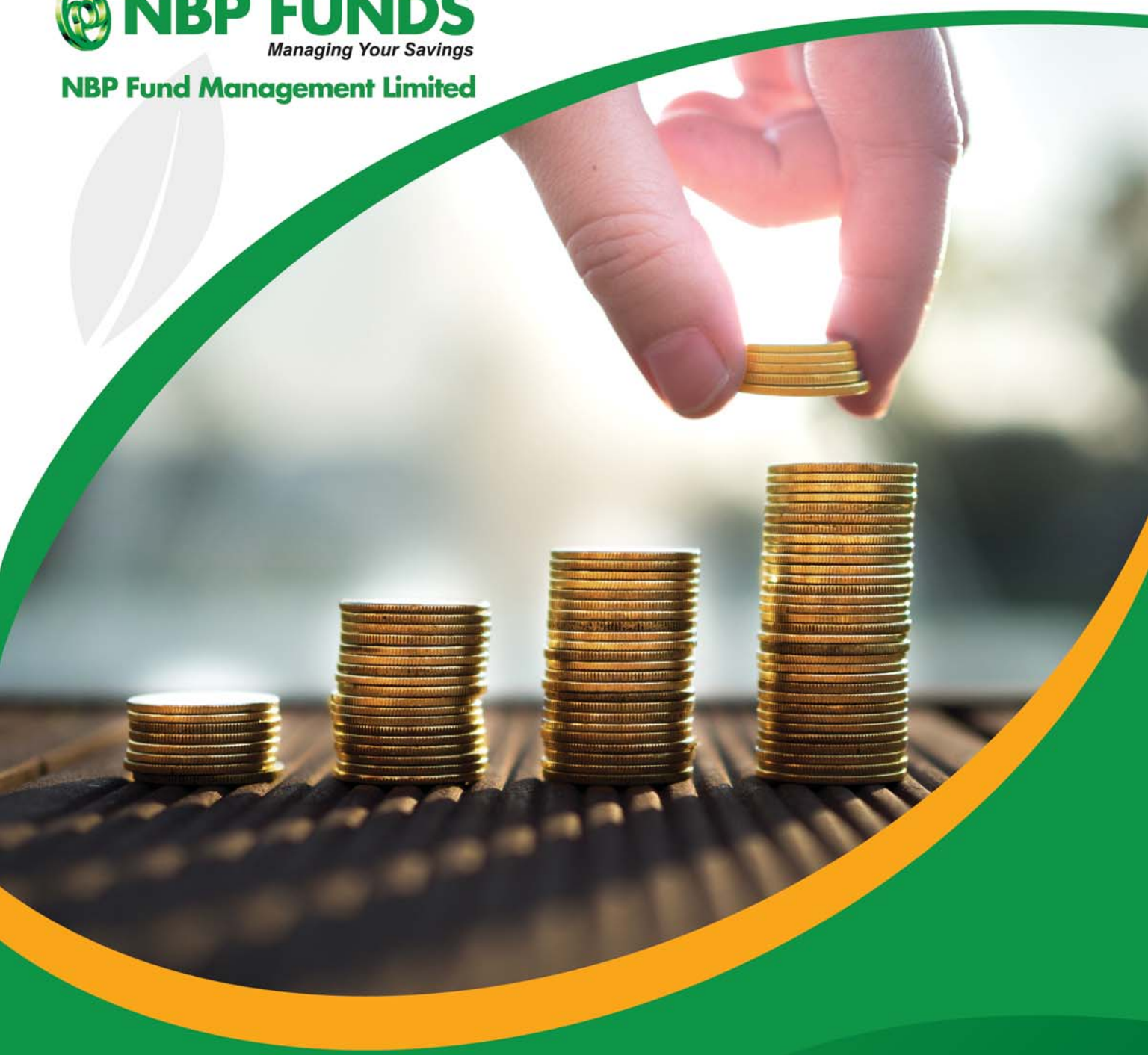




Managing Your Savings

NBP Fund Management Limited



NBP INCOME OPPORTUNITY 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

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
MCB Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Al Baraka Bank Pakistan Limited

Faysal Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
U Microfinance Bank Limited
Dubai Islamic Bank Limited
Khushhali Bank Limited
Bankislami Pakistan Limited
NRSP Microfinance Bank Limited
HBL Microfinance Bank Limited
Mobilink Microfinance Bank Limited
The Bank of Khyber

