



Managing Your Savings

NBP Fund Management Limited



NBP FINANCIAL SECTOR INCOME 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 Shahr-e-Faisal, Karachi.

Bankers to the Fund

MCB Bank Limited	Zarai Taraqiyate Bank Limited
JS Bank Limited	MCB Islamic Bank Limited
Meezan Bank Limited	Faysal Bank Limited
Habib Bank Limited	The Bank of Punjab
United Bank Limited	Albaraka Bank of Pakistan
Bank Alfalah Limited	Bank Islami Pakistan Limited
Bank Al Habib Limited	U Microfinance Bank Limited
Askari Bank Limited	Telenor Microfinance Bank
Habib Metropolitan Bank Limited	Khushhali Microfinance Bank Limited
Allied Bank Limited	HLB Microfinance Bank Limited
National Bank of Pakistan	Mobilink Microfinance Bank Limited
Soneri Bank Limited	Dubai Islamic 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

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 Income Fund (NFSIF)** for the quarter ended September 30, 2023.

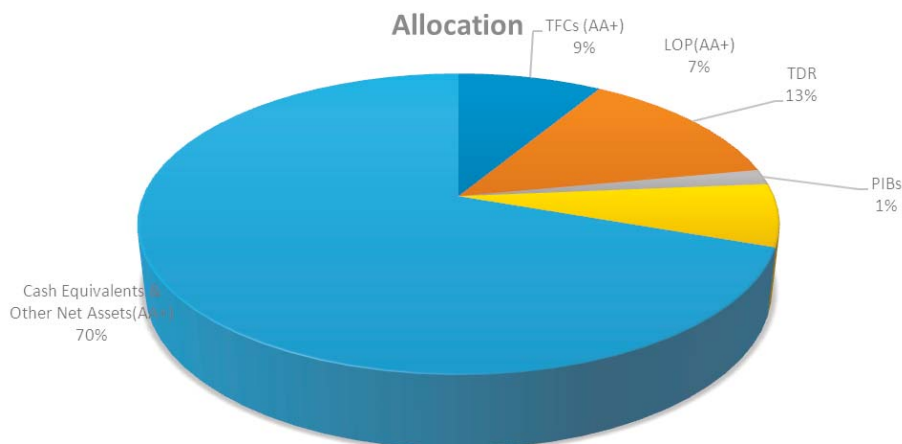
Fund's Performance

During the quarter, two Monetary Policy Committee meetings were held and SBP maintained the policy rate at 22%. The stress on external accounts and PKR continued as fiscal discipline remained weak, though PKR depreciation was eventually brought under control with administrative measures. Inflation as measured by the CPI averaged at 29% for the quarter. With the recent surge in oil prices and expected hike in gas tariffs, the inflation is expected to remain elevated in the near term, though a decline is expected from next half as high base effect kicks in. The upcoming debt repayments and weak investment inflows will exert pressure on FX reserves. The net liquid foreign exchange reserves with SBP as at 28-Sep-23 stood at USD 7.62 billion (down by USD 543.8million compared to July 2023). This signifies grave challenges & risks to financial stability. SBP held three PIB auctions, where bids worth around Rs. 189 billion were realized. Sovereign yields responded equally to the economic uncertainty and rising inflationary pressures and kept the market participants' interests tilted primarily towards shorter tenures securities. The corporate bond activity remained thin with overall traded value of Rs. 2.10 billion, increasing by 6% as compared to that of last year same period.

The Fund is unique as it invests a minimum 70% of its assets in financial sector (mainly banks) debt securities, instruments or deposits. Minimum entity/instrument rating of debt securities is 'AA-'. This minimizes credit risk and at the same time enhances the liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund. The Fund has been assigned 'A+ (f)' fund stability rating by PACRA.

The size of NBP Financial Sector Income Fund has increased from Rs. 25,717 million to Rs. 30,709 million during the period (i.e., a growth of 19%). The unit price of the Fund has increased from Rs. 10.2735 (Ex-Div) on June 30, 2023 to Rs. 10.8314 on September 30, 2023, thus showing a return of 21.5% p.a. as compared to its benchmark return of 23.2% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 1,624.46 million during the period. After deducting total expenses of Rs. 119.36 million, the net income is Rs. 1,505.10 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFSIF.



