



## NBP STOCK FUND

**ANNUAL** REPORT  
2023

**AM1**  
Rated by PACRA

## MISSION STATEMENT

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

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## FUND'S INFORMATION

### Management Company

#### NBP Fund Management Limited - Management Company

#### Board of Directors of Management Company

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

#### Company Secretary & COO

Mr. Muhammad Murtaza Ali

#### Chief Financial Officer

Mr. Khalid Mehmood

#### Audit & Risk Committee

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

#### Human Resource & Remuneration Committee

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

#### Strategy & Business Planning Committee

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

#### Trustee

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

#### Bankers to the Fund

MCB Bank Limited	Burj Bank Limited
JS Bank Limited	Silk Bank Limited
Meezan Bank Limited	Khushhali Microfinance Bank Limited
Habib Bank Limited	Bank Islami Pakistan Limited
United Bank Limited	Dubai Islamic Bank Limited
Bank Alfalah Limited	Summit Bank Limited
Bank Al Habib Limited	U Microfinance Bank Limited
Askari Bank Limited	The First Microfinance Bank Limited
Habib Metropolitan Bank Limited	Mobilink Microfinance Bank Limited
Allied Bank Limited	
National Bank of Pakistan	
Soneri Bank Limited	
Telenor Microfinance Bank	
Faysal Bank Limited	

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

## Board of Directors



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



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Saad Amanullah Khan**  
Director



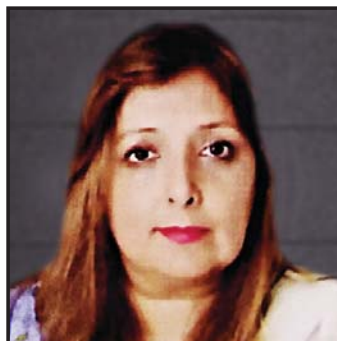
**Mr. Tauqeer Mazhar**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Ruhail Muhammad**  
Director



**Ms. Mehnaz Salar**  
Director



**Mr. Imran Zaffar**  
Director



## Senior Management



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



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



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



**Mr. Ozair Khan**  
Chief Technology Officer



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



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



**Mr. Khalid Mehmood**  
Chief Financial Officer



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



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



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



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



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



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



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



**Mr. Mustafa Farooq**  
Head of Compliance

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Seventeenth Annual Report of **NBP Stock Fund (NSF)** for the year ended June 30, 2023.

### Fund's Performance

FY23 was a lackluster year for equities as the benchmark KSE-100 Index remained flat, falling slightly by 88 points. However, during the year, the market remained very volatile and the Index exhibited large swings on both sides.

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

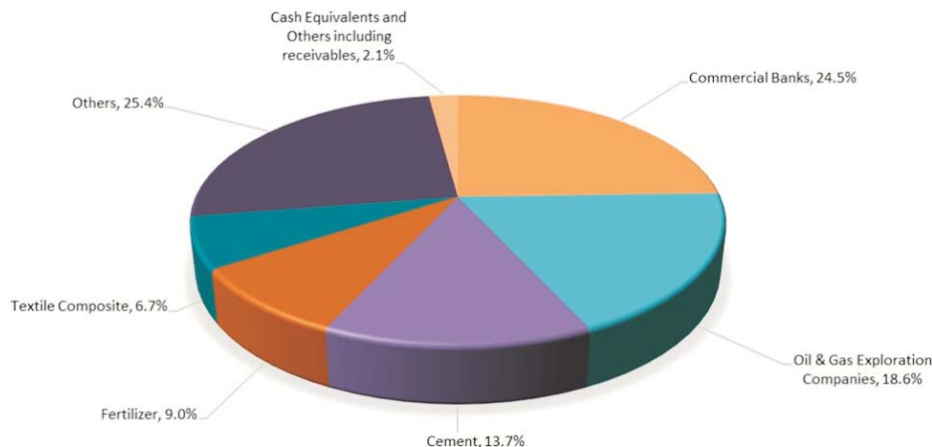
In terms of sector performance, Cements, Chemicals, Banks, Fertilizer, Oil & Gas Exploration Companies, Power Generation & Distribution, Sugar & Allied Industries, and Technology & Communication sectors outperformed the market. On the contrary, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical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

During the fiscal year, return of NBP Stock Fund decreased by 2.2% as against the KSE-30 Index increased by 4.4%, underperforming the market by 6.6%. The underperformance during the year was because the Fund was underweight in key stocks in Cement, Fertilizer, Inv. Banks / Inv. Cos. / Securities Cos, and Oil & Gas Exploration Companies, sectors that outperformed the market and was overweight in key stocks in Automobile Parts & Accessories, Commercial Banks, Engineering, Glass & Ceramics and Textile Composite, sectors that underperformed the market. Since inception (January 19, 2007), NSF has risen by 402.3%, whereas the KSE-30 Index has increased by 108.0%, thus to date out-performance is 294.3%. This outperformance is net of management fee and all other expenses. The Fund size is 10,166 million as of June 30, 2023.

NBP Stock Fund has earned a total income of Rs. 240.06 million during the year. After deducting total expenses of Rs. 573.32 million, the net loss is Rs.333.26 million. During the year, the unit price of NAFA Stock Fund has decreased from Rs. 13.7966 (Ex-Div) on June 30, 2022 to Rs. 13.4925 on June 30, 2023. The resultant per unit loss is Rs. -0.3041 (-2.20%).



The asset allocation of NBP Stock Fund as on June 30, 2023 is as follows:



## Income Distribution

Due to net loss for the year, no distribution has been made.

## Taxation

On account of net loss, no provision for taxation was made in the financial statements of the Fund.

## Auditors

The present auditors, Messrs Yousof Adil 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 22 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 21 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. For the year ended June 30, 2023, the Board included:

Category	Names
<b>Independent Directors</b>	<ol style="list-style-type: none"><li>1. Mr. Khalid Mansoor</li><li>2. Mr. Saad Amanullah Khan</li><li>3. Mr. Ruhail Muhammad</li><li>4. Mr. Humayun Bashir</li></ol>
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	<ol style="list-style-type: none"><li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li><li>2. Mr. Tauqeer Mazhar</li><li>3. Ms. Mehnaz Salar</li><li>4. Mr. Ali Saigol</li><li>5. Mr. Imran Zaffar</li></ol>

## Acknowledgement

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

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

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

**Chief Executive Officer**

**Director**

Date: September 15, 2023  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسٹاک فنڈ (NSF) کی سترہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

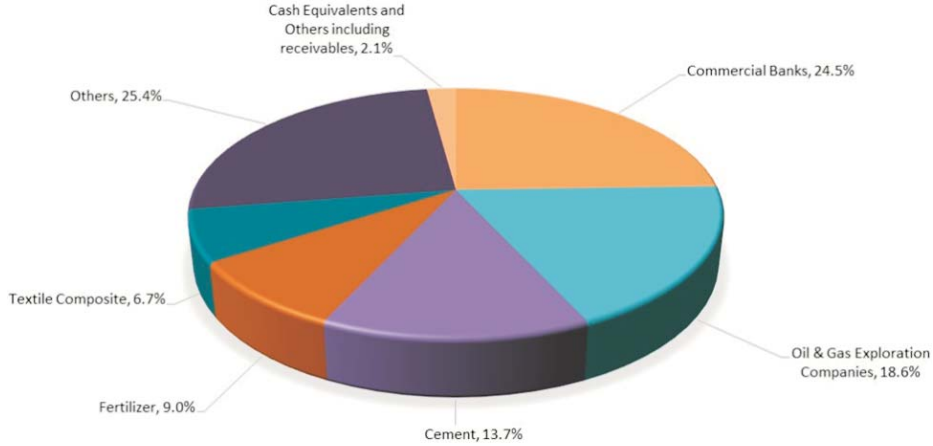
مالی سال 23 ایکویٹیز کے لیے مایوس کن تھا کیونکہ شیئنگ مارک KSE-100 انڈیکس فلیٹ رہا، جس میں 88 پوائنٹس کی کمی واقع ہوئی۔ تاہم، اس عرصہ کے دوران، مارکیٹ بہت اتار چڑھاؤ کا شکار رہی اور انڈیکس نے بھی دونوں اطراف جھکاؤ دکھایا۔

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

سیکٹرز اور کارکردگی کے لحاظ سے سینٹ، کیمیکل، بینک، فزیشنل، آئل اینڈ گیس، ایکسپلوریشن کمپنیاں، پاور جنریشن اینڈ ڈسٹری بیوشن، شوگر اینڈ الیٹریٹیٹی اینڈ سٹریٹ، اور ٹیکنالوجی اور کمیونیکیشن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اس کے برعکس، آٹو اسمبلرز، آٹو پارٹس اور اسپرینگز، کیمبل اور الیکٹریکل سامان، انجینئرنگ، فوڈ اینڈ ڈسٹری بیوشن، گلاس اینڈ سٹریٹس، انشورنس، لیڈر اینڈ ٹیکسٹائل، منقرقات، آئل اینڈ گیس مارکیٹنگ، پیپر اینڈ پورٹ، فارماسیوٹیکل، ریفرنسری، ٹیکسٹائل کمپوزٹ، اور تھمباکو کے شعبوں نے مارکیٹ سے اتر کارکردگی کا مظاہرہ کیا۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، کمپنیاں، انفرادی اور بینک/DFIs بالترتیب 100 بلین امریکی ڈالر، 84 بلین امریکی ڈالر اور 74 بلین امریکی ڈالر کی آمد کے ساتھ سب سے بڑے خالص خریدار رہے۔ اس کے برعکس، بیویچل فنڈز اور انشورنس نے اپنی خالص ہولڈنگز کو بالترتیب 144 بلین امریکی ڈالر اور 124 بلین امریکی ڈالر تک کم کر دیا۔

