

NBP FUNDS

Managing Your Savings

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Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP ISLAMIC 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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Bank Islami Pakistan Limited
United Bank Limited (Islamic)
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited
Silk Bank Limited (Emaan Islamic)
AlBaraka Bank (Pakistan Limited)
National Bank of Pakistan (Islamic Banking)
Habib Bank Limited (Islamic)
MCB Bank Limited
Bank Alfalah Limited (Islamic)
Habib Metropolitan Bank Limited
Soneri Bank Limited
JS Bank Limited

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block 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 Islamic Income Fund (NBP-IIF)** for the quarter ended September 30, 2023.

Fund's Performance

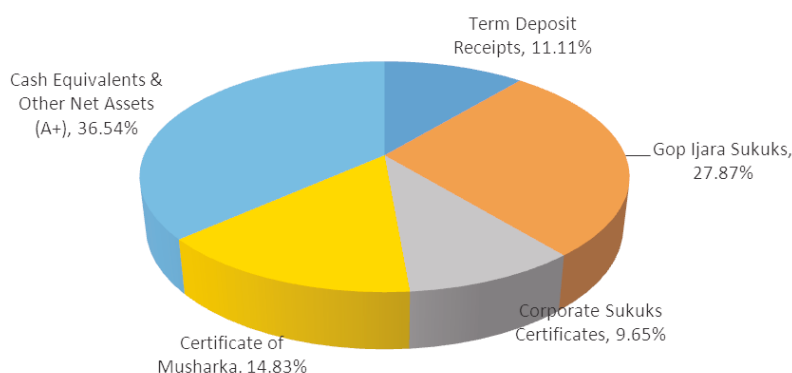
During the quarter, two Monetary Policy Committee meetings were held and SBP maintained the policy rate at 22%. The stress on external accounts and PKR continued as fiscal discipline remained weak, though PKR depreciation was eventually brought under control with administrative measures. Inflation as 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. The primary market for Corporate Sukuks remained under-supplied against the growing demand. In the secondary market, the trading activity in Corporate Sukuks was slow with a cumulative traded value of Rs. 1.05 billion.

NBP-IIF is categorized as a Shariah Compliant Income Fund. The fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. The Fund is allowed to invest with A- or above rated Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The size of NBP Islamic Income Fund has decreased from Rs. 5,158 million to Rs. 4,500 million during the period (i.e., a drop of 13%). The unit price of the Fund has increased from Rs. 10.0959 on June 30, 2023 to Rs. 10.5851 on September 30, 2023, thus showing return of 19.2% p.a. as compared to its benchmark return of 7.6% 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. 242.646 million during the quarter. After deducting total expenses of Rs. 23.554 million, the net income is Rs. 219.092 million.

The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-IIF.



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 پہلی سہ ماہی کے لئے NBP اسلامک انکم فنڈ (NBP-IIF) کے غیر جانچ شدہ کنٹریبنڈ عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

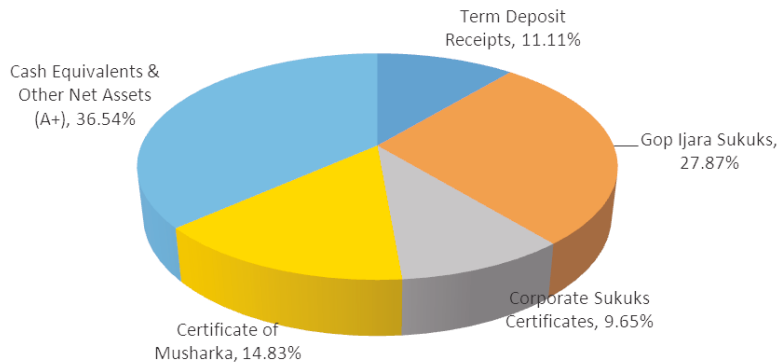
فنڈ کی کارکردگی

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 پیکٹس 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 کسی 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 ریمبادلہ 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۔ پرائمری مارکیٹ میں کارپوریٹ سکوک کے لیے زیادہ طلب کے مقابلے میں رسد کم رہی۔ ثانوی مارکیٹ میں، کارپوریٹ سکوک میں تجارتی سرگرمیاں سست رہیں جہاں 1.05 بلین روپے کی مجموعی تجارت ہوئی۔

NBP-IIF کی درجہ بندی بطور شریعہ کھپائے انکم فنڈ کی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سیکورٹیز اور مہنگائی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز اور ڈوز میں آسانی سے لیکویڈیٹی فراہم کرنے والے A یا بالا درجہ کے اسلامی بینکوں کے ساتھ سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق A یا اس سے بالا درجہ بندی کے منہی مارکیٹ کے آلات اور ڈیٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکٹیوٹی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سیکورٹیز کے علاوہ فنڈ کی سچھوٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