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 3.442% of the opening ex-NAV (3.658% of the par value) during the quarter ended September 30, 2023.

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 مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی کے لئے NBP فنانشل سیکٹور انکم فنڈ (NFSIF) کے غیر جانچ شدہ کنڈینسڈ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

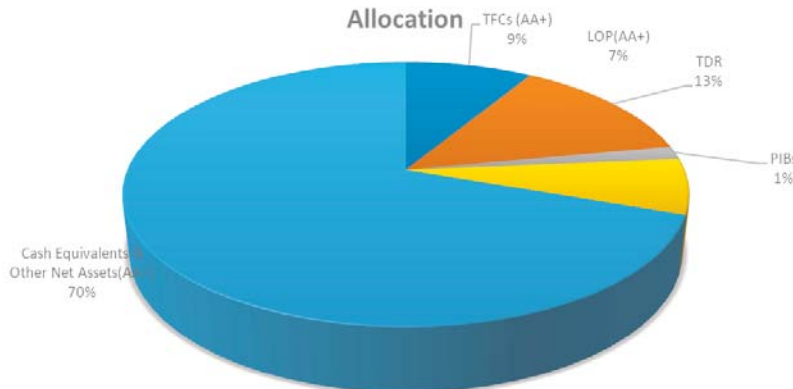
فنڈ کی کارکردگی

سہ ماہی کے دوران، مانیٹری پالیسی کمیٹی کے دو اجلاس منعقد ہوئے اور اسٹیٹ بینک نے پالیسی شرح کو 22% پر برقرار رکھا۔ بیرونی کھاتوں اور پاکستانی روپیہ پر دباؤ جاری رہا کیونکہ مالی نظم و ضبط کمزور رہا، حالانکہ پاکستانی روپیہ کی قدر میں کمی کو بالآخر انتظامی اقدامات سے قابو میں لایا گیا۔ CPI کی طرف سے پیمائش کردہ مہنگائی اس سہ ماہی کے لئے اوسطاً 29% رہی۔ تیل کی قیمتوں میں حالیہ اضافہ اور گیس کے نرخوں میں متوقع اضافہ کے ساتھ قریب مدت میں مہنگائی کے بلند رہنے کی توقع ہے، حالانکہ انگی ششماہی سے کمی کی توقع ہے کیونکہ زیادہ مہنگائی کا اثر شروع ہوگا۔ آئندہ قرضوں کی ادائیگی اور کم سرمایہ کاری بہاؤ FX ذخائر پر دباؤ ڈالیں گے۔ 28 ستمبر 23 کو SBP کے ہاں خالص لیکویڈز ریمبالہ کے ذخائر 7.62 ملین امریکی ڈالر (جولائی 2023 کے مقابلے میں 543.8 ملین امریکی ڈالر کی کمی) ہیں۔ یہ مالیاتی استحکام کے لیے سنگین مشکلات اور خطرات کی نشاندہی کرتا ہے۔ SBP نے تین پی آئی بی ٹیلو میوں کا انعقاد کیا، جس سے 189 ملین روپے کی وصولی ہوئی۔ خود مختار پیداوار نے معاشی غیر یقینی صورتحال اور افراط زر کے بڑھتے ہوئے دباؤ کا یکساں طور پر جواب دیا اور مارکیٹ کے شرکاء کی دلچسپیوں کو بنیادی طور پر مختصر مدت کی سیکورٹیز کی طرف بھگانے رکھا۔ کارپوریٹ بانڈ کی سرگرمی 2.10 ملین روپے کی مجموعی تجارتی قدر کے ساتھ کم رہی، جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 6 فیصد اضافہ ظاہر کر رہی ہے۔