مالی سال کے دوران، NBP اسٹاک فنڈ میں KSE-30 انڈیکس کے 4.4% اضافہ کے مقابلے میں 2.2% کمی ہوئی، مارکیٹ نے 6.6% کی اتر کارکردگی دکھائی۔ کیونکہ فنڈ نے سال کے دوران، سینٹ، فزیشنل، انویسٹمنٹ بینکس/انویسٹمنٹ Cos/سیکورٹیز Cos، پاور جنریشن اینڈ ڈسٹری بیوشن، اینڈ آئل اینڈ گیس ایکسپلوریشن کمپنیز، سیکٹرز جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا میں اہم اسٹاکس میں کم اہمیت دی، کیمبل اینڈ الیکٹریکل اشیاء، کمرشل بینک، انجینئرنگ، گلاس اینڈ سٹریٹس اور ٹیکسٹائل کمپوزٹ، سیکٹرز جنہوں نے مارکیٹ میں اتر کارکردگی کا مظاہرہ کیا کے اہم اسٹاک کو زیادہ اہمیت دی گئی۔ فنڈ کے آغاز (19 جنوری 2007) کے بعد سے NSF میں 402.3% کا اضافہ ہوا، جبکہ KSE-30 انڈیکس 108.0% تک بڑھ گیا، لہذا فنڈ کی آج تک بہتر کارکردگی 294.3% ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2023 کو فنڈ کا سائز 10,166 ملین روپے ہے۔

NBP اسٹاک فنڈ کو اس مدت کے دوران 240.06 ملین روپے کی کل آمدنی ہوئی۔ 573.32 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 333.26 ملین روپے ہے۔ سال کے دوران، NBP اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2022 کو (Ex-Div) 13.7966 روپے سے کم ہو کر 30 جون 2023 کو 13.4925 روپے ہو گئی۔ جس کے نتیجے میں نی یونٹ نقصان 0.3041 روپے (-2.20%) ہے۔ 30 جون 2023 کو این پی اسٹاک فنڈ کی ایسٹ ایبلویشن درج ذیل ہے:



## آمدنی کی تقسیم

سال کے خالص نقصان کی وجہ سے، کوئی تقسیم نہ کی گئی۔

## ٹیکسیشن

خالص نقصان کی وجہ سے، فنڈ کے مالی بیانات میں ٹیکس لگانے کا کوئی بندوبست نہیں کیا گیا۔

## آڈیٹرز

میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے، اہل ہونے کی بنا پر 30 جون 2024 کو ختم ہونے والے سال کے لئے اپنے آپ کو تفری کے لئے پیش کرتے ہیں۔

## لسٹڈ 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 منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس 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 ٹیمبل / 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 22 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیرن مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، ای 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 18 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 انٹریسٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔



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

## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ 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 آرٹھی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

**NBP** منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Stock 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 Stock Fund

NBP Stock Fund is an Open-ended Equity Fund

### Investment Objective of the Fund

The objective of NBP Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund is moderate to high.

### Benchmark

The Benchmark of the Fund is KSE-30 Total Return Index.

### Fund performance review

This is the Seventeen annual report of the Fund During the fiscal year, NBP Stock Fund decreased by 2.2% as against the KSE-30 Index increased by 4.4%, underperforming the market by 6.6% during the year. Since inception (January 19, 2007), NSF has risen by 402.3%, whereas the KSE-30 Index has increased by 108.0%, thus to date out-performance is 294.3%. This outperformance is net of management fee and all other expenses. The Fund size is 10,166 million as of June 30, 2023.

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

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

**NSF Performance vs. Benchmark during FY23**



At the beginning of the year, was around 97.5% invested in equities. During the year, we adjusted the allocation of the Fund based on our view on different asset classes. Towards the end of the year, NSF was around 97.9% invested in equities.

FY23 was a lackluster year for equities as the benchmark KSE-100 Index remained flat, falling slightly by 88 points. However, during the period, the market remained very volatile and the Index exhibited large swings on both sides.

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

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

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

Particulars	30-Jun-23	30-Jun-22
Equities / Stock	97.9%	97.5%
Cash Equivalentents	1.3%	3.4%
T-Bills	1.5%	-
Other Net Liabilities	(0.7%)	(0.9%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Distribution for the Financial Year 2023

Due to net loss for the year, no distribution has been made.

## Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
1-1000	1020
1001-5000	378
5001-10000	142
10001-50000	315
50001-100000	93
100001-500000	113
500001-1000000	27
1000001-5000000	27
5000001-10000000	9
10000001-100000000	7
100000001-1000000000	3
<b>Total</b>	<b>2,134</b>

**During the period under question:**

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

## INDEPENDENT AUDITORS' REPORT

To the unit holders of NBP Stock Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of **NBP Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the cash flow statement for the 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 accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 5 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Equity Securities which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Obtained an understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>Independently verified existence of investments from Central Depository Company (CDC) account Statement, Investment Portfolio Services (IPS), bank confirmations and other relevant documents;</li> <li>Performed test of details on sale, purchase and maturity of investments on a sample basis by inspecting deal tickets, counterparty confirmation, broker confirmation and bank statements; and</li> <li>Tested valuation of investments by independently tracing rate to externally quoted market prices and from Pakistan Stock Exchange(PSX)</li> </ul>

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

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

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

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

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

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

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

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

### **Report on other legal and regulatory requirements**

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

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

Chartered Accountants

Place: Karachi

Date: September 21, 2023

UDIN: AR202310091CJHI3MGoK



## 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	134,375	461,917
Investments	5	10,097,701	13,322,576
Dividend and profit receivable	6	3,900	5,122
Receivable against sale of investments		43,211	18,968
Receivable from funds under management by Management Company against conversion of units		13	1,349
Advances, deposits and prepayment	7	7,365	7,337
<b>Total assets</b>		<b>10,286,565</b>	<b>13,817,269</b>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	8	70,032	98,947
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,044	1,385
Payable to Securities and Exchange Commission of Pakistan	10	2,376	3,647
Payable against redemption / conversion of units		6,241	4,660
Accrued expenses and other liabilities	11	40,958	41,014
<b>Total liabilities</b>		<b>120,651</b>	<b>149,653</b>
<b>Net assets</b>		<b>10,165,914</b>	<b>13,667,616</b>
<b>Unitholders' fund (as per statement attached)</b>		<b>10,165,914</b>	<b>13,667,616</b>
<b>Contingency and commitment</b>	12		
		(Number of units)	
<b>Number of units in issue</b>	13	753,446,983	990,648,156
		(Rupees)	
<b>Net assets value per unit</b>		<b>13.4925</b>	<b>13.7966</b>

The annexed notes 1 to 26 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

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>Income</b>			
Dividend income		1,144,069	1,330,698
(Loss) on sale of investments at fair value through profit or loss (FVTPL) - net		(133,944)	(160,772)
Profit on bank deposits		26,250	28,061
Income from government securities - T-bills		52,524	18,634
Net unrealised (diminution) on re-measurement of investments at FVTPL	5.1 & 5.2	(848,845)	(3,018,110)
<b>Total income / (loss)</b>		<b>240,054</b>	<b>(1,801,489)</b>
<b>Expenses</b>			
Remuneration to NBP Fund Management Limited - Management Company	8.1	295,864	317,112
Sindh Sales Tax on remuneration to Management Company	8.2	38,462	41,225
Remuneration to Central Depository Company of Pakistan Limited - Trustee	9.1	12,882	19,236
Sindh Sales Tax on remuneration to Trustee	9.2	1,675	2,501
Reimbursement of Selling and marketing expenses	8.3	184,179	339,170
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	23,765	35,741
Annual fee - Securities and Exchange Commission of Pakistan	10	2,376	3,647
Securities transaction cost		10,741	17,957
Settlement and bank charges		1,893	1,800
Auditors' remuneration	14	875	810
Fund rating fee		295	280
Annual listing fee		28	28
Professional fees		180	311
Printing charges		100	97
<b>Total expenses</b>		<b>573,315</b>	<b>779,915</b>
<b>Net loss from operating activities</b>		<b>(333,261)</b>	<b>(2,581,404)</b>
Reversal of Provision for Sindh Workers' Welfare Fund	11.1	-	210,624
<b>Net loss for the year before taxation</b>		<b>(333,261)</b>	<b>(2,370,780)</b>
Taxation	15	-	-
<b>Net loss for the year</b>		<b>(333,261)</b>	<b>(2,370,780)</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