NBP اسلامک انکم فنڈ کا سائز 5,158 ملین روپے سے کم ہو کر اس مدت کے دوران 4,500 ملین روپے ہو گیا (یعنی 13% کی کمی ہوئی) ہے۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2023 کو 10.0959 روپے سے بڑھ کر 30 ستمبر 2023 کو 10.5851 روپے ہو گئی۔ لہذا فنڈ نے اسی مدت میں بیچ مارک منافع 7.6% سالانہ کے مقابلے میں 19.2% سالانہ منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس سہ ماہی کے دوران 242.646 ملین روپے کی مجموعی آمدنی ہوئی۔ 23.554 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 219.092 ملین روپے ہے۔ درج ذیل چارٹ NBP-IIF کی ہر ایک ذیلی ایسٹ کلاسوں کی ایسٹ ابلویشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی 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 فز 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	2,021,602	2,659,793
Investments	5	2,855,594	2,555,572
Profit receivable		153,846	100,906
Prepayments, deposits and other receivables		428	443
Receivable against issuance of units		-	23,672
Preliminary expenses and floatation costs		291	329
Total assets		5,031,761	5,340,715
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company		20,643	20,170
Payable to Central Depository Company of Pakistan Limited - Trustee		457	356
Payable to the Securities and Exchange Commission of Pakistan	8	275	1,418
Payable against redemption of units		29,714	73,434
Payable against purchase of investments		469,358	-
Accrued expenses and other liabilities		11,422	87,776
Total liabilities		531,869	183,154
NET ASSETS		4,499,892	5,157,561
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,499,892	5,157,561
CONTINGENCIES AND COMMITMENTS			
	6	Number of units	
NUMBER OF UNITS IN ISSUE		425,116,844	510,856,440
		Rupees	
NET ASSET VALUE PER UNIT		10.5851	10.0959

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

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	-----Rupees in '000-----	
INCOME		
Profit on bank balances	91,493	229,311
Income on Term Deposit	56,088	-
Income on sukuk certificates	58,449	37,669
Income on commercial papers	-	6,669
Income on certificate of musharika	36,377	20,249
(Loss) on investment	(52)	
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	-	-
	291	(1,412)
Total income	242,646	292,486
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company	13,899	16,902
Sindh sales tax on remuneration of the Management Company	1,807	2,197
Reimbursement of allocated expenses	1,749	2,472
Reimbursement of selling and marketing expenses	3,382	2,966
Remuneration of Central Depository Company of Pakistan Limited - Trustee	875	1,483
Sindh sales tax on remuneration of the Trustee	114	193
Annual fee of the Securities and Exchange Commission of Pakistan	875	395
Amortisation of preliminary expenses and floatation costs	39	39
Auditors' remuneration	326	165
Legal and professional charges	38	43
Listing fee	2	7
Shariah advisor fee	276	18
Settlement and bank charges	101	28
Printing expenses	25	25
Rating fee	46	46
Total operating expenses	23,554	26,979
Net income for the period before taxation	219,092	265,507
Taxation	-	-
Net income for the period after taxation	219,092	72,182
Allocation of net income for the period		
- Net income for the period	219,092	265,507
- Income already paid on units redeemed	(25,225)	(47,612)
	193,867	217,895
Accounting income available for distribution:		
- Relating to capital gains	239	-
- Excluding capital gains	193,628	217,895
	193,867	217,895

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 in '000-----	
Net income for the period after taxation	219,092	265,507
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>219,092</u>	<u>265,507</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 -----			----- Rupees in '000 -----		
Net assets at beginning of the period	5,110,294	47,267	5,157,561	7,513,947	19,263	7,533,210
Issuance of 383,019,719 units (2021: 304,158,947)						
- Capital value	698,344	-	698,344	3,844,905	-	3,844,905
- Element of income	16,333	-	16,333	60,428	-	60,428
Total proceeds on issuance of units	714,677	-	714,677	3,905,333	-	3,905,333
Redemption of 399,272,923 units (2021: 205,817,492)						
- Capital value	(1,563,964)	-	(1,563,964)	(4,008,061)	-	(4,008,061)
- Element of loss	(2,249)	(25,225)	(27,474)	(24,399)	(47,612)	(72,011)
Total payments on redemption of units	(1,566,213)	(25,225)	(1,591,438)	(4,032,460)	(47,612)	(4,080,072)
Total comprehensive income/ (loss) for the period	-	219,092	219,092	-	265,507	265,507
Net assets at end of the period	4,258,758	241,134	4,499,892	7,386,820	237,158	7,623,978
Undistributed income / (loss) brought forward:						
- Realised		64,360			1,013	
- Unrealised		(17,093)			18,250	
		47,267			19,263	
Accounting income available for distribution:						
- Relating to capital gains		239			-	
- Excluding capital gains		193,628			217,895	
		193,867			217,895	
Undistributed income carried forward		241,134			237,158	
Undistributed income carried forward:						
- Realised income		240,895			237,158	
- Unrealised income		239			-	
		241,134			237,158	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the period		10.0959			10.0384	
Net assets value per unit at end of the period		10.5851			10.3842	