یہ فنڈ منفرد ہے کیونکہ یہ اپنے اثاثوں کا کم از کم 70% مالیاتی شعبے (بنیادی طور پر بینکوں) کے قرض کی سیکورٹیز، آلات یا ڈائریٹس میں لگاتا ہے۔ قرض کی ضمانتوں کی کم از کم ہستی/آل کی درجہ بندی 'AA' ہے۔ یہ کریڈٹ رسک کو کم کرتا ہے اور ساتھ ہی فنڈ کی لیکویڈٹی کو بڑھاتا ہے۔ فنڈ کی مدت ایک سال سے زیادہ نہیں ہو سکتی۔ یہ شرح سود یا قیمتوں کے خطرے کو کم کرتا ہے۔ فنڈ اپنے اثاثوں کا 25% Bills یا بینکوں میں چھت کھاتوں میں 90 دنوں سے بھی کم وقت میں لگاتا ہے، جس سے فنڈ کے لیکویڈٹی پروفاکل میں مزید اضافہ ہوتا ہے۔ فنڈ کو PACRA کی جانب سے 'A+' فنڈ استحکام کی درجہ بندی تقویض کی گئی ہے۔

NBP فنانشل سیکٹور انکم فنڈ کا سائز اس مدت کے دوران 25,717 ملین روپے سے بڑھ کر 30,709 ملین روپے ہو گیا (یعنی 19% کا خاطر خواہ اضافہ)۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 2023 جون کو (Ex-Div) 10.2735 روپے سے بڑھ کر 30 ستمبر 2023 کو 10.8314 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے بیچ مارک منافع 23.2% سالانہ کے مقابلے میں 21.5% سالانہ کا منافع درج کر لیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 1,624.46 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 119.36 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 1,505.10 ملین روپے ہے۔ درج ذیل چارٹ NFSIF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمیٹی 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 ٹرسٹی 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	4	25,423,934	22,361,339
Investments	5	5,227,551	3,129,531
Profit receivable		580,012	525,484
Receivable against conversion of units		127,642	29,778
Advance, deposit and prepayment		6,900	6,943
Total assets		31,366,039	26,053,075
LIABILITIES			
Payable to the Management Company		69,671	69,603
Payable to Central Depository Company of Pakistan Limited - Trustee		2,028	1,706
Payable to the Securities and Exchange Commission of Pakistan		1,806	9,830
Payable against redemption / conversion of units		25,608	145,723
Accrued expenses and other liabilities		558,127	109,410
Total liabilities		657,240	336,272
NET ASSETS		30,708,799	25,716,803
Unit holders' fund (as per statement attached)		30,708,799	25,716,803
CONTINGENCIES AND COMMITMENTS			
	6		
Number of units in issue		2,835,167,400	2,419,928,803
		-----Rupees-----	
Net asset value per unit		10.8314	10.6271

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			
Income from term finance certificates		171,541	145,698
Income on bank deposits		1,341,691	1,580,784
Income from government securities		36,920	101,656
Income on commercial paper		-	30,546
Income from margin trading system		-	1,815
Income from term deposit receipts		13,058	-
Income from clean placements		73,668	172,187
Loss on sale of investments		(1,468)	(649)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		(10,949)	(24,728)
Total income		1,624,461	2,007,309
EXPENSES			
Remuneration of the Management Company		73,724	46,538
Sindh sales tax on remuneration of the Management Company		9,584	6,050
Reimbursement of accounting and operating charges to the Management Company		10,739	15,722
Reimbursement of selling and marketing expenses	7	13,328	44,022
Remuneration of the Trustee		5,369	9,433
Sindh sales tax on remuneration of the Trustee		698	1,226
Annual fee - Securities and Exchange Commission of Pakistan	8	5,369	2,516
Settlement and bank charges		114	380
Annual listing fee		7	7
Auditors' remuneration		254	260
Fund's Rating fee		73	138
Legal and professional charges		38	30
Printing charges		-	65
Brokerage expenses		64	14
Total expenses		119,361	126,401
Net income from operating activities		1,505,100	1,880,908
Net income for the period before taxation		1,505,100	1,880,908
Taxation	9	-	-
Net income for the period after taxation		1,505,100	1,880,908
Allocation of net income for the period			
Net income for the period		1,505,100	1,880,908
Income already paid on units redeemed		(156,005)	(379,181)
		1,349,095	1,501,727
Accounting income available for distribution:			
- Relating to capital gains		-	-
- Excluding capital gains		1,349,095	1,501,727
		1,349,095	1,501,727

