



Managing Your Savings

NBP Fund Management Limited



NBP FINANCIAL SECTOR FUND

QUARTERLY REPORT
SEPTEMBER 30, 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
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Human Resource & Remuneration Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Tauqeer Mazhar	Member

Strategy & Business Planning Committee

Mr. Saad Amanullah Khan	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
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
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited
National Bank of Pakistan



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

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

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited condensed interim financial statements of **NBP Financial Sector Fund (NFSF)** for the quarter ended September 30, 2023.

Fund's Performance

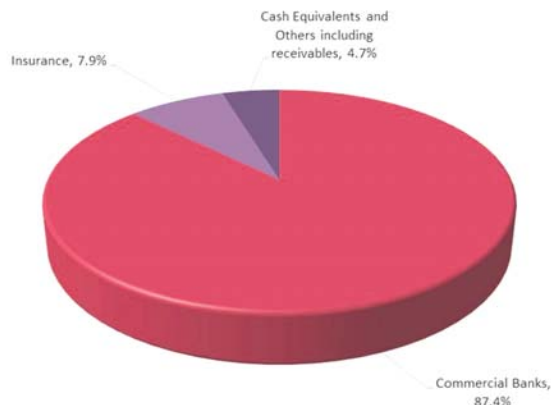
During 1QFY24, equities displayed sharp rebound as the benchmark KSE-100 index rose considerably by 4,780 points, translating into a robust return of 11.5% for the period.

The stock market has started off the year on a solid footing. The Staff Level Agreement (SLA) signed with IMF on 29th June was the pivotal point that changed investors' sentiment and the course of the stock market. Soon after, the IMF executive board also accorded its approval to USD 3 billion Stand-By-Agreement (SBA) for nine months till March-24. Coinciding with this, the country received USD 2 billion from Saudi Arabia and later on UAE also approved a deposit of USD 1 billion. It was followed by the receipt of first loan tranche of USD 1.2 billion of SBA from IMF. Fitch also upgraded Pakistan's Long-Term Foreign Currency Issuer Rating. Following the SLA, Pakistan's dollar bonds also rallied in the international market. After resumption of IMF program and as the import restrictions were lifted, current account deficit resurfaced clocking in at USD 935 million during 2MFY24. Workers remittances also dropped by 20% on a yearly basis to USD 6.3 billion during 1Q. Foreign exchange market remained volatile during the period as PKR exhibited sharp movements due to inadequate reserves & abnormal demand in the kerb market, which also put pressure on the interbank rates. However, timely administrative measures and crack down on illicit trades provided stability. Inflation reading on a sequential basis has tapered off, but still remained elevated averaging around 29% during 1Q. This due to massive increase in energy component of the CPI basket and unabated increase in food inflation. During the quarter, Monetary Policy Committee (MPC) of SBP kept the Policy Rate unchanged at 22%, citing that economic uncertainty has diminished, and also pointing out towards likely downward path of inflation over the next 12 months, particularly latter half of FY24. Despite the economic headwinds, the listed corporate space continued to announce impressive results. During June quarter, cumulative profitability of the KSE-100 index has surged by a whopping 66% YoY, while overall FY23 profitability has surged by around 20% on a yearly basis, despite imposition of higher super tax.