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 in '000-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	219,092	265,507
Adjustments		
Profit on bank balances	(91,493)	(229,311)
Income on Term Deposit	(56,088)	-
Income on corporate sukuk certificates	(58,449)	(37,669)
Income on Islamic commercial papers	-	(6,669)
Income on certificate of musharika	(36,377)	(20,249)
Income on Bai Maujjal contract	-	-
Net unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(290)	1,412
Amortisation of preliminary expenses and floatation costs	39	39
	(242,658)	(292,447)
Decrease / (Increase) in assets		
Investments - net	(299,733)	3,998
Prepayments, deposits and other receivables	15	(182)
Preliminary expenses and floatation costs	-	-
	(299,718)	3,816
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management company	473	7,980
Payable to Central Depository Company of Pakistan Limited - Trustee	101	68
Payable to the Securities and Exchange Commission of Pakistan	(1,143)	(595)
Payable against purchase of investments	469,358	-
Accrued expenses and other liabilities	(76,354)	(29,366)
	392,435	(21,913)
Profit received on bank balances, Islamic commercial papers, term deposit receipts and government & corporate sukuk certificates	189,467	274,516
Net cash flows generated from / (used in) operating activities	258,618	229,479
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	738,349	3,960,546
Amount paid against redemption of units	(1,635,158)	(4,139,918)
Net cash flows (used in) / generated from financing activities	(896,809)	(179,372)
Net increase / (decrease) in cash and cash equivalents during the period	(638,191)	50,107
Cash and cash equivalents at the beginning of the period	2,659,793	5,471,730
Cash and cash equivalents at the end of the period	2,021,602	5,521,837

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 Islamic Income 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 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 March 9, 2020.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 15, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 Shariah compliant income fund 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 at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 2020 and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide competitive returns by investing in Shariah compliant debt securities and money market instruments.

The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 (2022: AM1 on June 23, 2022) on June 22, 2023. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has upgraded the stability rating of the Fund to A+(f) (2022: A(f) on April 19, 2022) on April 14, 2023.

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.

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

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

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
	---- Rupees in '000'----	
4 BANK BALANCES		
Current accounts	71,022	14,215
Savings accounts	1,950,580	5,457,515
	2,021,602	5,471,730

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
		---- Rupees in '000'----	
5 INVESTMENTS	Note		
GoP Ijarah sukuks	5.1	1,254,165	377,402
Corporate sukuk certificates	5.2	434,073	395,290
Certificates of musharakah	5.3	667,356	632,880
Term deposit receipts	5.4	500,000	1,150,000
		2,855,594	2,555,572

5.1 GoP Ijarah sukuku

Name of the security	Issue date	As at July 1, 2023	Purchased during the year	Sold during the year	As at Sep 30, 2023	Carrying value as at September 30, 2023	Market value as at September 30, 2023	Percentage in relation to	
								total market value of investments	net assets of the Fund
----- Number of certificates -----						----- (Rupees in '000) -----		----- % -----	
GoP Ijarah sukuku XX - VRR 19 (Note 5.2.1)	May 29, 2020	20,000	-	-	20,000	99,358	99,400	3.48%	2.21%
GoP Ijarah sukuku XX - VRR 25 (Note 5.2.1)	April 27, 2022	760	-	-	760	3,777	3,776	0.13%	0.08%
GoP Ijarah sukuku XX - VRR 26 (Note 5.2.1)	October 27,	55,000	-	-	55,000	274,267	274,093	9.60%	6.09%
GoP Ijarah sukuku XX - VRR 29 (Note 5.2.1)	August 07, 2023		134,000		134,000	672,925	674,556	23.62%	14.99%
GoP Ijarah sukuku XX - VRR 28 (Note 5.2.1)	April 17, 2022		40,000		40,000	200,380	202,340	7.09%	4.50%
Total as at September 30, 2023						1,250,707	1,254,165	43.92%	27.87%