The annexed notes 1 to 13 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 -----	
Net income for the period	1,505,100	1,880,908
Other comprehensive income	-	-
Total comprehensive income for the period	<u>1,505,100</u>	<u>1,880,908</u>

The annexed notes 1 to 13 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		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the period	25,333,109	383,694	25,716,803	38,994,679	205,427	39,200,106
Issue of 1,642,341,866 units (2022: 4,196,290,576 units)						
- Capital value	17,453,331	-	17,453,331	44,275,062	-	44,275,062
- Element of income	188,907	-	188,907	611,538	-	611,538
Total proceeds on issuance of units	17,642,238	-	17,642,238	44,886,600	-	44,886,600
Redemption of 1,227,103,269 units (2022: 2,349,654,051 units)						
- Capital value	(13,040,549)	-	(13,040,549)	(24,791,200)	-	(24,791,200)
- Element of loss	(45,778)	(156,005)	(201,783)	(135,531)	(379,181)	(514,712)
Total payments on redemption of units	(13,086,327)	(156,005)	(13,242,332)	(24,926,731)	(379,181)	(25,305,912)
Distribution during the period: Re. 0.3658 per unit on August 29, 2023) (2022: Re. 0.2597 per unit)						
- Cash Distribution		(832,305)	(832,305)		(786,825)	(786,825)
- Refund of Capital	(80,705)		(80,705)	(398,456)		(398,456)
	(80,705)	(832,305)	(913,010)	(398,456)	(786,825)	(1,185,281)
Total comprehensive income for the period	-	1,505,100	1,505,100	-	1,880,908	1,880,908
Net assets at end of the period	29,808,315	900,484	30,708,799	58,556,092	920,329	59,476,421
Undistributed income brought forward						
- Realised		427,672			164,228	
- Unrealised		(43,978)			41,199	
		383,694			205,427	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		1,349,095			1,501,727	
		1,349,095			1,501,727	
Distribution during the period		(832,305)			(786,825)	
Undistributed income carried forward		900,484			920,329	
Undistributed income carried forward						
- Realised		911,433			945,057	
- Unrealised		(10,949)			(24,728)	
		900,484			920,329	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			10.6271			10.5510
Net assets value per unit at end of the period			10.8314			10.6935

The annexed notes 1 to 13 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 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	1,505,100	1,880,908
Adjustments :		
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	10,949	24,728
	<u>1,516,049</u>	<u>1,905,636</u>
Decrease / (Increase) in assets		
Investments	(2,108,969)	(4,846,165)
Profit receivable	(54,528)	(409,672)
Receivable against Margin Trading System	-	(400,336)
Advance, deposit and prepayment	43	119
	<u>(2,163,454)</u>	<u>(5,656,054)</u>
(Decrease) / Increase in liabilities		
Payable to the Management Company	68	32,181
Payable to Central Depository Company of Pakistan Limited - Trustee	322	1,002
Payable to the Securities and Exchange Commission of Pakistan	(8,024)	(6,082)
Payable against purchase of investment	-	-
Accrued expenses and other liabilities	448,717	(149,526)
	<u>441,083</u>	<u>(122,425)</u>
Net cash (used in) / generated from operating activities	<u>(206,322)</u>	<u>(3,872,843)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	17,463,669	45,126,377
Payment on redemption of units	(13,362,447)	(25,301,696)
Distribution paid during the period	(832,305)	(786,825)
Net cash generated from financing activities	<u>3,268,917</u>	<u>19,037,856</u>
Net increase in cash and cash equivalents during the period	<u>3,062,595</u>	<u>15,165,013</u>
Cash and cash equivalents at the beginning of the period	22,361,339	33,577,976
Cash and cash equivalents as at the end of the period	<u><u>25,423,934</u></u>	<u><u>48,742,989</u></u>

The annexed notes 1 to 13 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 Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 July 2011 under 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 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 Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund classified as an "income 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.