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

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

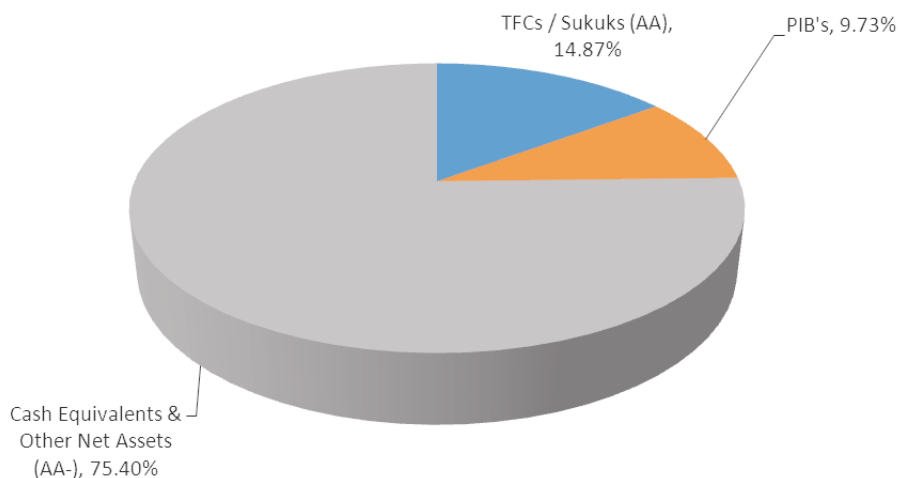
Fund's Performance

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 of 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.

NIOF is categorized as an Income Scheme and has been awarded stability rating of 'A (f)' by PACRA.

The size of NBP Income Opportunity Fund has decreased from Rs. 4,995 million to Rs. 4,898 million during the period (i.e., a decline of 1.94%). The unit price of the Fund has increased from Rs. 10.8454 on June 30, 2023 to Rs. 11.3844 on September 30, 2023, thus showing a return of 19.7% p.a. as compared to the benchmark return of 23.2% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 281.43 million during the period. After deducting total expenses of Rs. 41.57 million, the net income is Rs. 239.86 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIOF.



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 30 ستمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کے لئے NBP انکم اپرچونٹی فنڈ (NIOF) کے غیر نظر ثانی شدہ کنڈینسڈ عبوری مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

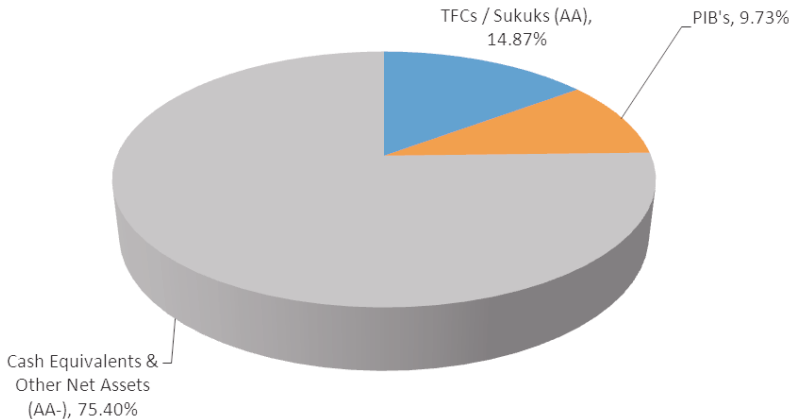
فنڈ کی کارکردگی

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 اگلی ششماہی سے کمی کی توقع ہے کیونکہ زیادہ بیس کا اثر شروع ہوگا۔ آئندہ قرضوں کی ادائیگی اور کم سرمایہ کاری بہاؤ FX ذخائر پر دباؤ ڈالیں گے۔ 28 ستمبر 2023 کو SBP کے ہاں خالص لیکویڈ زرمبادلہ کے ذخائر 7.62 بلین امریکی ڈالر (جولائی 2023 کے مقابلے میں 543.8 بلین امریکی ڈالر کی کمی) ہیں۔ یہ مالیاتی استحکام کے لیے سنگین مشکلات اور خطرات کی نشاندہی کرتا ہے۔ SBP نے تین پی آئی بی ٹیلا میوں کا انعقاد کیا، جس سے 189 بلین 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 سکیورٹیز کی طرف جھکانے رکھا۔ کارپوریٹ بانڈ کی سرگرمی 2.10 بلین 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۔