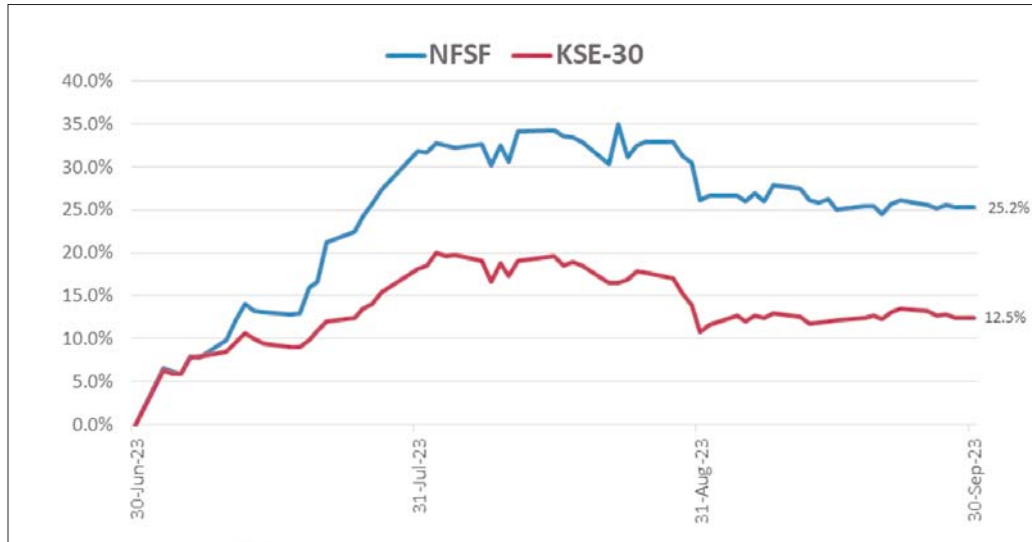
In terms of sector wise performance, Auto Parts & Accessories, Chemicals, Commercial Banks, Oil & Gas Exploration, Power Generation & Distribution, Refinery, Transport sectors outperformed the market. On the other hand, Auto Assemblers, Cable & Electrical Goods, Cements, Engineering, Fertilizers, Food & Personal Care, Glass & Ceramics, Insurance, Miscellaneous, Paper & Board, Pharmaceutical, Technology & Communication, and Textile Composite sectors lagged the market. On participants-wise market activity, Insurance, Companies and Foreigners emerged as the largest net buyers with inflows of around USD 45 million, USD 25 million & USD 22 million, respectively. On the contrary, Banks/DFIs & Mutual Funds lowered their net holdings by around USD 43 million and USD 38 million, respectively.

The size of NBP Financial Sector Fund has decreased from Rs. 93 million to Rs 82 million during the period, i.e., an decrease of 12.0%. During the period, the unit price of NBP Financial Sector Fund (NFSF) has increased from Rs 7.7901 on June 30, 2023 to Rs. 9.7561 on September 30, 2023, thus showing an increase of 25.2%. The Benchmark for the same period was increased by 12.5%. Thus, the Fund has outperformed its Benchmark by 12.7% during the period under review. Since inception, the unit price of NBP Financial Sector Fund has increased from Rs. 9.6486 (Ex-Div) on February 14, 2018 to Rs. 9.7561 on September 30, 2023, thus showing an increase of 1.1%. The Benchmark for the same period was increased by 13.7%. Thus, the Fund has underperformed its Benchmark by 12.6% during the period under review. This performance is net of management fee and all other expenses.

NBP Financial Sector Fund has earned a total income of Rs. 24.35 million during the period. After deducting total expenses of Rs. 1.26 million, the net income is Rs. 23.09 million. The asset allocation of the Fund as on September 30, 2023 is as follows:



NFSF Performance versus Benchmark



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: October 30, 2023
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2023ء کو ختم ہونے والی پہلی سہ ماہی کے لئے NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے غیر جانچ شدہ کنڈینسڈ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 24 کی پہلی سہ ماہی کے دوران، ایکویٹی نے تیز ترین بحالی کا مظاہرہ کیا کیونکہ شیئنگ مارک KSE-100 انڈیکس میں 4,780 پوائنٹس کا نمایاں اضافہ ہوا، لہذا اس مدت کے لیے 11.5% کا مستحکم منافع ہوا۔