5.2 Corporate sukuku certificates

Name of the security	Maturity date	Profit rate	As at July 01, 2023	Purchased during the period	Sold / redeemed during the period	As at Sep 30, 2023	Carrying value as at Sep 30, 2023	Market value as at September 30, 2023	Percentage in	
									total market value of investments	net assets of the Fund
----- Number of certificates -----						----- (Rupees in '000) -----		----- % -----		
POWER GENERATION & DISTRIBUTION										
The Hub Power Company Limited (Non-Traded) (Face value of Rs 100,000 per certificate)	August 22, 2023	3 months KIBOR plus base rate of 1.90%	700		700	-	-	-	0.00%	0.00%
The Hub Power Company Limited (Non-Traded) (Face value of Rs 100,000 per certificate)	March 19, 2024	1 year KIBOR plus base rate of 1.90%	500			500	12,625	12,561	0.44%	0.28%
Engro Powergen Thar (Private) Limited (Non-traded) (Face value of Rs 5,000 per certificate)	August 02, 2024	3 months KIBOR plus base rate of 1.70%	60,000			60,000	153,880	151,091	5.29%	3.36%
Hub Power Holdings Limited (Non-traded) (Face value of Rs 100,000 per certificate)	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700			700	71,841	71,382	2.50%	1.59%
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	August 03, 2027	3 months KIBOR plus base rate of 1.70%	11,990			11,990	48,894	49,039	1.72%	1.09%
K-Electric Limited - Sukuk V (Traded) (Face value of 5,000 per certificate)	November 12, 2025	3 months KIBOR plus base rate of 1.70%	-	150		150	150,000	150,000	5.25%	3.33%
Total as at September 30, 2023						437,240	434,073	9.95%	6.31%	

5.3 Certificates of musharakah

Name of the security	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Matured during the period	As at Sep 30, 2023	Carrying value as at Sep 30, 2023	Market value as a percentage of total investments	Market value as a percentage of net assets	
										----- (Rupees in '000) -----
Non-bank Islamic financial institution										
First Habib Modaraba	July 26, 2023	21.00% - 22.25%	358,246	-	358,246	-	-	0.00%	0.00%	
First Habib Modaraba	September 20, 2023	21.25% - 22.25%	274,634	-	274,634	-	-	0.00%	0.00%	
First Habib Modaraba	October 26, 2023	22.25%	-	377,359	-	377,359	377,359	13.21%	8.39%	
First Habib Modaraba	December 20, 2023	22.25%	-	289,997	-	289,997	289,997	10.16%	6.44%	
Total as at Sep 30, 2023						667,356	667,356	23.37%	14.83%	

5.4 Term deposit receipts

Name of the security	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Matured during the period	As at Sep 30, 2023	Carrying value as at Sep 30, 2023	Market value as a percentage of total investments	Market value as a percentage of net assets
						(Rupees in '000)		%	
Non-bank Islamic financial institution									
Bank Alfalah Ltd- Islamic Banking	July 05, 2023	20.00%	500,000	-	500,000	-	-	0.00%	0.00%
Faysal Bank Limited	July 17, 2023	20.40%	650,000	-	650,000	-	-	0.00%	0.00%
Bank Alfalah Ltd- Islamic Banking	August 07, 2023	20.98%	-	500,000	500,000	-	-	0.00%	0.00%
Faysal Bank Limited	August 17, 2023	21.30%	-	650,000	650,000	-	-	0.00%	0.00%
Bank Alfalah Ltd- Islamic Banking	September 07, 2023	20.97%	-	500,000	500,000	-	-	0.00%	0.00%
Faysal Bank Limited	September 18, 2023	21.30%	-	650,000	650,000	-	-	0.00%	0.00%
Bank Alfalah Limited	October 09, 2023	20.97%	-	500,000	-	500,000	500,000	17.51%	11.11%
Total as at Sep 30, 2023						500,000	500,000	17.51%	11.11%

6 CONTINGENCIES AND COMMITMENTS

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

7 REIMBURSEMENT 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 0.02% per annum of the net assets of the Fund.

8 Payable to the Securities and Exchange Commission of Pakistan

As per NBFC Regulation 62(1) w.e.f July 01, 2023, an Asset Management Company managing a Collective Investment Scheme, 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 the Collective Investment Scheme.

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 realized or unrealized, 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 cash, 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.

10 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 2.02% (2022: 1.36%) which includes 0.24% (2022: 0.14%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. The prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a 'Shari'ah compliant "income" scheme.

11 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

11.1 Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan, Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, Funds under management of the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

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

11.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the Trust Deed and Offering Document.