NIOF کی انکم اسکیم کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے 'A(f)' کی مستحکم ریٹنگ دی گئی ہے۔

موجودہ مدت کے دوران NBP انکم اپرچونٹی فنڈ (NIOF) کا سائز 4,995 ملین روپے سے کم ہو کر 4,898 ملین روپے ہو گیا ہے یعنی 1.94% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2023 کو 10.8454 روپے سے بڑھ کر 30 ستمبر 2023 کو 11.3844 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک منافع 23.2% سالانہ کے مقابلے میں 19.7% سالانہ کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 281.43 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 41.57 ملین روپے کے اخراجات متبہا کرنے کے بعد خالص آمدنی 239.86 ملین روپے ہے۔ درج ذیل چارٹ NIOF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





اعلہا تشکر

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

بورڈ اپنے اسٹاف اور ڈسٹی 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 اینجمنٹ کمیٹی

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 30 اکتوبر 2023

مقام: کراچی

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

		(Unaudited) 30 September 2023 (Rupees in '000)	(Audited) 30 June 2023
Assets			
Bank Balances	4	3,588,020	3,112,909
Investments	5	1,204,706	1,856,437
Profit Receivable		156,192	106,183
Receivable against transfer of units		1,201	31,006
Deposit, prepayments and other receivables		12,660	12,786
Total assets		4,962,779	5,119,321
Liabilities			
Payable to NBP Fund Management Limited - the Management Company		56,759	57,380
Payable to Central Depository Company of Pakistan Limited - Trustee		341	363
Payable to Securities and Exchange Commission of Pakistan - annual fee		301	1,210
Payable against redemption		3,027	1,652
Accrued expenses and other liabilities		4,641	63,588
Total liabilities		65,069	124,193
Net assets		4,897,710	4,995,128
Unit holders' fund (As per statement attached)		4,897,710	4,995,128
Contingencies and commitments	6	-	-
		(Number of units)	
Number of units in issue		430,212,094	460,576,216
		(Rupees)	
Net assets value per unit		11.3844	10.8454

The annexed notes 1 to 14 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

	Quarter Ended September 30 2023	Quarter Ended September 30 2022
Note	----- (Rupees in '000) -----	
Income		
Return / profit on:		
- bank balances and term deposits	156,712	148,144
- term finance certificates and sukuks	47,262	41,326
- government securities	61,827	51,998
- letter of placement	15,385	17,557
- commercial paper	-	11,186
- margin trading system	-	292
Net gain / (loss) on sale of investments	(313)	20
Net unrealised (diminution) / appreciation on re-measurement of investments at fair value through profit or loss - held for trading	557	(3,761)
Total income	281,430	266,762
Expenses		
Remuneration of Management Company	12,433	14,383
Sales tax on remuneration of Management Company	1,616	1,870
Reimbursement of allocated expense	1,865	2,200
Reimbursement of selling and marketing expenses	8,704	12,319
Remuneration of Central Depository Company of Pakistan Limited - Trustee	933	1,320
Sindh Sales tax on remuneration of trustee	121	172
Annual fee - Securities and Exchange Commission of Pakistan	933	352
Settlement and bank charges	118	357
Security and transaction cost	9	14
Rating Fee	151	148
Listing Fee	7	7
Auditors' remuneration	240	209
Legal and professional charges	32	37
Printing charges	9	46
Provision against non-performing investment	14,404	10,214
Total expenses	41,575	43,648
Net income for the period before taxation	239,855	223,114
Taxation	-	-
Net income for the period after taxation	239,855	223,114
Allocation of Net income for the period:		
Net income for the year after taxation	239,855	223,114
Income already paid on units redeemed	(9,364)	(21,820)
	230,491	201,294
-Relating to capital gains	244	-
-Excluding capital gains	230,247	201,294
	230,491	201,294

The annexed notes 1 to 14 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 ----- (Rupees in '000)	Quarter ended September 30 2022 -----
Net income for the period after taxation	239,855	223,114
Other comprehensive income		
Total comprehensive income for the period	<u>239,855</u>	<u>223,114</u>