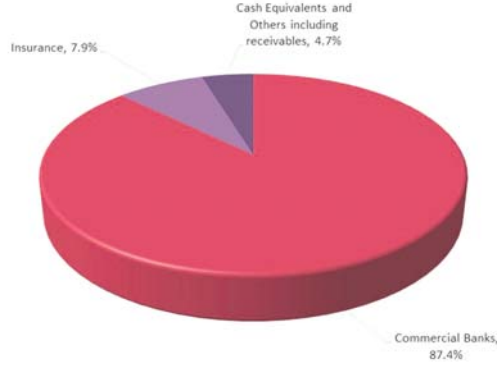
اسٹاک مارکیٹ میں سال کا آغاز ٹھوس بنیادوں پر ہوا ہے۔ 29 جون کو IMF کے ساتھ اسٹاف لیول ایگریمنٹ (SLA) پر دستخط وہ اہم تکتہ تھا جس نے سرمایہ کاروں کے رجحان اور اسٹاک مارکیٹ کا رخ بدل دیا۔ اس کے فوراً بعد، آئی ایم ایف کے ایگزیکٹو بورڈ نے 24 مارچ تک نومبر کے لیے 3 بلین امریکی ڈالر کے اسٹینڈ بائی ایگریمنٹ (SBA) کی منظوری بھی دی۔ اس کے ساتھ ہی، ملک کو سعودی عرب سے 2 بلین امریکی ڈالر وصول ہونے اور اس کے بعد متحدہ عرب امارات نے بھی 1 بلین امریکی ڈالر کی رقم جمع کرانے کی منظوری دی۔ یہ آئی ایم ایف سے SBA کے 1.2 بلین امریکی ڈالر کے قرض کی پہلی قسط کی وصولی کے بعد ہوا۔ Fitch نے پاکستان کی طویل مدتی غیر ملکی کرنسی جاری کرنے والی ریٹنگ کو بھی اپ گریڈ کیا۔ SLA کے بعد بین الاقوامی مارکیٹ میں پاکستان کے ڈالر بانڈز میں بھی تیزی آگئی۔ IMF پروگرام کے دوبارہ شروع ہونے کے بعد، درآمدی پابندیاں ہٹادی گئیں، اور ادا نیکیوں کا بیک لاگ بتدریج واضح، مالی سال 24 کے 2 ماہ کے دوران کرنٹ اکاؤنٹ خسارہ 935 بلین امریکی ڈالر تک اور کارکنوں کی ترسیلات زر بھی سالانہ بنیادوں پر 20 فیصد کم ہو کر پہلی سہ ماہی کے دوران 6.3 بلین امریکی ڈالر تک پہنچ گئیں۔ غیر ملکی زرمبادلہ مارکیٹ اس عرصے کے دوران کشیدہ رہی کیونکہ پاکستانی روپیہ نے ناکافی ذخائر اور کرب مارکیٹ میں غیر معمولی طلب کی وجہ سے تیز محرکات کا مظاہرہ کیا، جس نے انٹرنیٹ ریٹ پر بھی دباؤ ڈالا۔ تاہم، بروقت انتظامی اقدامات اور غیر قانونی تجارت کے خلاف کریک ڈاؤن نے استحکام فراہم کیا۔ CPI باسکٹ کے اہم اجزاء میں بڑے پیمانے پر اضافہ اور غذائی افراط زر میں بہت زیادہ اضافہ کی وجہ سے، مسلسل بنیادوں پر افراط زر کی شرح کم ہوئی، لیکن پھر بھی پہلی سہ ماہی کے دوران اوسطاً 29 فیصد قریب رہی۔ سہ ماہی کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے پالیسی شرح کو 22% پر برقرار رکھا، بیان کیا کہ اقتصادی غیر یقینی صورتحال بہتر ہوئی ہے، اور اگلے 12 مہینوں میں، خاص طور پر مالی سال 24 کی آخری ششماہی میں افراط زر کے ٹمکنہ کم ہونے کے امکان ہیں۔ اقتصادی مشکلات کے باوجود سٹاک کمپنیوں نے متاثر کن نتائج کا اعلان کیا۔ جون سہ ماہی کے دوران، KSE-100 انڈیکس کے مجموعی منافع میں سالانہ بنیادوں پر 66% کا اضافہ ہوا، جب کہ بلند سپر ٹیکس کے نفاذ کے باوجود، مالی سال 23 کے مجموعی منافع میں سالانہ بنیادوں پر تقریباً 20% کا اضافہ ہوا۔