The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuks, bank deposits and short-term money market instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and stability rating of 'A+(f)' to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unitholders of the Fund as stated in the Offering Document.

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

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 14, 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.

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

3 SUMMARY OF SIGNIFICANT 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.
- 3.3** 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, 2023. 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	BANK BALANCES	Note	(Un-audited)	(Audited)
			September 30, 2023	June 30, 2023
			Rupees in '000	
	In current accounts		797	797
	In savings accounts	4.1	25,423,137	22,360,542
			<u>25,423,934</u>	<u>22,361,339</u>

- 4.1 These accounts carry profit at the rates ranging from 20.50% to 24.00% (30 June 2023: 19.5% to 23.25%) per annum.

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
5 INVESTMENTS	Note	----- Rupees in '000 -----	
Investments By Category			
Financial Assets 'at fair value through profit or loss'			
Term Finance Certificates - Listed	5.1	707,403	1,117,145
Term Finance Certificates - Unlisted	5.2	1,953,021	2,012,386
Government Treasury Bills	5.3	-	-
Pakistan Investment Bonds	5.4	498,750	-
Letter of placement	5.5	2,068,377	-
		<u>5,227,551</u>	<u>3,129,531</u>

5.1 Term Finance Certificates - Listed

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market Value as at September 30, 2023	Investment as a	
	As at July 01, 2023	Purchases during the period	Sale / matured during the period	As at September 30, 2023		Net assets	Market value of total investments
	-----Rupees in '000'-----					----- % -----	
JS Bank Limited - TFC	1,150	-	1,150	-	-	-	-
Hub Power Company Limited - Sukuk	2,416	-	-	2,416	60,695	0.20	1.16
K- Electric - Sukuk	132,576	-	-	132,576	542,236	1.77	10.37
K- Electric - Sukuk	-	1,180	1,180	-	-	-	-
Lucky Electric Power Company Limited -TFC	-	500	500	-	-	-	-
Soneri bank	1,050	-	-	1,050	104,472	0.34	2.00
Hub Power Company Limited - Sukuk	8,150	-	8,150	-	-	-	-
	<u>145,342</u>	<u>1,680</u>	<u>10,980</u>	<u>136,042</u>	<u>707,403</u>	<u>2.30</u>	<u>13.53</u>
Carrying Value as at September 30, 2023					<u>704,479</u>		

5.2 Term Finance Certificates - Unlisted

All term finance certificates have a face value of Rs. 5,000 each unless stated otherwise

Name of the investee company	Number of certificates / bonds				Market Value as at September 30, 2023	Investment as a	
	As at July 01, 2023	Purchases during the period	Sale / matured during the period	As at September 30, 2023		Net assets	Market value of total investments
	-----Rupees in '000'-----					----- % -----	
Jahangir Siddiqui and Company Limited	28,000	-	28,000	-	-	-	-
Jahangir Siddiqui and Company Limited	32,800	-	32,800	-	-	-	-
Askari Commercial Bank Limited	283	-	-	283	275,925	0.90	5.28
Bank of Punjab	500	-	-	500	50,275	0.16	0.96
Hub Power Holding Limited - Sukuk	6,000	-	-	6,000	611,844	1.99	11.70
Meezan Sukuk	172	-	-	172	170,078	0.55	3.25
Samba Bank Limited	8,464	-	-	8,464	844,899	2.75	16.16
	<u>76,219</u>	<u>-</u>	<u>60,800</u>	<u>15,419</u>	<u>1,953,021</u>	<u>6.36</u>	<u>37.36</u>
Carrying Value as at September 30, 2023					<u>1,967,169</u>		

5.3 Treasury Bills

Issue date	Tenor	-----Face value-----				Investment as a percentage of	
		As at July 01, 2023	Purchases during the Period	Sales / matured during the Period	As at September 30, 2023	Market value as at September 30, 2023	Net assets
-----Rupees in '000'-----							
10-Aug-23	3 months	-	1,000,000	1,000,000	-	-	-
		-	1,000,000	1,000,000	-	-	-