The annexed notes 1 to 14 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 2023			Quarter ended September 2022		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the year	4,442,195	552,933	4,995,128	6,844,143	530,400	7,374,543
Issuance of 25,556,583 units (2022: 61,797,960 units)						
- Capital value	277,172	-	277,172	667,129	-	667,129
- Element of income	8,003	-	8,003	12,225	-	12,225
Total proceeds on issuance of units	285,175	-	285,175	679,354	-	679,354
Redemption of 55,920,704 units (2022: 153,159,245 units)						
- Capital value	(606,482)	-	(606,482)	(1,653,400)	-	(1,653,400)
- Element of loss	(6,602)	(9,364)	(15,966)	(6,106)	(21,820)	(27,926)
Total payments on redemption of units	(613,084)	(9,364)	(622,448)	(1,659,506)	(21,820)	(1,681,326)
Total comprehensive income for the period	-	239,855	239,855	-	223,114	223,114
Net assets at end of the period	4,114,286	783,424	4,897,710	5,863,991	731,694	6,595,685
Undistributed income brought forward						
- Realised		564,382			501,889	
- Unrealised gain		(11,449)			28,511	
		552,933			530,400	
Accounting income available for distribution						
- Relating to capital gain		244			-	
- Excluding capital gains		230,247			201,294	
		230,491			201,294	
Undistributed income carried forward		783,424			731,694	
Undistributed income carried forward						
- Realised		782,867			735,455	
- Unrealised (loss) / gain		557			(3,761)	
		783,424			731,694	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			10.8454			10.7953
Net assets value per unit at end of the period			11.3844			11.1458

The annexed notes 1 to 14 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	Quarter ended September 30
	2023	2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	239,855	223,114
Adjustments for non-cash charges and other items:		
Net unrealised diminution / (appreciation) on re-measurement of investments	(557)	3,761
	239,298	226,875
Decrease / (Increase) in assets		
Investments	652,288	(2,737,474)
Profit Receivable	(50,009)	46,869
Receivable against margin trading system	-	(166,541)
Deposit, prepayments and other receivables	126	128
	602,405	(2,857,018)
Increase / (Decrease) in liabilities		
Payable to NBP Fund Management Limited - the Management Company	(621)	(2,583)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(22)	(83)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(909)	(1,628)
Accrued expenses and other liabilities	(58,947)	(71,638)
	(60,499)	(75,932)
Net cash generated from / (used in) operating activities	781,204	(2,706,075)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	314,980	680,652
Payments on redemption of units	(621,073)	(2,173,894)
Net cash (used in) generated from financing activities	(306,093)	(1,493,242)
Net increase / (decrease) in cash and cash equivalents during the period	475,111	(4,199,317)
Cash and cash equivalents at beginning of the period	3,112,909	6,289,721
Cash and cash equivalents at end of the period	3,588,020	2,090,404

The annexed notes 1 to 14 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 Income Opportunity Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered 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 30 January 2006 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 Securities and Exchange Commission of Pakistan (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 'Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan 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 11, 2006 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return by investing in money market and debt securities having good credit rating and liquidity. Other avenues of investments include ready future arbitrage in listed securities and transactions under margin trading system.

The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 on June 22, 2023 (2022: AM1 on June 22, 2022). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has upgraded the stability rating of the Fund at "A+(f)" dated April 14, 2023 (2022: "A(f)" on April 19, 2022).

The 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.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 3, 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.
- 3.2** 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

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
Current accounts	70	70
Saving accounts	3,587,950	3,112,839
	<u>3,588,020</u>	<u>3,112,909</u>

- 4.1 These saving accounts carry mark-up at the rates ranging from 20.5% to 22.75% per annum (June 2023: 19.5% to 22.60% per annum).

5. INVESTMENTS

	Note	(Un-audited) September 30, 2023	(Audited) June 30, 2023
At fair value through profit or loss			
(Rupees in '000)			
Equity securities - listed	5.1	-	-
Government securities - Market Treasury Bills	5.2	-	-
Government securities - Pakistan Investment Bonds	5.3	476,550	973,100
Term finance certificates - non-performing securities	5.4	13,563	30,798
Term finance certificates	5.5	115,521	205,126
Corporate sukuk certificates	5.6	577,419	620,533
Corporate sukuk certificates - non-performing securities	5.7	21,653	26,880
Letters of placement	5.8	-	-
		1,204,706	1,856,437

5.1 Equity securities - listed at fair value through profit or loss

Name of the investee company	Number of shares					Market value as at September 30, 2023	Investment as a percentage of	
	As at July 01, 2023	Purchased during the period	Bonus / Right shares	Sold during the period	As at September 30, 2023		Net assets	Market value of total investments
						Rs. in '000	%	

All shares have a nominal face value of Rs 10 each.