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

	2023	2022
	----- (Rupees in '000) -----	-----
Net loss for the year	(333,261)	(2,370,780)
Other comprehensive income for the year	-	-
<b>Total (loss) / comprehensive income for the year</b>	<b>(333,261)</b>	<b>(2,370,780)</b>

The annexed notes 1 to 26 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		
	Value	Undistributed income / Accumulated (losses)	Total	Value	Undistributed income / Accumulated (losses)	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	13,345,889	321,727	13,667,616	18,001,366	2,692,507	20,693,873
Issue of 114,309,350 units (2022: 382,985,440 units)	13					
- Capital value	1,577,081	-	1,577,081	6,144,350	-	6,144,350
- Element of (loss)	(18,904)	-	(18,904)	(100,565)	-	(100,565)
Total proceeds on issuance of units	1,558,177	-	1,558,177	6,043,785	-	6,043,785
Redemption of 351,510,523 units (2022: 682,215,260 units)	13					
- Capital value	(4,849,650)	-	(4,849,650)	(10,944,984)	-	(10,944,984)
- Element of income	123,032	-	123,032	245,722	-	245,722
Total payments on redemption of units	(4,726,618)	-	(4,726,618)	(10,699,262)	-	(10,699,262)
Total loss for the year	-	(333,261)	(333,261)	-	(2,370,780)	(2,370,780)
<b>Net assets at end of the year</b>	<b>10,177,448</b>	<b>(11,534)</b>	<b>10,165,914</b>	<b>13,345,889</b>	<b>321,727</b>	<b>13,667,616</b>
Accumulated income brought forward						
- Realised		3,339,837			(949,603)	
- Unrealised		(3,018,110)			3,642,110	
		321,727			2,692,507	
Net loss for the year		(333,261)			(2,370,780)	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		-			-	
		-			-	
Undistributed (loss) / income carried forward		(11,534)			321,727	
Undistributed (loss) / income carried forward						
- Realised		837,311			3,339,837	
- Unrealised		(848,845)			(3,018,110)	
		(11,534)			321,727	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			13.7966			16.0433
Net assets value per unit at end of the year			13.4925			13.7966

The annexed notes 1 to 26 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
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	(333,261)	(2,370,780)
<b>Adjustments for non-cash items:</b>		
Net unrealised diminution on remeasurement of investments at FVTPL	5.1 848,845	3,018,110
Reversal of Provision for Sindh Workers' Welfare Fund	11.1 -	(210,624)
	<b>515,584</b>	<b>436,706</b>
<b>Decrease / (Increase) in assets</b>		
Investments	2,376,030	3,949,457
Dividend and profit receivable	1,222	(3,632)
Receivable against sale of investments	(24,243)	(8,491)
Advances, deposits and prepayment	(28)	149,759
	<b>2,352,981</b>	<b>4,087,093</b>
<b>Decrease / (Increase) in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	(28,915)	(40,560)
Payable to Central Depository Company of Pakistan Limited - Trustee	(341)	(692)
Payable to Securities and Exchange Commission of Pakistan	(1,271)	15
Accrued expenses and other liabilities	(56)	(31,398)
	<b>(30,583)</b>	<b>(72,635)</b>
<b>Net cash generated from operating activities</b>	<b>2,837,982</b>	<b>4,451,164</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	1,559,513	6,055,425
Amount paid on redemption of units	(4,725,037)	(10,705,109)
<b>Net cash used in from financing activities</b>	<b>(3,165,524)</b>	<b>(4,649,684)</b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(327,542)</b>	<b>(198,520)</b>
Cash and cash equivalents at beginning of the year	461,917	660,437
<b>Cash and cash equivalents at end of the year</b>	4 134,375	461,917

The annexed notes 1 to 26 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 30 JUNE 2023

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 01 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as an "equity scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. In case the Fund Manager expects the stock market to drop, he/she may temporarily allocate assets to other asset classes, subject to the prescribed limits, such as Treasury Bills (not exceeding 90 days) and bank deposits (excluding TDRs). The risk profile of the fund is high risk.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company and performance ranking of '3-Star' (2022: '4-Star') to the Fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.7 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under 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.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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



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

**2.1.2** The SECP vide SRO 800 (I)/2021 dated June 22, 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after June 30, 2022 (earlier application permitted)". However, as permitted the Fund had already applied the IFRS-9 during the period ended June 30, 2019 with the exception of below mentioned impairment requirements as refer in note 2.1.3 of these financial statements.

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

## **2.2 Accounting convention**

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

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupees, except otherwise stated.

## **2.4 Use of judgments and estimates**

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

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

- (a) Valuation of investment (Note 3.1.3 & 5);
- (b) Provisions (Note 3.2); and
- (c) Classification and Impairment of financial assets (Note 3.1.2 and 3.1.7).

## **2.5 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS:**

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41) \

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

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

#### **Effective from accounting period beginning on or after:**

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

### **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 consistently applied to all the periods presented in the financial statements.

#### **3.1 Financial instruments**

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

## 3.1.1 Recognition and initial measurement

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

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

## 3.1.2 Classification - Financial assets

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

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

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

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

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

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

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

### Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

The Fund has determined that it has two business models:

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

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

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

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

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

### Reclassifications

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

### 3.1.3 Subsequent measurement - Financial assets

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

The fair value of financial assets are determined as follows:

#### a) Equity investments

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

## b) Government securities

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

### 3.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

### 3.1.5 Fair value measurement

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market prices used for financial assets held by the Fund is current bid price.

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

### 3.1.6 Amortised cost measurement

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

### 3.1.7 Impairment of financial assets

The Fund at each reporting date evaluates whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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

### 3.1.8 Derecognition

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

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

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

### **3.1.9 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.

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

### **3.1.10 Derivatives**

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

### **3.1.11 Cash and cash equivalents**

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

### **3.2 Provisions**

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

### **3.3 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 ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

### **3.4 Issue and redemption of units**

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

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

### 3.5 Element of income

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

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

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

### 3.6 Earnings per unit

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

### 3.7 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on 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.

### 3.8 Income recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as Financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised using the effective yield method.
- Dividend income on equity securities is recognised when the right to receive the dividend is established. For quoted equity securities, this is usually the ex-dividend date.

### 3.9 Distribution

Distributions declared are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

	Note	2023 ----- (Rupees in '000) -----	2022
<b>4 BANK BALANCES</b>			
In current accounts		1,454	1,424
In savings accounts	4.1	132,921	460,493
		<u>134,375</u>	<u>461,917</u>

4.1 These accounts carry profit at rates ranging from 14.4% to 19.8% (2022: 6.50% to 17.25%) per annum.



	Note	2023	2022
		(Rupees in '000)	
<b>5 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Listed equity securities	5.1	9,949,870	13,322,576
Market Treasury Bills	5.2	147,831	-
		<b>10,097,701</b>	<b>13,322,576</b>

## 5.1 Investment in listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Thal Limited, Dynea Pakistan Limited, Shabbir Tiles and Ceramics Limited and Agriauto Industriues Limited which have a face value of Rs.5, K-Electric Limited which have a face of Rs.3.5 each and Hum Network which have face of Re. 1 each.

