>	<u>1,742,083</u>

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

## 22.2.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks, profit accrued thereon and commercial paper. The credit rating profile of balances with banks, profit accrued thereon and commercial paper is as follows:

Rating	% of financial assets exposed to credit risk	
	2023	2022
<b>Bank balances and accrued profit thereon</b>		
AAA	0.88%	0.31%
AA+	0.08%	25.44%
AA-	79.87%	50.14%
AA	0.09%	0.17%
A+	18.97%	5.63%
A-	0.09%	0.20%
A	0.01%	12.89%
<b>Commercial Paper</b>		
AA+	-	4.15%
	<u>99.99%</u>	<u>98.93%</u>

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2023 and June 30, 2022 are unsecured and are not impaired.

## 22.3 Liquidity risk

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

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

As per the NBFC Regulations, 2008, the Fund can borrow in the short term to ensure settlement, the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

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

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

2023						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company  
Payable to the Central Depository Company of Pakistan Limited - the Trustee  
Payable against redemption of units  
Accrued expenses and other liabilities

18,852	-	-	-	-	-	18,852
224	-	-	-	-	-	224
12,015	-	-	-	-	-	12,015
482	583	-	-	-	-	1,065
<b>31,573</b>	<b>583</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,156</b>

2022						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company  
Payable to the Central Depository Company of Pakistan Limited - the Trustee  
Payable against redemption of units  
Accrued expenses and other liabilities

8,482	-	-	-	-	-	8,482
107	-	-	-	-	-	107
256	-	-	-	-	-	256
318	475	-	-	-	-	793
<b>9,163</b>	<b>475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,638</b>

## 23 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

### 23.1 Fair value hierarchy

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

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

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

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

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

	2023			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
<b>ASSETS</b>				
<b>Financial assets - at fair value through profit or loss</b>				
Government securities - Market Treasury Bills	-	-	-	-
Term finance certificates - non-performing securities	-	-	-	-
Corporate sukuk certificates	-	-	-	-
Corporate sukuk certificates - non-performing securities	-	-	-	-
Letters of placement	-	-	-	-
Commercial papers	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
----- Rupees in '000 -----				
	2022			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
<b>ASSETS</b>				
<b>Financial assets - at fair value through profit or loss</b>				
Government securities - Market Treasury Bills	-	-	-	-
Term finance certificates - non-performing securities	-	-	-	-
Corporate sukuk certificates	-	-	-	-
Corporate sukuk certificates - non-performing securities	-	-	-	-
Letters of placement	-	-	-	-
Commercial papers *	-	72,300	-	72,300
	<u>-</u>	<u>72,300</u>	<u>-</u>	<u>72,300</u>
	<u><u>-</u></u>	<u><u>72,300</u></u>	<u><u>-</u></u>	<u><u>72,300</u></u>

- \* The valuation of commercial papers has been done based on amortisation to their fair value as per the guidelines given in circular 33 of 2012 issued by the SECP as the residual maturity of these investments is less than six months and are placed with counter parties which have high credit rating.

## 24 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They 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 restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 25 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2023 -----			----- 2022 -----		
	Number of unit holders	Investment amount	Percentage of total	Number of unit holders	Investment amount	Percentage of total
	(Rupees in '000)			(Rupees in '000)		
Individuals	2,045	1,542,549	46.46%	1,365	436,375	25.25%
Associated companies and directors	1	999,632	30.10%	1	859,150	49.71%
Retirement funds	6	180,904	5.45%	5	148,269	8.58%
Public limited companies*	1	-	-	2	-	-
Others	15	597,495	17.99%	6	284,561	16.46%
	2,068	3,320,580	100.00%	1,379	1,728,355	100.00%

\*Nil figures due to rounding off.