PERSONAL GOODS

Azgard Nine Limited - Non-voting	308	-	-	-	308	-	-	-
Carrying value / market value as at September 30, 2023						-		
Carrying value before mark to market as at September 30, 2023						13		

5.2 Government securities - Market Treasury Bills

Issue Date	Tenor	Face value				Market value as at September 30, 2023	Investment as a percentage of	
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at September 30, 2023		Net assets	Market value of total investments
						Rupees in '000	%	

June 15, 2023	3 Months	-	650,000	650,000	-	-	-
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Market value as at September 30, 2023

Carrying value before mark to market as at September 30, 2023

5.3 Government securities - Pakistan Investment Bonds

Issue Date	Tenor	Face value				Market value as at September 30, 2023	Investment as a percentage of	
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at September 30, 2023		Net assets	Market value of total investments
						Rupees in '000	%	

November 17, 2022	5 years	500,000	-	-	500,000	476,550	0.10	0.40
August 26, 2021	2 years	500,000	-	500,000	-	-	-	-

Market value as at September 30, 2023

Carrying value before mark to market as at September 30, 2023

5.4 Term finance certificates - non-performing securities

Name of the investee company	Number of certificates				Market value as at September 30, 2023	Investment as a percentage of	
	As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at September 30, 2023		Net assets	Market value of total investments
CEMENT							
Dewan Cement Limited TFC (Face value of Rs. 5,000 per certificate)	30,000	-	-	30,000	-	-	-
CHEMICAL							
Agritech Limited TFC V (Face value of Rs. 5,000 per certificate)	6,464	-	-	6,464	-	-	-
Agritech Limited TFC I (Face value of Rs. 4,952 per certificate)	30,000	-	-	30,000	-	-	-
COMMERCIAL BANKS							
Silk Bank Limited - TFC I (Face value of Rs. 4,995.5 per certificate)	20,000	-	-	20,000	13,563	0.00	0.01
LEASING COMPANIES							
Saudi Pak Leasing Company Limited - TFC II (Face value of Rs. 2,755 per certificate)	15,000	-	-	15,000	-	-	-
TECHNOLOGY & COMMUNICATION							
Worldcall Telecom Limited - TFC III (Face value of Rs. 1,666 per certificate)	45,000	-	-	45,000	-	-	-
TEXTILE COMPOSITE							
Azgard Nine Limited VII (PPTFC) (Face value of Rs. 5,000 per certificate)	16,095	-	-	16,095	-	-	-
Azgard Nine Limited - Zero Coupon (Face value of Rs. 5,000 per certificate)	39,093	-	-	39,093	-	-	-
MISCELLANEOUS							
PACE Pakistan Limited TFC Revised (Face value of Rs. 4,994 per certificate)	30,000	-	-	30,000	-	-	-
New Allied Electronic Industries (Private) Limited TFC (Face value of Rs. 2,114 per certificate)	15,000	-	-	15,000	-	-	-
Market value as at September 30, 2023					<u>13,563</u>		
Carrying value before mark to market as at September 30, 2023					<u>13,563</u>		

5.4.1 The investee companies had defaulted on their obligation on account of principal and profit payments and accordingly the certificates had been classified as non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 980.616 (2023: Rs. 969.247) million against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

5.4.2 During the period, the Fund has received Rs. 12.0041 million (2023: Rs 1.307 million) against recovery of provided term finance certificate of Agritech Limited , Azgard Nine Limited, Shakarganj Foods (Pvt.) Limited.

5.5 Term finance certificates - unlisted

Name of the investee company	Number of certificates				Market Value as at September 30, 2023	Investment as a percentage of	
	As at July 01, 2023	Purchased during the period	Sold / Matured during the period	As at September 30, 2023		Net assets	Market value of total investments

Rs. in '000 ----- % -----

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

COMMERCIAL BANKS

JS Bank Limited - TFC II

(Face value of Rs. 99,780 per certificate)

500 - 500

- - - - -

The Bank of Punjab - TFC II

(Face value of Rs. 99,800 per certificate)

900 - - 900

90,496 0.02 0.08

Al Baraka Bank (Pakistan) Limited

(Face value of Rs. 1,000,000 per certificate)

25 - - 25

25,025 0.01 0.02

INVESTMENT COMPANIES

Jahangir Siddiqui and Company Limited -

TFC (5th issue)