سیکٹرز اور کارکردگی کے لحاظ سے، آٹو پارٹس اینڈ ایپریٹس، کیمیکل، کمرشل بینک، آئل اینڈ گیس ایکسپلوریشن، پاور جنریشن اینڈ ڈسٹری بیوشن، ریفاؤنڈری، ٹرانسپورٹ سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری جانب آٹو اسٹمبرز، کیمبل اینڈ الیکٹریکل گڈز، سینٹ، انجینئرنگ، فرنیچر، فوڈ اینڈ بیوٹیل، گلاس اینڈ سیرامکس، انشورنس، متفرق، پیپر اینڈ بورڈ، فارماسیوٹیکل، جینا لوجی اور کمپیوٹیشن، اور ٹیکسٹائل کمپوزٹ شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، انشورنس، کمپنیاں اور غیر ملکی بالتز تیب 45 بلین امریکی ڈالر، 25 بلین امریکی ڈالر اور 22 بلین امریکی ڈالر کی آمد کے ساتھ اہم خالص خریدار رہے۔ اس کے برعکس، بینک/DFIs اور میوچل فنڈز نے بالتز تیب 43 بلین امریکی ڈالر اور 38 بلین امریکی ڈالر تک اپنی خالص ہولڈنگز کو کم کر دیا۔

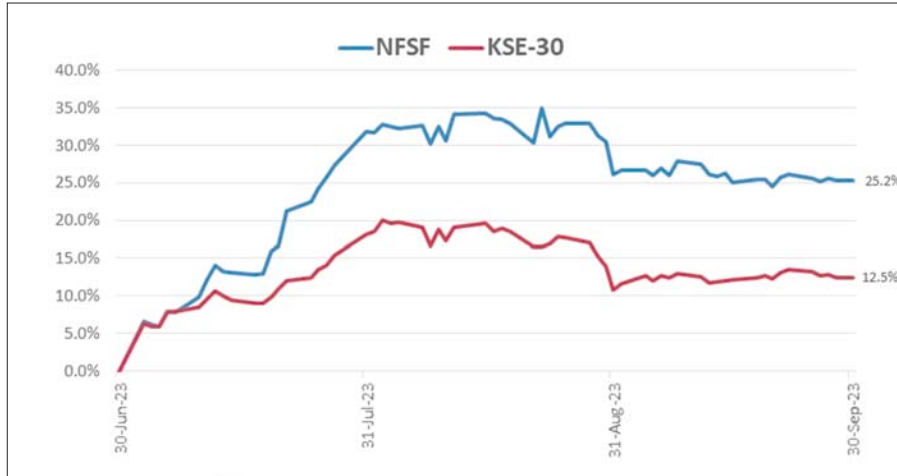
NBP فنانسینشل سیکٹرز فنڈ کا ساڑھے اس مدت کے دوران 93 بلین روپے سے کم ہو کر 82 بلین روپے ہو گیا، یعنی 12.0% کی کمی ہوئی۔ اس مدت کے دوران، NBP فنانسینشل سیکٹرز فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2023 کو 7.7901 روپے سے بڑھ کر 30 ستمبر 2023 کو 9.7561 روپے ہو چکی ہے، لہذا 25.2% کا اضافہ ظاہر کیا۔ اسی مدت کے دوران شیئنگ مارک میں 12.5% کا اضافہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے شیئنگ مارک سے 12.7% کی بہتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے یونٹ کی قیمت 9.6486 روپے سے بڑھ کر 30 ستمبر 2023 کو 9.7561 روپے ہو گئی، لہذا 1.1% کا اضافہ ہوا ہے۔ اسی مدت کے لئے شیئنگ مارک میں 13.7% کا اضافہ ہوا۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے شیئنگ مارک سے 12.6% بہتر رہی۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP فنانسینشل سیکٹرز فنڈ کو موجودہ مدت کے دوران 24.35 بلین روپے کی مجموعی آمدنی ہوئی۔ 1.26 بلین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 23.09 بلین روپے ہے۔

30 ستمبر 2023 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بیچ مارک



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 30 اکتوبر 2023

مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2023

		(Un-Audited) September 30,2023	(Audited) June 30,2023
	Note	Rupees in '000	
Assets			
Bank balances		1,791	5,199
Investments	4	78,476	92,642
Profit and dividend receivable		198	395
Deposits and other receivable		2,971	2,948
Receivable against sale of investments		1,240	2,655
Total assets		84,676	103,839
Liabilities			
Payable to NBP Fund Management Limited - Management Company		1,129	1,216
Payable to the Central Depository Company of Pakistan Limited - Trustee		20	33
Payable to the Securities and Exchange Commission of Pakistan	7	8	63
Payable against redemption of units		150	8,948
Accrued expenses and other liabilities		1,019	667
Total liabilities		2,326	10,927
NET ASSETS		82,350	92,912
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		82,350	92,912
CONTINGENCIES AND COMMITMENTS 5			
Number of units			
NUMBER OF UNITS IN ISSUE		8,440,853	11,927,038
----- Rupees -----			
NET ASSET VALUE PER UNIT		9.7561	7.7901