## 26 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2023 -----		----- 2022 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Magenta Capital (Private) Limited	70.30%	Bright Capital (Private) Limited	53.46%
Optimus Markets (Pvt.) Limited	15.65%	Invest One Market Limited	13.21%
Continental Exchange (Private) Limited	10.28%	Currency Market Associates (Private) Limited	13.21%
Bright Capital (Private) Limited	3.77%	BMA Capital Management Limited	20.12%

- 26.1 The Fund has traded with only the above mentioned four brokers during the year ended June 30, 2023 (2022: four brokers).

## 27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	35
Asim Wahab Khan	Chief Investment Officer	CFA	17
Salman Ahmed (note 27.1)	Head of Fixed Income	CFA	18
Hassan Raza	Head of Research	ACCA / BSC / CFA	12
Usama Bin Razi	Senior Manager - Fixed Income	BE, MBA	19

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

- NBP Financial Sector Income Fund
- NBP Government Securities Fund - I
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Income Fund of Fund
- NBP Government Securities Liquid Fund
- NBP Money Market Fund
- NBP Mustahkam Fund
- NBP Islamic Mustahkam Fund
- NBP Islamic Income Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Savings Fund
- NBP Riba Free Savings Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Money Market Fund
- NBP Mahana Amdani Fund

## 28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	6	6	-	-
Ali Saigol	6	6	-	-
Imran Zaffar	6	5	1	89th Meeting
Khalid Mansoor	6	6	-	-
Humayun Bashir (note 28.1)	2	2	-	-
Saad Amanullah Khan	6	6	-	-
Dr. Amjad Waheed	6	6	-	-
Mehnaz Salar	6	6	-	-
Tauqeer Mazhar	6	5	1	91st Meeting
Ruhail Muhammad (note 28.2)	3	3	-	-



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

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

## **29 GENERAL**

**29.1** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

## **30 DATE OF AUTHORISATION FOR ISSUE**

These 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 year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018
Net assets (Rs. '000')	3,320,580	1,728,355	1,532,005	1,694,570	1,003,926	803,721
Net Income / (loss) (Rs. '000')	413,236	135,958	99,643	129,128	83,840	46,846
Net Asset Value per units (Rs.)	9.8950	9.8335	9.8076	9.7943	9.7759	10.2938
Offer price per unit	10.2304	9.9414	9.9168	9.9050	9.8864	10.4102
Redemption price per unit	9.8950	9.8335	9.8076	9.7943	9.7759	10.2938
Ex - Highest offer price per unit (Rs.)	10.2304	10.8226	9.9168	9.9050	10.7662	10.4101
Ex - Lowest offer price per unit (Rs.)	8.6030	9.0897	9.3071	8.7363	9.8682	9.865
Ex - Highest redemption price per unit (Rs.)	9.8950	9.8335	9.8076	9.7943	10.6459	10.2938
Ex - Lowest redemption price per unit (Rs.)	8.5069	8.9898	9.2022	8.7363	9.7579	9.7564
Fiscal Year Opening Ex NAV	8.5037	8.9882	9.2006	8.7337	9.7548	9.7548
Total return of the fund	16.36%	9.40%	6.60%	12.11%	9.30%	5.53%
Capital growth	0.72%	0.29%	0.14%	0.18%	0.16%	0.00%
Income distribution as % of Ex-NAV	15.64%	9.12%	6.45%	11.94%	9.14%	5.53%
Income distribution as % of Par Value	15.38%	8.94%	6.32%	11.67%	8.91%	5.39%
Interim distribution per unit	1.5377	0.8941	0.6320	1.1669	0.8911	
Final distribution per unit						0.539
Distribution dates						
Interim	21-Jun-2023	24-Jun-22	24-Jun-21	24-Jun-20	24-Jun-19	
Final						4-Jul-18
<b>Average annual return (launch date 28-03-08)</b>						
(Since inception to June 30, 2023)	6.35%					
(Since inception to June 30, 2022)		5.70%				
(Since inception to June 30, 2021)			5.40%			
(Since inception to June 30, 2020)				5.31%		
(Since inception to June 30, 2019)					4.70%	
(Since inception to June 30, 2018)						4.28%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	1 Day	4 Days	4 Days	12 Days		

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

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