(Face value of Rs. 625 per certificate)

23,340 - 23,340

- - - - -

Jahangir Siddiqui and Company Limited -

TFC (6th Issue)

(Face value of Rs. 833 per certificate)

30,000 - 30,000

- - - - -

Market value as at September 30, 2023

115,521

Carrying value before mark to market as at September 30, 2023

115,446

5.6 Corporate Sukuk Certificates - Performing

Name of the investee company	Number of certificates				Market Value as at September 30, 2023	Investment as a percentage of	
	As at July 01, 2023	Purchased during the period	Sold / Matured during the period	As at September 30, 2023		Net assets	Market value of total investments

Rs. in '000 ----- % -----

CEMENT

Javedan Corporation Limited Sukuk I

(Face value of Rs. 100,000 per certificate)

150 - - 150

8,575 0.00 0.01

POWER GENERATION & DISTRIBUTION

K-Electric Limited - Sukuk - V

(Face value of Rs. 5,000 per certificate)

71,000 - - 71,000

290,390 0.06 0.24

The Hub Power Company Limited Sukuk (3rd Issue)

(Face value of Rs. 100,000 per certificate)

1,000 - 1,000

- - - - -

MISCELLANEOUS

Hub Power Holding Limited Sukuk

(Face value of Rs. 100,000 per certificate)

1,750 - - 1,750

178,454 0.04 0.15

NON- BANKING FINANCIAL INSTITUTES

Abhi (Pvt.) Limited STS - 1*

(Face value of Rs. 100,000 per certificate)

100 - - 100

100,000 0.02 0.08

Market value as at September 30, 2023

577,419

Carrying value before mark to market as at September 30, 2023

577,709

5.7 Corporate Sukuk Certificates - Non-Performing

Name of the investee company	Number of certificates				Market Value as at September 30, 2023	Investment as a percentage of	
	As at July 01, 2023	Purchased during the period	Sold / Matured during the period	As at September 30, 2023		Net assets	Market value of total investments
						Rs. in '000	%
MISCELLANEOUS							
Eden Housing Limited Sukuk (2nd Issue) (Face value of Rs. 984 per certificate)	9,200	-	-	9,200	-		
New Allied Electronic Industries (Private) Limited - Sukuk II (Face value of Rs. 4,905 per certificate)	9,000	-	-	9,000	-		
Shakarganj Food Products Limited Sukuk (Face value of Rs. 850,000 per certificate)	70	-	-	70	21,653		
Market value as at September 30, 2023					21,653		
Carrying value before mark to market as at September 30, 2023					21,653		

5.7.1 The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly have been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 63.052 million (2023: Rs 61.325 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

5.8 Letter of Placement

Name of the investee company	Issue date	Number of certificates				Market Value as at September 30, 2023	Investment as a percentage of	
		As at July 01, 2023	Purchased during the period	Sold / Matured during the period	As at September 30, 2023		Net assets	Market value of total investments
						Rs. in '000	%	
Pak-Libya Holding Co. (Pvt.) Ltd.	2-Nov-21	450,000	-	450,000	-	-	-	
Pak-Libya Holding Co. (Pvt.) Ltd.	12-Jan-22	461,677	-	461,677	-	-	-	
					-			

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

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 0.70% per annum of the net assets of the Fund.

8 TAXATION

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

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

9 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 2.19% (September 30, 2022: 2.40%) which includes 0.22% (September 30, 2022: 0.13%) representing Government Levies and 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.

10 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 0.075% of average annual net assets of this CIS.

11 DETAILS OF NON-COMPLIANT INVESTMENTS

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

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

Following is the detail of non-compliant investments :

Type of Investment	Name of non-compliant investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		-----Rupees in ('000)-----			-----%-----	
Investment in Debt securities & Sukuks**	Agritech Limited	148,017	(148,017)	-	-	-
	Agritech Limited V	32,320	(32,320)	-	-	-
	Azgard Nine Limited VII	76,451	(76,451)	-	-	-
	Azgard Nine Limited VIII	195,465	(195,465)	-	-	-
	Dewan Cement Limited	150,000	(150,000)	-	-	-
	Eden Housing Limited - Sukuk II	9,056	(9,056)	-	-	-
	New Allied Electronics Industries (Private) Limited - PPTFC	31,707	(31,707)	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk II	44,149	(44,149)	-	-	-
	PACE Pakistan Limited	149,820	(149,820)	-	-	-
	Silk Bank Limited	99,920	(86,358)	13,562	0.28	0.27
	Saudi Pak Leasing Company Limited	41,321	(41,321)	-	-	-
	Shakarganj Foods	31,500	(9,847)	21,653	0.44	0.44
	World Call Telecom Limited	69,157	(69,157)	-	-	-
	Investment in Equity scheme	Azgard Nine Limited (Non-Voting)	13	(13)	-	-
Total carrying value and accumulated impairment		1,078,896	(1,043,681)	35,215	0.72	0.71