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	Quarter ended September 30, 2023	Quarter ended September 30, 2022
		Rupees in '000	
Income			
Profit on bank deposits		212	268
Dividend income		6,206	10,147
Gain on sale of investments - net		8,200	855
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		9,728	(14,981)
Total Income / (loss)		24,346	(3,711)
Expenses			
Remuneration of NBP Fund Management Limited - Management Company		425	1,362
Sindh Sales Tax on remuneration of the Management Company		55	177
Reimbursement of Accounting and operational expenses		-	182
Reimbursement of Selling and marketing expenses	6	-	1,861
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		57	182
Sindh Sales Tax on remuneration of the Trustee		7	24
Annual fees to the Securities and Exchange Commission of Pakistan	7	27	18
Securities transaction cost		120	56
Auditors' remuneration		357	165
Amortization of preliminary expenses and floatation costs		-	169
Annual listing fee		7	7
Printing charges		16	18
Legal and professional charges		29	30
Settlement and bank charges		155	26
Total operating expenses		1,255	4,277
Net Income / (loss) for the period before taxation		23,091	(7,988)
Taxation	8	-	-
Net Income / (loss) for the period after taxation		23,091	(7,988)
Allocation of net income for the period			
Net income for the period after taxation		23,091	-
Income already paid on units redeemed		(7,480)	-
		15,611	-
Accounting income available for distribution			
- Relating to capital gains		15,611	-
- Excluding capital gains		-	-
		15,611	-

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	Rupees in '000	
Net Income / (loss) for the period after taxation	23,091	(7,988)
Other comprehensive income for the period	-	-
Total comprehensive Income / (loss) for the period	<u>23,091</u>	<u>(7,988)</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter ended September 30, 2023			Quarter ended September 30, 2022		
	Rupees in '000					
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
Net assets at beginning of the period	378,749	(285,838)	92,911	636,012	(263,516)	372,496
Issue of 2,206,946 units (2022: 2,919,238 units)						
- Capital value	17,192	-	17,192	24,000	-	24,000
- Element of income	4,902	-	4,902	646	-	646
Total proceeds on issuance of units	22,094	-	22,094	24,646	-	24,646
Redemption of 5,693,131 units (2022: 5,781,706 units)						
- Capital value	(44,350)	-	(44,350)	(47,534)	-	(47,534)
- Element of loss	(3,916)	(7,480)	(11,396)	(481)	-	(481)
Total payments on redemption of units	(48,266)	(7,480)	(55,746)	(48,015)	-	(48,015)
Total comprehensive Income / (loss) for the period	-	23,091	23,091	-	(7,988)	(7,988)
Net assets at end of the period	352,577	(270,227)	82,350	612,643	(271,504)	341,139
Undistributed loss brought forward						
Realised (loss)		(269,887)			(209,764)	
Unrealised (loss) / gain		(15,951)			(53,752)	
		<u>(285,838)</u>			<u>(263,516)</u>	
Accounting income available for distribution						
- Relating to capital gains	15,611			-		
- Excluding capital gains	-			-		
	15,611			-		
Net (loss) for the period after taxation	-			(7,988)		
Undistributed loss carried forward		<u>(270,227)</u>			<u>(271,504)</u>	
Undistributed loss carried forward						
- Realised loss		(279,955)			(256,523)	
- Unrealised loss		9,728			(14,981)	
		<u>(270,227)</u>			<u>(271,504)</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>7.7901</u>			<u>8.2214</u>
Net assets value per unit at end of the period			<u>9.7561</u>			<u>8.0371</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income / (loss) for the period before taxation	23,091	(7,988)
Adjustments for:		
Amortization of preliminary expenses and floatation costs	-	169
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(9,728)	14,981
	(9,728)	15,150
Decrease in assets		
Investments	23,893	15,310
Profit and dividend receivable	197	38
Receivable against sale of investments	1,415	-
Deposits and other receivable	(23)	(20)
	25,482	15,328
Increase / (Decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	(87)	(463)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(13)	(7)
Payable to the Securities and Exchange Commission of Pakistan	(55)	(71)
Accrued expenses and other liabilities	352	(62)
	197	(603)
Net cash generated from operating activities	39,042	21,887
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	22,094	24,646
Net payments against redemption of units	(64,544)	(48,015)
Net cash (used in) financing activities	(42,450)	(23,369)
Net (decrease) in cash and cash equivalents	(3,408)	(1,482)
Cash and cash equivalents at the beginning of the period	5,199	13,757
Cash and cash equivalents at the end of the period	1,791	12,275