Name of the Investee Company	As at 1 July 2022	Purchases during the year	Bonus Shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2023	Market value /carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	(Number of shares)						(Rupees in '000)	(%)		
<b>Oil and Gas Exploration Company</b>										
Pakistan Oilfields Limited	650,614	48,787	-	-	240,185	459,216	184,499	1.81	1.83	0.16
Pakistan Petroleum Limited	7,495,498	2,580,570	-	-	847,789	9,228,279	545,760	5.37	5.40	0.34
Mari Petroleum Company Limited	521,017	-	-	-	103,182	417,835	632,869	6.23	6.27	0.31
Oil & Gas Development Company Limited	6,863,880	1,539,227	-	-	1,635,710	6,767,397	527,857	5.19	5.23	0.16
	<b>15,531,009</b>	<b>4,168,584</b>	-	-	<b>2,826,866</b>	<b>16,872,727</b>	<b>1,890,986</b>	<b>18.60</b>	<b>18.73</b>	
<b>Oil and Gas Marketing Company</b>										
Pakistan State Oil Company Limited	2,077,959	259,293	-	-	568,036	1,769,216	196,401	1.93	1.95	0.38
Attock Petroleum Limited	149,471	-	32,648	-	182,117	2	-	0.00	0.00	0.00
Hascol Petroleum Limited	4,073	-	-	-	-	4,073	23	0.00	0.00	0.00
Sui Northern Gas Pipelines Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
	<b>2,231,503</b>	<b>259,293</b>	<b>32,648</b>	-	<b>750,153</b>	<b>1,773,291</b>	<b>196,424</b>	<b>1.93</b>	<b>1.95</b>	
<b>Fertilizer</b>										
Engro Corporation Limited	1,843,428	289,955	-	-	460,578	1,672,805	434,745	4.28	4.31	0.29
Fauji Fertilizer Bin Qasim Company Limited	12,495,345	-	-	-	6,819,000	5,676,345	66,867	0.66	0.66	0.44
Fauji Fertilizer Company Limited	3,032,448	1,124,000	-	-	-	4,156,448	409,161	4.02	4.05	0.33
	<b>17,371,221</b>	<b>1,413,955</b>	-	-	<b>7,279,578</b>	<b>11,505,598</b>	<b>910,773</b>	<b>8.96</b>	<b>9.02</b>	
<b>Chemical</b>										
Engro Polymer & Chemicals Limited	4,108,656	260,226	-	-	3,022,681	1,346,201	56,877	0.56	0.56	0.15
Dynea Pakistan Limited	19,000	-	-	-	19,000	-	-	0.00	0.00	0.00
Lucky Core Industries Limited	132,400	-	-	-	33,005	99,395	60,048	0.59	0.59	0.11
Lotte Chemical Pakistan Limited	5,862,352	610,024	-	-	6,472,376	-	-	0.00	0.00	0.00
	<b>10,122,408</b>	<b>870,250</b>	-	-	<b>9,547,062</b>	<b>1,445,596</b>	<b>116,925</b>	<b>1.15</b>	<b>1.16</b>	
<b>Automobile Parts and Accessories</b>										
Agriautos Industries Limited	7,000	4,000	2,750	-	-	13,750	853	0.01	0.01	0.05
Thal Limited*	294,089	-	-	-	33,500	260,589	42,216	0.42	0.42	0.32
Baluchistan Wheels Limited	87,000	-	-	-	87,000	-	-	0.00	0.00	0.00
Panther Tyres Limited	4,478,559	-	-	-	1,397,500	3,081,059	62,114	0.61	0.62	1.83
	<b>4,866,648</b>	<b>4,000</b>	<b>2,750</b>	-	<b>1,518,000</b>	<b>3,355,398</b>	<b>105,183</b>	<b>1.03</b>	<b>1.04</b>	
<b>Cement</b>										
D.G. Khan Cement Company Limited	-	80,000	-	-	-	80,000	4,104	0.04	0.04	0.02
Lucky Cement Limited	892,991	46,100	-	-	492,015	447,076	233,414	2.30	2.31	0.14
Maple Leaf Cement Factory Limited	2,895,825	830,035	-	-	3,725,858	2	-	0.00	0.00	0.00
Attock Cement Pakistan Limited	1,958,800	421,666	-	-	185,500	2,194,966	181,897	1.79	1.80	1.60
Fecto Cement Limited	243,200	-	-	-	-	243,200	4,862	0.05	0.05	0.48
Fauji Cement Company Limited	6,417,000	1,935,500	940,875	-	9,293,375	-	-	0.00	0.00	0.00
Kohat Cement Company Limited	5,135,920	874,219	-	-	421,114	5,589,025	969,528	9.54	9.60	2.78
	<b>17,543,736</b>	<b>4,187,520</b>	<b>940,875</b>	-	<b>14,117,862</b>	<b>8,554,269</b>	<b>1,393,805</b>	<b>13.71</b>	<b>13.80</b>	

Name of the Investee Company	As at 1 July 2022	Purchases during the year	Bonus Shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2023	Market value /carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	( Number of shares )						(Rupees in '000)	(%)		
<b>Paper and Board</b>										
Century Paper and Board Mills Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
Cherat Packaging Limited	-	-	1	-	-	1	0	0.00	0.00	0.00
Roshan Packages Limited	1,494,500	60,500	-	-	94,000	1,461,000	12,988	0.13	0.13	1.03
	<b>1,494,500</b>	<b>60,500</b>	<b>1</b>	<b>-</b>	<b>94,000</b>	<b>1,461,001</b>	<b>12,989</b>	<b>0.13</b>	<b>0.13</b>	
<b>Automobile Assembler</b>										
Al-Ghazi Tractors Limited	6,000	5,900	-	-	2,500	9,400	2,386	0.02	0.02	0.02
Honda Atlas Cars (Pakistan) Limited	188,705	-	-	-	188,705	-	-	0.00	0.00	0.00
Millat Tractors Limited	133,815	-	13,430	-	147,240	5	2	0.00	0.00	0.00
Pak Suzuki Motor Company Limited	-	-	-	-	-	-	-	0.00	0.00	0.00
	<b>328,520</b>	<b>5,900</b>	<b>13,430</b>	<b>-</b>	<b>338,445</b>	<b>9,405</b>	<b>2,388</b>	<b>0.02</b>	<b>0.02</b>	
<b>Pharmaceuticals</b>										
Abbot Laboratories (Pakistan) Limited	86,700	-	-	-	51,750	34,950	12,932	0.13	0.13	0.04
AGP Limited	322,034	-	-	-	31,250	290,784	16,423	0.16	0.16	0.10
Citi Pharma Limited	1,857,186	-	-	-	390,500	1,466,686	31,299	0.31	0.31	0.64
Haleon Pakistan Limited	8,600	-	-	-	-	8,600	1,205	0.01	0.01	0.01
The Searle Company Limited	1,286,382	-	321,596	-	420,610	1,187,368	45,500	0.45	0.45	0.38
	<b>3,560,902</b>	<b>-</b>	<b>321,596</b>	<b>-</b>	<b>894,110</b>	<b>2,988,388</b>	<b>107,359</b>	<b>1.06</b>	<b>1.06</b>	
<b>Engineering</b>										
Aisha Steel Mills Limited	6,233,669	-	-	-	490,000	5,743,669	31,016	0.31	0.31	0.62
International Industries Limited	330,800	-	-	-	320,943	9,857	722	0.01	0.01	0.01
International Steels Limited	125,066	64,509	-	-	125,066	64,509	2,615	0.03	0.03	0.01
Mughal Iron and Steel Industries Limited	7,248,469	248,518	-	-	1,323,901	6,173,086	299,024	2.94	2.96	1.84
	<b>13,938,004</b>	<b>313,027</b>	<b>-</b>	<b>-</b>	<b>2,259,910</b>	<b>11,991,121</b>	<b>333,377</b>	<b>3.28</b>	<b>3.30</b>	
<b>Textile Composite</b>										
Azgard Nine Limited (Non-voting)	806,400	-	-	-	-	806,400	5,645	0.06	0.06	0.16
Crescent Textile Mills Limited	40,000	-	-	-	-	40,000	516	0.01	0.01	0.04
Gul Ahmed Textile Mills Limited	5,635,107	1,251,309	1,169,343	-	1,039,702	7,016,057	124,956	1.23	1.24	1.14
Interloop Limited	2,541,402	-	33,079	-	2,574,481	-	0	0.00	0.00	0.00
Kohinoor Textile Mills Limited	7,328,019	2,360,500	-	-	1,168,000	8,520,519	433,780	4.27	4.30	2.85
Nishat Chunian Limited	1,391,244	-	-	-	1,391,244	-	-	0.00	0.00	0.00
Nishat Mills Limited	2,176,118	212,104	-	-	407,241	1,980,981	112,460	1.11	1.11	0.56
	<b>19,918,290</b>	<b>3,823,913</b>	<b>1,202,422</b>	<b>-</b>	<b>6,580,668</b>	<b>18,363,957</b>	<b>677,357</b>	<b>6.66</b>	<b>6.71</b>	
<b>Food and Personal Care Products</b>										
Al-Shaheer Corporation Limited	23,475	-	-	-	-	23,475	170	0.00	0.00	0.01
Bunnys Limited	-	39,500	-	-	-	39,500	656	0.01	0.01	0.01
National Foods Limited	-	542,000	-	-	333,400	208,600	20,526	0.20	0.20	0.01
At-Tahur Limited	4,920	90,000	9,492	-	-	104,412	1,719	0.02	0.02	0.05
Shezan International Limited	5,830	14,000	-	-	-	19,830	2,092	0.02	0.02	0.21
	<b>34,225</b>	<b>685,500</b>	<b>9,492</b>	<b>-</b>	<b>333,400</b>	<b>395,817</b>	<b>25,163</b>	<b>0.25</b>	<b>0.25</b>	
<b>Technology and Communication</b>										
Avanceon Limited	26,943	-	4,041	-	-	30,984	1,365	0.01	0.01	0.01
Pakistan Telecommunication Company Limited	2,352,500	-	-	-	2,352,500	-	-	0.00	0.00	0.00
System Limited	1,903,427	98,023	-	-	742,054	1,259,396	507,952	5.00	5.03	0.46
	<b>4,282,870</b>	<b>98,023</b>	<b>4,041</b>	<b>-</b>	<b>3,094,554</b>	<b>1,290,380</b>	<b>509,317</b>	<b>5.01</b>	<b>5.04</b>	
<b>Power Generation and Distribution</b>										
Lalpir Power Limited	5,506,500	-	-	-	1,829,000	3,677,500	54,979	0.54	0.54	0.97
Nishat Chunian Power Limited	1,367,000	765,083	-	-	1,599,500	532,583	8,894	0.09	0.09	0.14
PAKGEN Power Limited	703,500	-	-	-	703,500	-	-	0.00	0.00	0.00
The Hub Power Company Limited	7,391,275	824,500	-	-	1,519,160	6,696,615	465,951	4.58	4.61	0.52
	<b>14,968,275</b>	<b>1,589,583</b>	<b>-</b>	<b>-</b>	<b>5,651,160</b>	<b>10,906,698</b>	<b>529,823</b>	<b>5.21</b>	<b>5.25</b>	