Carrying Value as at September 30, 2023

-

5.4 Pakistan Investment Bonds

Issue date	Tenor	-----Face value-----				Investment as a percentage of	
		As at July 01, 2023	Purchases during the Period	Sales / matured during the Period	As at September 30, 2023	Market value as at September 30, 2023	Net assets
-----Rupees in '000'-----							
22-Oct-20	3 years	-	1,000,000	1,000,000	-	-	-
30-Dec-21	3 years	-	500,000	-	500,000	498,750	1.62
		-	1,500,000	1,000,000	500,000	498,750	1.62
		-					9.54

Carrying Value as at September 30, 2023

498,856

5.5 Letter of Placement

Counter Party	-----Face value-----				Investment as a percentage of		
	As at July 01, 2022	Purchases during the Period	Sales / matured during the Period	As at September 30, 2022	Market value as at September 30, 2022	Net assets	Market value of total investments
-----Rupees in '000'-----							
Pak-Oman Inv. Co. Ltd.	-	2,500,000	2,500,000	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd.	-	2,000,000	2,000,000	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd.	-	2,051,896	2,051,896	-	-	-	-
Pak-Libya Holding Co. (Pvt.) Ltd.	-	2,068,377	-	2,068,377	2,068,377	6.74	39.57
		-	8,620,273	6,551,896	2,068,377	2,068,377	6.74
		-					39.57

6 CONTINGENCIES AND COMMITMENTS

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

7 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 charged selling and marketing expenses at the rate of 0.15% per annum of the net assets of the Fund.

8 Fee Payable to the Commission

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 0.075% of average annual net assets of this (CIS).

9 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of 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.. 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.

10 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 1.66% (September 30, 2022: 1.00%) which includes 0.21% (September 30, 2022: 0.08%) representing Government Levies and the SECP Fee. The prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "Income scheme".

11 TRANSACTIONS WITH CONNECTED PERSONS

11.1 Connected persons include NBP Fund Management Limited being the Management Company, 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, 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.

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

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

11.4 The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

	(Un-Audited)	
	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	------(Rs. In '000)-----	
11.5 Details of the transactions with connected persons are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	73,724	46,538
Sindh sales tax on remuneration of the Management Company	9,584	6,050
Reimbursement of allocation of expenses related to registrar services, accounting,	10,739	15,722
Reimbursement of selling and marketing expenses	13,328	44,022
Sales load and transfer generated including sindh sales tax	7,166	11,696
ADC charges including Sindh sales tax	993	781
Dividend Re-investment: 667,788 units (2022: Nil units)	7,101	-