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Financial Sector 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 04 January 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from February 7, 2018 and are transferable and redeemable by surrendering them to the Fund.

The objective of NBP Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 to the Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of the CDC as the trustee of the Fund.

During the year ended 30 June, 2021 The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

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

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2023.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2023.

From September 19, 2023, the size of NBP Financial Sector Fund fell to Rs. 97.82 million, which is below the minimum fund size requirement of Rs. 100 million as per sub-regulation 3(a) of Regulation 54 of the NBFC Regulations. Regulation 54, sub-regulation 3(b) of the NBFC Regulations, inter alia, requires that in case the Fund size falls below the minimum prescribed amount of Rs. 100 million, compliance shall be ensured with the minimum fund size requirement within three months of its breach. Since the management does not have any intention to liquidate the Fund, therefore the financial statements have been prepared on going concern basis.

These condensed interim financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF ACCOUNTING POLICIES

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2023.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2023.

4	INVESTMENTS	Note	(Un-Audited) (Audited)	
			September 30, 2023	June 30, 2023
			Rupees in '000	
	At fair value through profit or loss			
	Quoted equity securities	4.1	<u>78,476</u>	<u>92,642</u>

4.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated otherwise.

Name of the investee company	As at July 1, 2023	Purchases during the period	Bonus / right shares	Sales during the period	As at September 30, 2023	Market Value as at September 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid up capital of investee company held
	-----Number of shares-----					(Rupees in '000)		-----%	
COMMERCIAL BANKS									
Bank Al-Falah Limited	441,670	50,700	-	170,000	322,370	12,402	15.06	15.80	0.02
Bank Al-Habib Limited	267,241	24,500	-	102,100	189,641	8,540	10.37	10.88	0.02
Bank Of Punjab Limited	1	-	-	-	1	-	0.00	0.00	0.00
Bankislami Pakistan Limited	-	146,015	-	-	146,015	2,554	3.10	3.25	0.01
Faysal Bank Limited	229,575	94,500	-	90,000	234,075	5,220	6.34	6.65	0.02
Habib Bank Limited	110,784	30,600	-	71,700	69,684	6,302	7.65	8.03	0.00
MCB Bank Limited	82,000	33,150	-	23,700	91,450	11,829	14.36	15.07	0.01
Meezan Bank Limited	154,852	18,800	-	60,700	112,952	12,945	15.72	16.50	0.01
Habib Metropolitan Bank Limited	191,500	-	-	113,500	78,000	2,826	3.43	3.60	0.01
Askari Bank Limited	370,325	50,000	-	75,000	345,325	5,384	6.54	6.86	0.02
United Bank Limited	80,459	2,200	-	55,200	27,459	3,943	4.79	5.02	0.00
INSURANCE									
Adamjee Insurance Company Limited	204,500	-	-	117,000	87,500	2,501	3.04	3.19	0.03
IGI Holdings Limited	88,900	-	-	40,500	48,400	4,031	4.90	5.14	0.03
Total as at September 30, 2023					1,752,872	78,476	95	100	
Carrying value as at September 30, 2023					68,748				

4.1.2 Investments include shares with market value of Rs 27.668 (June 30, 2023: 33.592) million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5 CONTINGENCIES AND COMMITMENTS

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

6 REIMBURSEMENT OF SELLING AND MARKETING EXPENSES

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has not charged selling and marketing expenses during the period.