Name of the Investee Company	As at 1 July 2022	Purchases during the year	Bonus Shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2023	Market value /carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	( Number of shares )						(Rupees in '000)	(%)		
<b>Commercial Banks</b>										
Allied Bank Limited	829,601	-	-	-	829,600	1	0	0.00	0.00	0.00
Askari Bank Limited	1,300,000	4,835,000	877,050	-	99,000	6,913,050	89,593	0.88	0.89	0.55
Bank Al-Falah Limited	20,148,865	1,286,829	-	-	2,208,357	19,227,337	585,280	5.76	5.80	1.08
Bank Al-Habib Limited	10,086,269	552,796	-	-	1,445,332	9,193,733	397,353	3.91	3.94	0.83
Bank Of Punjab Limited	6,666,188	-	8,769	-	6,674,956	2	0	0.00	0.00	0.00
Faysal Bank Limited	8,771,038	323,000	-	-	7,135,284	1,958,754	39,528	0.39	0.39	0.13
Habib Bank Limited	11,508,233	57,800	-	-	5,087,403	6,478,630	474,430	4.67	4.70	0.44
Habib Metropolitan Bank Limited	2,115,500	248,500	-	-	86,000	2,278,000	68,841	0.68	0.68	0.22
MCB Bank Limited	6,461	1,494,798	-	-	-	1,501,259	171,849	1.69	1.70	0.10
Meezan Bank Limited	-	1,681,570	-	-	-	1,681,570	145,238	1.43	1.44	0.14
United Bank Limited	7,040,355	60,000	-	-	2,677,320	4,423,035	519,884	5.11	5.15	0.36
	<b>68,472,510</b>	<b>10,540,293</b>	<b>885,819</b>	<b>-</b>	<b>26,243,251</b>	<b>53,655,371</b>	<b>2,491,996</b>	<b>24.51</b>	<b>24.68</b>	
<b>Insurance</b>										
Adamjee Insurance Company Limited	356,500	-	-	-	-	356,500	8,068	0.08	0.08	0.10
IGI Holdings Limited	321,100	-	-	-	37,700	283,400	23,811	0.23	0.24	0.20
TPL Insurance Limited	2,498,500	-	874,475	-	437,500	2,935,475	60,794	0.60	0.60	2.50
	<b>3,176,100</b>	<b>-</b>	<b>874,475</b>	<b>-</b>	<b>475,200</b>	<b>3,575,375</b>	<b>92,673</b>	<b>0.91</b>	<b>0.92</b>	
<b>Exchange Traded Funds</b>										
NBP Pakistan Growth Exchange Traded Fund	4,900,000	-	-	-	-	4,900,000	49,980	0.49	0.49	86.57
<b>Glass and Ceramics</b>										
Ghani Value Glass Limited	11,625	-	-	-	11,625	-	-	0.00	0.00	0.00
Shabbir Tiles and Ceramics Limited	10,619,000	1,361,000	-	-	60,000	11,920,000	99,174	0.98	0.98	4.98
Tanq Glass Industries Limited	2,193,893	78,000	493,752	-	953,241	1,812,404	123,425	1.21	1.22	1.32
	<b>12,824,518</b>	<b>1,439,000</b>	<b>493,752</b>	<b>-</b>	<b>1,024,866</b>	<b>13,732,404</b>	<b>222,599</b>	<b>2.19</b>	<b>2.20</b>	
<b>Cable and Electric Goods</b>										
Pak Elektron Limited	5,732,680	-	-	-	2,986,500	2,746,180	24,853	0.24	0.25	0.32
<b>Transport</b>										
Pakistan National Shipping Corporation	-	1,258,500	-	-	-	1,258,500	166,789	1.64	1.65	0.21
Pakistan International Bulk Terminal Limited	22,718,500	50,500	-	-	1,087,000	21,682,000	89,113	0.88	0.88	1.21
	<b>22,718,500</b>	<b>1,309,000</b>	<b>-</b>	<b>-</b>	<b>1,087,000</b>	<b>22,940,500</b>	<b>255,902</b>	<b>2.52</b>	<b>2.53</b>	
<b>Leather &amp; Tanneries</b>										
Service GlobalFootwear Limited	2,439	-	-	-	2,439	-	-	0.00	0.00	0.00
<b>Total - 30 June 2023</b>	<b>244,018,858</b>	<b>30,768,341</b>	<b>4,781,301</b>	<b>-</b>	<b>87,105,024</b>	<b>192,463,476</b>	<b>9,949,870</b>	<b>97.87</b>	<b>98.54</b>	
Carrying value before fair value adjustment as at 30 June 2023							<u>10,798,612</u>			
Net unrealised diminution on re-measurement of investments at FVTPL							<u>(848,742)</u>			

**5.1.1** Investments include shares with market value of Rs. 148.194 million (30 June 2022: Rs. 176.243 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.

**5.1.2** The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has led a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case.

During the year ended 30 June 2018, the Honourable Supreme Court of Pakistan (HSC) passed a judgement on 27 June 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended 30 June 2019. After that, the CISs have filed a fresh constitutional petition via CP 4653 dated 11 July 2019. In this regard, on 15 July 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

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

Accordingly, the investee companies had withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 7.028 million (30 June 2022: Rs. 8.988 million) and not deposited in CDC account of department of Income Tax.

## 5.2 Market Treasury Bills

Issue date	Tenor	Face Value			As at 30 June 2023	Market value / Carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2022	Purchases during the year	Sales / matured during the year				
14 July 2022		-	607,500	607,500	-	-	-	
02 June 2022		-	250,000	250,000	-	-	-	
03 November 2022		-	150,000	150,000	-	-	-	
10 February 2022		-	400,000	400,000	-	-	-	
10 March 2022		-	677,500	677,500	-	-	-	
11 August 2022		-	635,000	635,000	-	-	-	
25 August 2022		-	360,000	360,000	-	-	-	
28 April 2022		-	400,000	400,000	-	-	-	
28 July 2022		-	635,000	635,000	-	-	-	
30 June 2022		-	607,500	607,500	-	-	-	
17 November 2022		-	625,000	625,000	-	-	-	
31 January 2023		-	72,233	72,233	-	-	-	
10 February 2023		-	150,000	150,000	-	-	-	
04 May 2023		-	150,000	-	150,000	147,831	1.45%	
<b>Total</b>		<b>-</b>	<b>5,719,733</b>	<b>5,569,733</b>	<b>150,000</b>	<b>147,831</b>	<b>1.45%</b>	

Carrying value before fair value adjustment as at 30 June 2023

147,934

Net unrealised diminution on re-measurement of investments at FVTPL

(103)

		2023	2022
	Note	----- (Rupees in '000) -----	
<b>6</b>	<b>DIVIDEND AND PROFIT RECEIVABLE</b>		
	Dividend receivable	142	1,664
	Profit receivable on savings accounts	3,758	3,458
		<b>3,900</b>	<b>5,122</b>
<b>7</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENT</b>		
	Advance tax	7.1 4,591	4,591
	Security deposits with:		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Prepaid Mutual Fund Rating fee	174	146
		<b>7,365</b>	<b>7,337</b>

**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 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008- VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits as at 30 June 2023 amounted to Rs. 4.591 million (2022: Rs. 4.591 million).

Advance tax as at 30 June 2023 as in the opinion of the management, the amount of tax deducted at source will be refunded.

		2023	2022
	Note	----- (Rupees in '000) -----	
<b>8</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Management remuneration	8.1 20,963	28,514
	Sindh Sales Tax on management remuneration	8.2 2,723	3,705
	Sales load and others	120	670
	Reimbursement of Selling and marketing expenses	8.3 40,913	58,464
	Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4 5,279	7,544
	ADC charges including Sindh Sales Tax	34	50
		<b>70,032</b>	<b>98,947</b>

**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 remuneration as follows:

- From 12 July 2019 to 1 February 2022, at the rate of 1.5% of the average annual net assets of the Fund.
- From 2 February 2022 to 30 April 2022, at the rate of 2.0% of the average annual net assets of the Fund.
- From 1 May 2022 to 30 June 2023, at the rate of 2.5% of the average annual net assets of the Fund.

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

**8.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2022: 13%) was charged on management remuneration and sales load.

- 8.3 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 of the average annual net assets of the Fund during the year:

Period	Rate per annum
1 July 2021 to 19 September 2021	2% of net assets or actual expenses whichever is lower.
20 September 2021 to 01 February 2022	2.05% of net assets or actual expenses whichever is lower.
02 February 2022 to 30 June 2023	1.55% of net assets or actual expenses whichever is lower.