	(Un-Audited)	
	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	------(Rs. In '000')-----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	5,369	9,433
Sindh sales tax on remuneration of the Trustee	698	1,226
Settlement charges	18	9
Employees of the NBP Fund Management Company		
Units issued / transferred in: 23,608,852 units (2022: 27,097,047 units)	252,603	288,667
Units redeemed / transferred out: 23,791,645 units (2022: 17,986,967 units)	258,091	193,597
Dividend Re-investment: 174,616 Units (2022: 47,907 units)	1,857	506
BALTORO PARTNERS (PVT) LIMITED - Sponsor		
Units issued / transferred in: 939,355 units (2022: 1,893,980 units)	10,000	20,000
Units redeemed / transferred out: 840,793 units (2022: 1,969,250 units)	9,050	21,000
Dividend Re-investment: 384 Units (2022: 24,365 units)	4	257
Fauji Fertilizer Company Ltd - Common Directorship		
Dividend Re-investment: 25,568 Units (2022: 24,365 units)	272	-
Units issued / transferred: 46,773 units (2022: 1,768,234,974 units)	497	18,740,884
Units redeemed / transferred out: Nil units (2022: 1,079,094,465 units)	-	11,665,767
Ibrahim Holdings Private Limited (10% or more holding in CIS)**		
Units issued / transferred: 284,736,257 units (2022: 284,736,257 units)	-	3,004,255
Dividend Re-investment: 25,056,334 units (2022: 25,056,334 units)	-	264,480
Portfolios Managed By Management Company		
Units issued / transferred in: 50,795,616 units (2022: 203,572,571 units)	544,529	2,158,747
Units redeemed / transferred out: 50,941,086 units (2022: 125,422,527 units)	548,639	1,353,516
Dividend Re-investment: 91,534 Units (2022: 369,649 units)	973	3,901
Bank Islami Pakistan Limited		
Markup Income	915	8,482
Khushhali Microfinance Bank Limited (Common Directorship)**		
Markup Income	56,480	150,877
National Bank of Pakistan - Sponsor		
Markup Income	930	460
National Clearing Company of Pakistan		
Dividend Re-investment: Nil Units (2022: 87,261 units)	-	921
Units issued / transferred in: Nil units (2022: 1,775,862 units)	-	18,918
CDC Trustee NBP Income Plan-I		
Units issued: 116,136,401 units (2022: Nil)	1,237,106	-
Units Redeemed / Transferred Out: 438,713 units (2022: Nil units)	4,700	-
HAIDER AMJAD (close family member of key management personnel)		
Dividend re-invested: 941 units (2022: Nil units)	10	-
Units Issued / Transferred In 9,410 units (2022: Nil units)	100	-
Units Redeemed / Transferred Out 156,210 units (2022: Nil units)	1,671	-
Imran Zaffar - Directors		
Dividend Re-investment 10,888 Units (2022: Nil units)	116	-
Units Redeemed / Transferred Out: 41,619 units (2022: 1,775,862 units)	450	-

	(Un-Audited) September 30, 2023	(Audited) June 30, 2023
	------(Rs. In '000')-----	
11.6 Balances outstanding as at period end		
NBP Fund Management Limited - Management Company		
Management remuneration payable	25,759	18,995
Sindh Sales Tax payable	3,349	2,469
Sales load and transfer load payable	12,627	6,287
Sindh Sales Tax on sales and transfer load	1,642	817
Reimbursement of selling and marketing expenses	13,328	27,225
Reimbursement of allocation of expenses related to registrar services, accounting,	10,739	12,576
ADC charges including SST	2,058	692
Other payable	169	542
Units held 23,505,035: (2023: 22,837,247 units)	254,593	242,694
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	1,795	1,510
Sindh Sales Tax on Trustee remuneration	233	196
Security deposit	100	100
National Bank of Pakistan - Sponsor		
Balance in current account	325	325
Balance in savings account	73,876	65,507
Profit receivable on bank deposit	116	3,304
Khushhali Microfinance Bank Limited (Common Directorship)		
Bank Balance	1,427	1,052,580
Interest income receivable	14,063	26,430
Telenor Microfinance Bank Limited (Common Directorship)		
Bank Balance	25	25
Interest income receivable	1,345	490
Employees of the NBP Fund Management Company		
Units held: 15,505,475 units (June 30, 2023: 15,511,544 units)	167,946	164,865
Bank Islami Pakistan Limited		
Bank balance	24	25,551
Profit receivable on bank deposit	-	246
Khalid Mehmood - CFO		
2 unit held (June 30, 2023: 2 units)	-	-
Imran Zaffar - Directors		
341,620 units held (June 30, 2023: 372,351 units)	3,700	3,957
Haider Amjad		
Nil units held (June 30, 2023: 145,859 units)	-	1,550
CDC Trustee NBP Income Plan-I		
162,858,349 units held (June 30 2023: 47,160,661 units)	1,763,984	501,181
Fauji Fertilizer Company Ltd (10% or more holding in CIS)		
Units held: 921,487 units (June 30, 2023: 849,146 units)	9,981	9,024
Portfolios Managed by Management Company		
2,833,844 units held (June 30, 2023: 2,887,781 units)	30,693	30,687
BALTORO PARTNERS (PVT) LIMITED - Sponsor		
112,070 units held (June 30, 2023: 13,124 units)	1,214	139

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

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

12 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 30, 2023 by the Board of Directors of the Management Company.

13 GENERAL

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

13.2 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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