7 Payable to the Securities and Exchange Commission of Pakistan

As per NBFC Regulation 62(1) w.e.f. July 01, 2023, the Asset Management Company, within fifteen days of the close of every calendar month of the Collective Investment Scheme, shall pay the Commission non-refundable fee which is 0.095% of average annual net assets of the CIS.

8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the

year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unitholders as cash dividend. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

9 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 4.44% (September 30, 2022: 4.72%) which includes 0.31 (September 30, 2022: 0.25%) representing Government Levy and the SECP Fee. The prescribed limit for the ratio is 4.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "equity" scheme.

10 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

10.1 Connected persons include NBP Fund Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and its connected persons and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

10.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

10.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

10.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of NBFC Regulations, 2008 and the Trust Deed.

	(Un-Audited)	
	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration for the period	425	1,362
Sindh Sales Tax on remuneration of Management Company	55	177
Reimbursement of Selling and marketing expense	-	1,861
Reimbursement of Accounting and operational charges	-	182
Sales load and transfer load including SST	9,112	-
ADC including SST	2,522	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the period	57	182
Sindh Sales Tax on remuneration	7	24

	(Un-Audited)	
	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in '000)	
Key management personnel of the Management Company		
Units issued during the period - 1,026,208 (2022: 850,976)	10,080	7,282
Units redeemed during the period - 851,682 (2022: 851,352)	8,252	7,291
Taurus Securities Limited - (Subsidiary of Parent Company)		
Brokerage expense	8	5
* BankIslami Pakistan Limited - (Common Directorship)		
Profit income	-	184
* National Clearing Company of Pakistan Limited - common directorship		
Settlement charges	-	78
* United Bank Limited - unit holder with more than 10% holding		
Shares sold - Nil (2022: 23,400)	-	2,650
Dividend Income	-	1,396
National Bank of Pakistan - (Parent of the Management Company)		
Shares sold - Nil (2022: 13,000)	-	363
	(Un-Audited)	(Audited)
	As at	As at
	September 30,	June 30,
	2023	2023
	(Rupees in '000)	
10.6 Amounts / balances outstanding as at period end		
NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	130	218
Sindh sales tax on remuneration of the Management Company	17	28
Sales load and transfer load including SST	141	132
ADC payable including SST	3	-
Reimbursement of Selling and marketing expenses payable	838	838
Reimbursement of Allocated expenses payable	-	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	18	29
Sindh sales tax payable on trustee fee	2	4
Security deposit	100	100
Settlement charges payable	27	2
Key management personnel of the Management Company		
Units held: 219,378 (2023: 44,852)	2,140	349
National Bank of Pakistan - (Parent of the Management Company)		
Bank balances	103	103
Shares held: Nil (2023: Nil shares)	-	-
Dividend receivable	83	83
** Hommie & Jamshed Nusserwanjee Charitable Trust - unit holder with more than 10% holding		
Units held: 1,031,584 (2023: Nil)	10,064	-

	(Un-Audited) As at September 30, 2023	(Audited) As at June 30, 2023
	(Rupees in '000)	
** Forman Christian College Employees Provident Fund Trust - unit holder with more than 10% holding Units held: 1,051,226 (2023: Nil)	10,256	-
* Mahmud Yar Hiraj** - unit holder with more than 10% holding Units held: Nil (2023: 1,258,663)	-	9,805
* Sajjad Hussain** - unit holder with more than 10% holding Units held: Nil (2023: 1,648,687)	-	12,843
* Forman Christian College** - unit holder with more than 10% holding Units held: Nil (2023: 1,634,094)	-	12,730
** IGI Life Insurance Limited ABF - unit holder with more than 10% holding** Units held: 1,132,973 (2023: Nil)	11,053	-
* IGI Life Insurance Limited AAF - unit holder with more than 10% holding** Units held: Nil (2023: 1,621,293)	-	12,630
Taurus Securities Limited - (Subsidiary of Parent Company) Brokerage payable	4	3

* Current year figures has not been shown as the company ceased to be a related party/ connected person as at September 30, 2023.

** Comparative balances with these parties have not been disclosed as these parties were not related party / connected person in the last term.

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 30, 2023.

12 GENERAL

Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

12.1 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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