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

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

- From 1 July 2021 to 25 July 2021, at the rate of 0.15% of the average annual net assets of the Fund.
- From 26 July 2021 to 30 June 2023, at the rate of 0.20% of the average annual net assets of the Fund.

	Note	2023 (Rupees in '000)	2022
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE</b>			
Trustee remuneration	9.1	924	1,226
Sindh Sales Tax on Trustee remuneration	9.2	120	159
		<u>1,044</u>	<u>1,385</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund:

Description	Tariff per annum
Upto Rs. 1 billion	0.20% per annum of net assets
On an amount exceeding Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1 billion

The remuneration is paid to the Trustee monthly in arrears.

- 9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2021: 13%) was charged on trustee remuneration.

## 10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP at an amount equal to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

		2023	2022
	Note	----- (Rupees in '000) -----	
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	11.1	-	-
Federal Excise Duty on management remuneration	11.2	<b>32,183</b>	32,183
Federal Excise Duty on sales load		<b>3,904</b>	3,904
Brokerage fee		<b>636</b>	671
Auditors' remuneration		<b>624</b>	582
Settlement charges		<b>716</b>	164
Withholding tax		<b>281</b>	517
Printing charges		<b>80</b>	73
Capital gain tax		<b>71</b>	600
Bank charges		<b>154</b>	46
Professional charges		<b>175</b>	141
Time barred cheques		<b>917</b>	917
Others		<b>1,217</b>	1,216
		<b>40,958</b>	<b>41,014</b>

**11.1** SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

**11.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honourable Sindh High Court (SHC) on 4 September 2013.

The Honourable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honourable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 32.713 million out of which Rs. 0.530 million have been paid to the Management Company (30 June 2022: Rs. 32.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.0427 (30 June 2022: Re. 0.0325) per unit.

## 12 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2023 (2022: Nil), except as disclosed elsewhere.

	2023	2022
<b>13 NUMBER OF UNITS IN ISSUE</b>	<b>(Number of units)</b>	
Total units in issue at beginning of the year	990,648,156	1,289,877,976
Add: units issued against		
- Sale	114,309,350	382,985,440
- Refund of capital at zero value	-	-
	114,309,350	382,985,440
Less: Units redeemed	(351,510,523)	(682,215,260)
Total units in issue at end of the year	753,446,983	990,648,156
	<b>2023</b>	<b>2022</b>
<b>14 AUDITORS' REMUNERATION</b>	----- (Rupees in '000) -----	
Statutory audit fee	484	440
Half year review fee	198	180
Out of pocket expenses and others including government levy	193	190
	875	810

## 15 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. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units as the case may be shall not be taken into account. 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.

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.

## 16 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 4.83% (2022: 4.28%) per annum. Total expense ratio (excluding government levies) is 4.47% (2022: 4.20%) per annum.

	As at 30 June 2023		
	At fair value through profit or loss	At amortised cost	Total
<b>17 FINANCIAL INSTRUMENTS BY CATEGORY</b>	----- (Rupees in '000) -----		
<b>Assets</b>			
Bank balances	-	134,375	134,375
Investments	10,097,701	-	10,097,701
Dividend and profit receivable	-	3,900	3,900
Receivable against sale of investments	-	43,211	43,211
Receivable from funds under management by Management Company against conversion of units	-	13	13
Deposits	-	2,600	2,600
	10,097,701	184,099	10,281,800



As at 30 June 2023		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
<b>Liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	-	70,032
		70,032
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,044
		1,044
Payable against redemption / conversion of units	-	6,241
		6,241
Accrued expenses and other liabilities	-	4,519
		4,519
Net assets attributable to unitholder	-	10,165,914
		10,165,914
	-	10,247,750
		10,247,750
As at 30 June 2022		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
<b>Assets</b>		
Bank balances	-	461,917
		461,917
Investments	13,322,576	-
		13,322,576
Dividend and profit receivable	-	5,122
		5,122
Receivable against sale of investments	-	18,968
		18,968
Receivables from funds under management by Management Company against conversion of units	-	1,349
		1,349
Advances and deposits	-	2,600
		2,600
	13,322,576	489,956
		13,812,532
As at 30 June 2022		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
<b>Liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	-	98,947
		98,947
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,385
		1,385
Payable against redemption / conversion of units	-	4,660
		4,660
Accrued expenses and other liabilities	-	3,810
		3,810
Net assets attributable to unitholder	-	13,667,616
		13,667,616
	-	13,776,418
		13,776,418

## 18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

- 18.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 18.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:
- 18.5** Details of transactions with connected persons are as follows:

	2023	2022
	(Rupees in '000)	
<b>NBP Fund Management Limited - Management Company</b>		
Issue of Nil units (2022: 21,159,420 units)	-	319,249
Redemption of 11,483,947 units (2022: 16,370,854 units)	<b>151,866</b>	241,407
Dividend reinvest: Nil units (2022: NIL units)	-	-
Remuneration of NBP Fund Management Limited - Management Company	<b>295,864</b>	317,112
Sindh Sales Tax on remuneration to Management Company	<b>38,462</b>	41,225
Reimbursement of Selling and marketing expenses	<b>184,179</b>	339,170
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	<b>23,765</b>	35,741
Sales load and others		3,533
ADC charges including Sindh Sales Tax		32
<b>Employees of the Management Company</b>		
Issue of 5,987,727 units (2022: 5,113,559 units)	<b>80,946</b>	79,797
Redemption of 6,186,617 units (2022: 5,993,101 units)	<b>83,608</b>	93,210
Dividend reinvest: Nil units (2022: Nil units)	-	-
<b>National Fullerton Asset Management Ltd- Emp. Provident Fund - Retirement benefit fund of Management Company</b>		
Issue of 696,556 units (2022: 402,057 units)	<b>9,465</b>	6,484
Redemption of 1,343,393 units (2022: 395,559 units)	<b>18,037</b>	6,217
<b>NBP Employees Pension Fund - Retirement benefit fund of Parent Company</b>		
Dividend reinvest: Nil units (2022: Nil units)	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Issue of Nil units (2022: 8,229,511 units)	-	124,898
Remuneration of the Trustee	-	19,236
Sindh Sales Tax on remuneration to Trustee	-	2,501
CDS Charges	-	516
<b>Mr. Khalid Mehmood - Chief Financial Officer</b>		
Issue of 68 units (2022: 1,175 units)	<b>1</b>	19
Redemption of Nil units (2022: 170,173 units)	-	2,669
Dividend reinvest: Nil units (2022: Nil)	-	-
<b>Mr. Amjad Waheed - Chief Executive Officer</b>		
Issue of 4,546 units (2022: 429,064 units)	<b>62</b>	7,001
Redemption of 2,757 units (2022: 585,843 units)	<b>39</b>	8,638
Dividend reinvest Nil units (2022: Nil)	-	-

	2023	2022
	(Rupees in '000)	
<b>Mr. Humayun Bashir - Director</b>		
Issue of Nil units (2022: 3,010,594 units)	-	46,193
Redemption of Nil units (2022: 5,015,499 units)	-	76,000
Dividend reinvest: Nil units (2022: Nil)	-	-
<b>Pakistan Stock Exchange Limited - Common directorship</b>		
Listing fee paid	-	-
<b>* National Clearing Company of Pakistan Limited - Common directorship</b>		
NCCPL charges	-	1,175
Issue of Nil units (2022: 873,220 units)	-	13,382
Redemption of Nil units (2022: 4,009,935 units)	-	63,159
<b>International Steel Limited - Common directorship</b>		
64,809 shares purchased (2022: 465,066 shares)	<b>2,749</b>	42,213
125,066 shares sold (2022: 1,737,199 shares)	<b>6,572</b>	127,836
Dividend received	<b>194</b>	12,160
<b>Gul Ahmed Textile Mills Limited - Common directorship</b>		
530,485 shares purchased (2022: 2,382,074 shares)	<b>7,500</b>	117,631
Bonus shares received Nil (2022: Nil)	-	-
6,474,764 shares sold (2022: 1,051,127 shares)	<b>86,950</b>	53,605
Dividend received Nil	-	-
<b>Fauji Fertilizer Company Limited - Common directorship</b>		
1,124,000 shares purchased (2022: 1,120,133 shares)	<b>115,195</b>	115,110
Nil shares sold (2022: 1,498,738 shares)	-	157,259
Dividend received	<b>8,273</b>	51,962
<b>Bank Islami Pakistan Limited - Common directorship</b>		
Mark-up on bank balance	<b>7</b>	38
<b>Khushali Bank Limited - Common directorship</b>		
Mark-up on bank balance	<b>11</b>	2,086
<b>Telenor Microfinance Bank Limited - Common directorship</b>		
Mark-up on bank balance	<b>7</b>	-
<b>Taurus Securities Limited - Common directorship</b>		
Brokerage charges	<b>785</b>	1,461
<b>Mr. Haider Amjad - Shareholder of Management Company</b>		
Issue of 144,374 units (2022: 149,196 units)	<b>2,101</b>	2,304
Redemption of 152,090 units (2022: 191,631 units)	<b>2,115</b>	3,027
Dividend reinvest: Nil units (2022: Nil )	-	-
<b>Ms. Rohma Amjad - Shareholder of Management Company</b>		
Issue of Nil units (2022: 135 units)	-	2
Redemption of 1063 units (2022: Nil units)	<b>14</b>	-
Dividend reinvest: Nil units (2022: Nil units)	-	-