11.1 At the time of purchase, these term finance certificates and sukuks were in compliance with the aforementioned circular. However, they either subsequently defaulted or were downgraded to non investment grade.

12 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

12.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), 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 sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

12.2 The transactions with connected persons are carried out at agreed terms.

12.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

12.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

	(Un-audited)	
	Quarter Ended September 30,2023	Quarter Ended September 30,2022
12.5 Details of the transactions with connected persons are as follows:	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	12,433	14,383
Sindh sales tax on remuneration of the Management Company	1,616	1,870
Sales load and transfer load during the period	228	1,433
Sindh Sales tax on sales load and transfer load during the period	30	187
Reimbursement of allocated expenses	1,865	2,200
Reimbursement of selling and marketing expenses	8,704	12,319
ADC Charges payable for the period with sindh sales tax	322	-
Units Redeemed / Transferred Out units (2022: 32,261 units)	352	352
Central Depository Company of Pakistan Ltd. - Trustee		
Remuneration of the Trustee	933	1,320
Sindh Sales Tax on remuneration of the Trustee	121	172
CDS charges	5	92
Employees of Management Company		
Units Issued / transferred in 167,581 units (2022: 1,071,393 units)	1,875	11,776
Units redeemed / transferred out 297,726 units (2022: 1,214,884 units)	3,339	13,351
Portfolio managed by the Management Company		
Units redeemed / transferred out 2,962,807 units (2022: Nil units)	33,000	-
Muhammad Murtaza Ali - COO / Chief Operating Officer		
Units Redeemed / Transferred Out Nil units (2022: 120 units)	-	1
National Clearing Company of Pakistan Limited*		
NCCPL Charges	-	85
Laga & Levy	-	15
Units Redeemed / Transferred Out Nil units (2022: 1,739,542 units)	-	19,326
Bank Islami Limited*		
Bank Profit	-	152

	(Un-audited)	
	Quarter Ended September 30,2023	Quarter Ended September 30,2022
	(Rupees in '000)	
Khushhali Bank Limited*		
Bank Profit	-	13,606
K-Electric		
Sukuk income for the period	17,736	15,278
	(Un-audited) As at September 30, 2023	(Audited) As at June 30, 2023
	(Rupees in '000)	
12.6 Amounts outstanding as at period end		
NBP Fund Management Limited (Management Company)		
Remuneration of the Management Company	4,016	4,281
Sindh Sales Tax on remuneration of the Management Company	522	557
Reimbursement of allocated expenses payable	1,865	1,996
Reimbursement of selling and marketing expenses payable	8,704	9,313
Sales load and transfer load	431	205
Sindh Sales tax on sales load and transfer load	56	26
Federal Excise duty and related sindh sales tax on management fee and sale load	40,695	40,695
ADC Charges payable including sales tax	470	307
Investment held in the Fund: Nil units (June 30, 2023: Nil units)	-	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the trustee	301	321
Sindh sales tax on remuneration of the trustee	40	42
CDS charges	157	152
Security deposit	100	100
National Bank of Pakistan (Parent of the Management Company)		
Bank balance	2,956	2,222
Accrued markup	-	3
Muhammad Murtaza Ali - COO / Chief Operating Officer		
Units held in the Fund: 107 units (2023: 107 units)	1	1
NBP Employees Pension Fund (Pension Fund of the parent of the Management Company)		
Investment held in the Fund: 146,024,708 units (June 30, 2023: 146,024,708 units)	1,662,404	1,583,696
Employees of the Management Company		
Investment held in the Fund: 542,885 units (June 30, 2023: 673,031 units)	6,180	7,299
Portfolio managed by the Management Company		
Units held in the Fund: 20,041,036 units (2023: 23,003,843 units)	228,155	249,486
K-Electric		
Sukuk held by the fund	290,390	307,281
Profit Receivable	11,256	-

13 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.

14 GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees.

14.2 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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