11.4 Details of transactions with related parties / connected persons during the period are as follows:

Quarter ended September 30, 2023	Quarter ended September 30, 2022
--	--

---- Rupees in '000'----

NBP Fund Management Limited - Management Company

Remuneration of NBP Fund Management Limited - Management Company	13,899	16,902
Sindh sales tax on remuneration of the Management Company	1,807	2,197
Reimbursement of allocated expenses	1,749	2,472
Reimbursement of selling and marketing expenses	3,382	2,966
Preliminary expenses and floatation costs borne by the Management Company	875	
Sales load and sindh sales tax on sales load	1,786	5,505
ADC charges including Sindh sales tax	363	415

Central Depository Company of Pakistan Limited - Trustee

Remuneration of Central Depository Company of Pakistan Limited - Trustee	875	1,483
Sindh sales tax on remuneration of the Trustee	114	193
Settlement Charges	19	19

Employees of NBP Fund Management Limited

Dividend re-invest units issued - 11 Units		
Units issued - 1,830,111 (2022: 6,758,633 units)	18,704	69,083
Units redeemed - 2,580,906 (2022: 8,296,626 units)	26,427	84,693

Portfolio managed by the Management Company

Units issued - Nil (2022: 2,530,644 units)	-	25,680
Units redeemed - 25,369,471 (2022: 10,985,246 units)	256,873	111,082

NAFA Islamic Active Allocation Plan- I

Units issued: Nil units (2022: 68,671 units)	-	700
Units redeemed: Nil units (2022: 245,849 units)	-	2,498

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
---- Rupees in '000'----		
NAFA Islamic Active Allocation Plan- II		
Units issued: Nil units (2022: 88,291 units)	-	900
Units redeemed: Nil units (2022: 196,879 units)	-	1,987
NAFA Islamic Active Allocation Plan- III		
Units issued: Nil units (2022: 137,341 units)	-	1,400
Units redeemed: Nil units (2022: 283,506 units)	-	2,924
NAFA Islamic Active Allocation Plan- IV		
Units issued: Nil units (2022: 284,492 units)	-	2,900
NAFA Islamic Active Allocation Plan- V		
Units issued: Nil units (2022: 166,771 units)	-	1,700
Units redeemed: Nil units (2022: 230,823 units)	-	2,359
NAFA Islamic Active Allocation Plan- VI		
Units issued: Nil units (2022: 18,303 units)	-	184
NAFA Islamic Active Allocation Plan- VII		
Units issued: Nil units (2022: 58,860 units)	-	600
Units redeemed: Nil units (2022: 142,446 units)	-	1,432
NAFA Islamic Active Allocation Plan- VIII		
Units issued: Nil units (2022: 127,531 units)	-	1,300
Units redeemed: Nil units (2022: 268,746 units)	-	2,732
Kelectric Sukuk*		
Units Purchased: 150 units	150,000	480,000
Units Matured: NIL units	-	300,000
Income	5,061	16,736
Mr. Khalid Mahmood - Chief Financial Officer		
Units Redeemed : Nil (2022: 5,528 units)	-	56
	(Un-audited)	(Audited)
	September 30,	June 30,
	2023	2023
---- Rupees in '000'----		

11.5 Amounts / balances outstanding as at period end are as follows

NBP Fund Management Limited - Management Company

Remuneration payable to the Management Company	4,458	4,954
Sindh sales tax on remuneration payable to the Management Company	580	644
Reimbursement of allocated expenses	1,749	2,145
Sales and transfer load payable	8,458	6,878
Sindh sales tax payable on sales load	1,091	886
ADC charges payable including Sindh sales tax	772	363
Reimbursement of selling and marketing expenses payable	3,382	4,147
Other payable	153	153

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable to the Trustee	275	315
Sindh sales tax payable on Trustee remuneration	112	41
Settlement charges payable	21	141
Security deposit with Central Depository Company of Pakistan Limited - the Trustee	100	100

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
	---- Rupees in '000'----	
Employees of NBP Fund Management Limited		
Units outstanding: 8,660,750 units (June 30, 2023: 9,411,545 units)	91,675	95,018
Portfolio managed by the Management Company		
Units outstanding: 4,181,247 units (June 30, 2023: 39,209,749 units)	44,258	298,342
Mr. Khalid Mahmood - Chief Financial Officer		
Units outstanding: 2,803 units (June 30, 2023: 5,548 units)	30	28
National Bank of Pakistan - Parent Company		
Bank balances	461	9476
Kelectric Sukuk*		
Corporate sukuk certificates held	199,039	51,891
Profit receivable on corporate sukuk certificates	6,963	1,956

* Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2023.

12 DATE OF AUTHORISATION FOR ISSUE

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

13 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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