	2023	2022
	(Rupees in '000)	
<b>Portfolios managed by the Management Company</b>		
Issue of 9,356,940 units (2022: 22,577,500 units)	129,744	358,826
Redemption of 24,579,421 units (2022: 19,385,018 units)	331,163	305,509
Dividend reinvest: Nil units (2022: Nil units)	-	-
<b>Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund</b>		
<b>Sindh Province Pension Fund</b>		
Dividend reinvest Nil units (2022: Nil units)	-	-
<b>** CDC Trustee - Punjab Pension Fund Trust</b>		
Issue of Nil units (2022: 18,136,316 units)	-	291,800
Redemption of 11,483,693 units (2022: Nil units)	150,000	-
<b>18.6 Balances at year end</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Units held: Nil units (2022: 11,483,947 units)	-	158,440
Management remuneration payable	20,963	28,514
Sindh Sales tax payable	2,723	3,705
Sales load payable	120	670
Reimbursement of Selling and marketing expenses	40,913	58,464
Allocation of expenses related to registrar services, accounting, operation and valuation services	5,279	7,544
ADC charges including Sindh Sales Tax	34	50
<b>National Bank of Pakistan - Parent of management company</b>		
Units held: 31,347,445 units (2022: 31,347,445 units)	422,955	432,488
Bank Balance	1,851	1,562
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Units held: Nil units (2022: 8,229,511 units)	-	113,539
Remuneration Payable	924	1,226
Sindh Sales Tax on Trustee remuneration	120	159
CDS charges	-	95
Security deposit	100	100
<b>* National Clearing Company Of Pakistan Limited - Common Directorship</b>		
Units held: Nil units (2022: 1,730,126 units)	-	23,870
NCCPL charges payable	-	69
Security deposit	-	2,500
<b>Employees of the Management Company</b>		
Units held: 73,446 units (2022: 268,695 units)	991	3,707
<b>National Fullerton Asset Management Ltd- Emp. Provident Fund - Retirement benefit fund of Management Company</b>		
Units held: Nil units (2022: 646,837 units)	-	8,924

	2023	2022
	(Rupees in '000)	
<b>Dr. Amjad Waheed - Chief Executive Officer</b> Units held: 4,546 units (2022: 2,757 units)	61	38
<b>Mr. Khalid Mehmood - Chief Financial Officer</b> Units held: 273 units (2022: 205 units)	4	3
<b>Mr. Humayun Bashir - Director</b> Units held: Nil units (2022: 158,352 units)	-	2,185
<b>Mr. Haider Amjad - Shareholder of Management Company</b> Units held: Nil units (2022: 7,716 units)	-	106
<b>Ms. Rohma Amjad - Shareholder of Management Company</b> Units held: Nil units (2022: 1,063 units)	-	15
<b>NBP Employees Pension Fund - Retirement benefit fund of Parent Company</b> Units held: 63,579,353 (2022: 63,579,353 units)	857,844	877,179
<b>Gul Ahmed Textile Mills Limited - Common directorship</b> Shares held: 4,105,873 units (2022: 5,635,507 shares)	55,398	190,523
<b>Fauji Fertilizer Company Limited - Common directorship</b> Shares held: 4,156,448 units (2022: 3,032,447 shares)	409,161	334,236
<b>International Steels Limited - Common directorship</b> Shares held: 64,509 (2022: 125,066 shares)	2,615	7,424
<b>NBP Pakistan Growth Exchange Traded Fund - Fund under Management Company</b> Units held: 4,900,000 units (2022: 4,900,000 units)	49,980	46,109
<b>Taurus Securities Limited - Subsidiary of parent company</b> Brokerage payable	90	6
<b>Khushali Bank Limited - Common directorship **</b> Bank balance	4	223
Profit receivable on bank balance	10	4
<b>Telenor Microfinance Bank Limited - Common directorship **</b> Bank balance	10	10
Profit receivable on bank balance	8	1
<b>Bank Islami Pakistan Limited - Common directorship</b> Bank balance	3,615	1,759
Profit receivable on bank balance	30	7

	2023	2022
	(Rupees in '000)	
<b>Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund</b>		
<b>** Sindh General Provident Investment Fund</b>		
Units held: 107,795,360 Unit (2022: 107,795,360 units)	1,454,429	1,487,209
<b>** CDC Trustee - Punjab Pension Fund Trust</b>		
Units held: 117,133,687 Unit (2022: 128,617,380 units)	1,580,426	1,774,483
<b>Sindh Province Pension Fund</b>		
Units held: 151,377,843 Unit (2022: 151,377,843 units)	2,042,466	2,088,500
<b>Portfolios managed by the Management Company</b>		
Units held: 23,692,189 units (2022: 12,812,690 units)	319,668	176,771
<b>Employees Of Nafa - Employee</b>		
Units held: 73,446 Units (2022: Nil units)	991	-

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

\*\* Comparative balances with these parties have not been disclosed as these parties were not related parties in the prior year.

## 19 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

19.1 Mr. Asim Wahab Khan is the Fund Manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Financial Sector Fund
- NBP Islamic Stock Fund
- NBP Islamic Energy Fund
- NBP Pakistan Growth Exchange Traded Fund
- NBP Sarmaya Izafa Fund
- NBP Islamic Sarmaya Izafa Fund
- NBP Islamic Regular Income Fund
- NBP Balanced Fund
- NBP Islamic Active Allocation Equity Fund
- NAFA Pension Fund
- NAFA Islamic Pension Fund
- NAFA Islamic Active Allocation Fund - I
- NAFA Islamic Active Allocation Fund - II
- NAFA Islamic Active Allocation Fund - III

## 20 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID/ PAYABLE

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2023:

S. No	Particulars	Percentage (%)
1	Taurus Securities Ltd.	8.27%
2	Intermarket Securities	5.42%
3	Topline Securities Limited	5.06%
4	Alfalah Securities (Pvt) Limited	5.03%
5	Sherman Securities (Pvt) Limited	4.70%
6	Foundation Securities	4.66%
7	Efg Hermes Pakistan Ltd	4.59%
8	Arif Habib Securities Limited	4.55%
9	Optimus Capital Management Limited	4.51%
10	Insight Securities (Pvt.) Limited	4.40%

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2022:

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	8.19
2	Arif Habib Securities Limited	5.63
3	Optimus Capital Management Limited	4.29
4	Intermarket Securities	4.23
5	Alfalah Securities (Private) Limited	4.13
6	Insight Securities (Private) Limited	4.12
7	BMA Capital Management Limited	4.08
8	Topline Securities Limited	4.08
9	EFG Hermes Pakistan Limited	4.00
10	Foundation Securities	3.97

As at 30 June 2023

	As at 30 June 2023		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
<b>21 PATTERN OF UNIT HOLDING</b>			
<b>Category</b>			
Individuals	2,045	1,991,854	19.59
Associated Companies and Directors	3	1,280,861	12.60
Insurance Companies	5	112,277	1.10
Bank and DFIs	3	158,553	1.56
NBFCs	1	84,033	0.83
Retirement Funds	41	5,477,398	53.88
Public Limited Companies	2	280,100	2.76
Others	34	780,838	7.68
	<b>2,134</b>	<b>10,165,914</b>	<b>100.00</b>

Category	As at 30 June 2022		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,476	2,918,449	21.35
Associated Companies and Directors	7	1,479,258	10.82
Insurance companies	5	154,631	1.13
Banks / DFIs	3	162,127	1.19
NBFC	1	85,927	0.63
Retirement funds	65	7,442,036	54.45
Public limited companies	5	311,470	2.28
Others	44	1,113,718	8.15
	<b>2,606</b>	<b>13,667,616</b>	<b>100.00</b>

## 22 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 86th, 87th, 88th, 89th, 90th and 91st Board Meetings were held on July 06, 2022, September 27, 2022, October 29, 2022, February 21, 2023, April 29, 2023 and June 01, 2023, respectively. Information in respect of attendance by directors in the meetings is given below:

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

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

## 23 FINANCIAL RISK MANAGEMENT

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

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



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

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

## 23.1 Market risk

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

### 23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

### 23.1.2 Interest rate risk

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

	Note	2023	2022
		(Rupees in '000)	
<b>Variable rate instruments</b>			
Bank balances	4	<u>132,921</u>	<u>460,493</u>

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

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 1.32 million (2022: 4.61 million).

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

Presently, the Fund holds Treasury bills with upto three month maturity.no fixed rate instruments.

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

As at 30 June 2023						
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
(Rupees in '000)						
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	14.4% - 19.8%	132,921	-	-	1,454	134,375
Investments		147,831	-	-	9,949,870	10,097,701
Dividend and profit receivable		-	-	-	3,900	3,900
Receivable against sale of investments		-	-	-	43,211	43,211
Receivable from funds under management by Management Company against conversion of units		-	-	-	13	13
Deposits		-	-	-	2,600	2,600
		<u>280,752</u>	<u>-</u>	<u>-</u>	<u>10,001,048</u>	<u>10,281,800</u>
<b>Financial Liabilities</b>						
Payable to NBP Fund Management Limited - Management Company		-	-	-	70,032	70,032
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,044	1,044
Payable against redemption / conversion of units		-	-	-	6,241	6,241
Accrued expenses and other liabilities		-	-	-	4,519	4,519
Net assets attributable to unitholder		-	-	-	10,165,914	10,165,914
		<u>-</u>	<u>-</u>	<u>-</u>	<u>10,247,750</u>	<u>10,247,750</u>
<b>On-balance sheet gap</b>		<u>280,752</u>	<u>-</u>	<u>-</u>	<u>(246,702)</u>	<u>34,050</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap</b>		<u>280,752</u>	<u>-</u>	<u>-</u>		
<b>Cumulative interest rate sensitivity gap</b>		<u>280,752</u>	<u>280,752</u>	<u>280,752</u>		

As at 30 June 2022						
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
(Rupees in '000)						
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	6.50% - 17.25%	460,493	-	-	1,424	461,917
Investments		-	-	-	13,322,576	13,322,576
Dividend and profit receivable		-	-	-	5,122	5,122
Receivable against sale of investments		-	-	-	18,968	18,968
Receivables from funds under management by Management Company against conversion of units		-	-	-	1,349	1,349
Advances and deposits		-	-	-	2,600	2,600
		<u>460,493</u>	<u>-</u>	<u>-</u>	<u>13,352,039</u>	<u>13,812,532</u>
<b>Financial Liabilities</b>						
Payable to NBP Fund Management Limited - Management Company		-	-	-	98,947	98,947
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,385	1,385
Payable against redemption of units		-	-	-	4,660	4,660
Accrued expenses and other liabilities		-	-	-	3,810	3,810
Net assets attributable to unitholder		-	-	-	13,667,616	13,667,616
		<u>-</u>	<u>-</u>	<u>-</u>	<u>13,776,418</u>	<u>13,776,418</u>
<b>On-balance sheet gap</b>		<u>460,493</u>	<u>-</u>	<u>-</u>	<u>(424,379)</u>	<u>36,114</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap</b>		<u>460,493</u>	<u>-</u>	<u>-</u>		
<b>Cumulative interest rate sensitivity gap</b>		<u>460,493</u>	<u>460,493</u>	<u>460,493</u>		

## 23.1.3 Other price risk

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

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

The Fund manages the risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund or weight of that company in KSE 30 index, whichever is higher, with overall limit of 25% to a single industry sector of the net assets of the Fund or weight of that sector in KSE 30 index, whichever is higher (the limit set by offering documents). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 5% increase / decrease in KSE 30 index on 30 June 2023, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 407,494 million (2022: Rs. 666,129 million) as a result of gains / (losses) on equity securities classified at fair value through profit

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 30 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2023 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 30 index.

## 23.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills is limited as Market Treasury Bill are guaranteed by the Federal Government. While bank balances are maintained with banks with a reasonably high credit rating except as disclosed below.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2023 and 30 June 2022.

Balances with banks	2023	2022
	(Rupees in '000)	
AAA	6,821	16,866
AA+	44,223	431,708
AA-	83,138	10,563
AA	14	10
A+	78	1,769
A-	72	223
A	18	76
A1+	-	692
Suspended	11	11
	<b>134,375</b>	<b>461,917</b>

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

## Concentration of the credit risk

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

## 23.3 Liquidity risk

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

### Management of liquidity risk

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

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

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

### Maturity analysis for financial liabilities

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

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

	30 June 2023			
	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	70,032	70,032	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,044	1,044	-	-
Payable against redemption / conversion of units	6,241	6,241	-	-
Accrued expenses and other liabilities	4,519	4,519	-	-
Net assets attributable to unitholder	10,165,914	-	-	-
	<b>10,247,750</b>	<b>81,836</b>	-	-

30 June 2022

	Total	Upto three months	Over three months and upto one year	
			Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	98,947	98,947	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,385	1,385	-	-
Payable against redemption of units	4,660	4,660	-	-
Accrued expenses and other liabilities	3,810	3,810	-	-
Net assets attributable to unitholder	13,667,616	-	-	-
	<b>13,776,418</b>	<b>108,802</b>	<b>-</b>	<b>-</b>

## 24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	Note	30 June 2023					
		Carrying value			Fair value		
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3
----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
		9,949,870	-	9,949,870	9,949,870	-	
		147,831	-	147,831	147,831	-	
<b>Financial assets not measured at fair value</b>							
	24.1	-	134,375	134,375	-	-	
		-	3,900	3,900	-	-	
		-	43,211	43,211	-	-	
		-	13	13	-	-	
		-	2,600	2,600	-	-	
		<b>10,097,701</b>	<b>184,099</b>	<b>10,281,800</b>	<b>-</b>	<b>-</b>	

		30 June 2023					
		Carrying value			Fair value		
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3
Note		(Rupees in '000)					
<b>Financial liabilities not measured at fair value</b>							
24.1	Payable to NBP Fund Management Limited - Management Company	-	70,032	70,032	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,044	1,044	-	-	-
	Payable against redemption / conversion of units	-	6,241	6,241	-	-	-
	Accrued expenses and other liabilities	-	4,519	4,519	-	-	-
	Net assets attributable to unitholder	-	10,165,914	10,165,914	-	-	-
		-	10,247,750	10,247,750	-	-	-
		30 June 2022					
		Carrying value			Fair value		
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3
Note		(Rupees in '000)					
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
	Investment - Listed equity securities	13,322,576	-	13,322,576	13,322,576	-	-
<b>Financial assets not measured at fair value</b>							
24.1	Bank balances	-	461,917	461,917	-	-	-
	Dividend and profit receivable	-	5,122	5,122	-	-	-
	Receivable against sale of investments - Receivables from funds under management by Management Company against conversion of units	-	1,349	1,349	-	-	-
	Advances and deposits	-	2,600	2,600	-	-	-
		13,322,576	489,956	13,812,532			
<b>Financial liabilities not measured at fair value</b>							
24.1	Payable to NBP Fund Management Limited - Management Company	-	98,947	98,947	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,385	1,385	-	-	-
	Payable against redemption / conversion of units	-	4,660	4,660	-	-	-
	Accrued expenses and other liabilities	-	3,810	3,810	-	-	-
	Net assets attributable to unitholder	-	13,667,616	13,667,616	-	-	-
		-	13,776,418	13,776,418	-	-	-

**24.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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

## 25 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

In accordance with the risk management policies stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## 26 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

## PERFORMANCE TABLE

Particulars	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018
Net assets (Rs. '000')	10,165,914	13,667,616	20,693,873	13,701,619	11,895,259	14,983,940
Net Income (Rs. '000')	(333,261)	(2,370,780)	4,980,935	(384,270)	(2,848,721)	(1,778,166)
Net Asset Value per units (Rs.)	13.4925	13.7966	16.0433	11.9682	11.9914	14.6226
Selling price per unit	13.9499	14.2643	16.5872	12.3739	12.3984	15.1183
Redemption price per unit	13.4925	13.7966	16.0433	11.9682	11.9914	14.6226
Ex - Highest offer price per unit (Rs.)	15.1877		17.1938	15.5428	15.6580	16.9385
Ex - Lowest offer price per unit (Rs.)	12.4234		12.3803	9.6808	12.2789	13.6426
Ex - Highest redemption price per unit (Rs.)	14.6897		16.6301	15.0332	15.1446	16.3831
Ex - Lowest redemption price per unit (Rs.)	12.0161		11.9744	9.3634	11.8751	13.1953
Fiscal Year Opening Ex Nav	13.7966	16.0433	11.8071	11.9914	14.6226	16.2017
Total return of the fund	-2.20%	-14.00%	35.88%	-0.19%	-17.99%	-9.75%
Capital growth	-2.20%	-14.00%	34.51%	-0.19%	-17.99%	-9.75%
Income distribution as % of Ex-NAV	-	-	1.36%	0.00%	0.00%	0.00%
Income distribution as % of Par Value	-	-	2.24%	0.00%	0.00%	0.00%
<b>Distribution</b>						
Interim Distribution per unit	-	-	0.2236	-	-	-
Final distribution per unit	-	-	-	-	-	-
Distribution dates						
Interim			23-Jun-21			
Interim						
Interim						
Final						
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2023)	10.31%					
(Since inception to June 30, 2022)		11.20%				
(Since inception to June 30, 2021)			13.16%			
(Since inception to June 30, 2020)				11.63%		
(Since inception to June 30, 2019)					12.64%	
(Since inception to June 30, 2018)						15.81%
(Since inception to June 30, 2017)						

### Portfolio Composition (see Fund Manager report)

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



## PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP Stock Fund				
	Resolutions	For	Against	Abstain*
Number	21	21	Nil	N/A
(%)	100%	100%	-	-

## Head Office

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