

# NBP FINANCIAL SECTOR FUND

**HALF YEARLY** REPORT  
DECEMBER 31, 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  
JS Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
United Bank Limited  
Bank Al Habib Limited  
Allied Bank Limited  
Bankislami Pakistan Limited  
National Bank of Pakistan



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Financial Sector Fund (NFSF)** for the half year ended December 31, 2023.

### Fund's Performance

During the first half of fiscal year 2024, the stock market showcased outstanding performance as the benchmark KSE-100 index surged by an impressive 21,000 points, translating into a remarkable 51% return over the period.

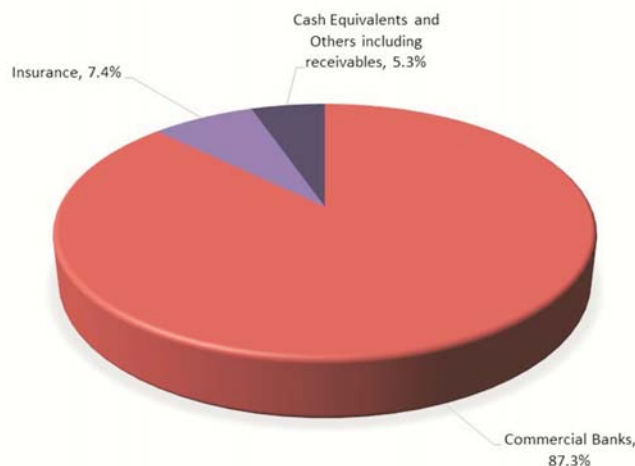
Equities started off on a strong footing, and this momentum persisted throughout the period. The turning point for the market was the signing of the Staff Level Agreement (SLA) with the IMF on June 29th, which ignited significant investor's interest. Subsequently, the IMF executive board approved a USD 3 billion Stand-By Agreement (SBA) for nine months until March 2024. Concurrently, the country received USD 2 billion from Saudi Arabia, and later UAE approved a deposit of USD 1 billion. Following these developments, the first loan tranche of USD 1.2 billion from the SBA was received from the IMF. Fitch also upgraded Pakistan's Long-Term Foreign Currency Issuer Rating. In tandem with the SLA, Pakistan's dollar bonds rallied in the international market, almost doubling during the period. Multilateral inflows, particularly from ADB and World Bank, gained momentum. Consequently, the State Bank of Pakistan's reserves improved from USD 4.4 billion to USD 8.2 billion at the end of the period. The improving reserves, coupled with a crackdown against illicit trade in the open market, brought much-needed stability to the foreign exchange market, resulting in a slight appreciation of the PKR by 1.45%. Other economic indicators also pointed towards stability and gradual improvement. According to data released by the Pakistan Bureau of Statistics (PBS), GDP growth for 1QFY2024 stood at 2.1%, led by robust agricultural growth. The current account deficit during 1H narrowed considerably, reaching USD 831 million compared to USD 3.6 billion in the same period last year. Inflation, on a sequential basis, tapered off but remained elevated, averaging around 28.8% during the period, primarily due to a massive increase in energy component of the CPI basket and unabated food inflation. During the period, the Monetary Policy Committee (MPC) of SBP kept the Policy Rate unchanged at 22%. However, secondary market yields across various tenures fell sharply from their peak, reflecting investors' expectations of imminent rate cuts. The listed corporate space declared stellar results with equally impressive dividend announcements by selected companies. It is noteworthy that the cumulative profitability of KSE-100 Index surged by around 59% YoY during September quarter results. Sequential improvement in earnings was also broad-based. In a significant development, one of the largest auto players announced its intention to delist its shares from the bourse, acting as a key catalyst. The delisting price was 7x higher than the prevailing price, reflecting the potential of the stock market. Other contributing factors included the government's approval of revised gas tariffs. The announcement of election date by ECP further alleviated political uncertainties. Towards the end, the country successfully completed the first review of the IMF.

In terms of sector-wise performance, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Commercial Banks, Engineering, Leather & Tanneries, Oil & Gas Exploration, Power Generation & Distribution, Refinery, Tobacco, and Transport sectors outperformed the market. On the other hand, Cement, Fertilizers, Food & Personal Care, Glass & Ceramics, Insurance, Miscellaneous, Paper & Board, Pharmaceutical, Sugar & Allied, Technology & Communication, and Textile Composite sectors lagged behind the market. Regarding participants' market activity, Foreigners, Insurance, and Companies emerged as the largest net buyers with inflows of around USD 71 million, USD 60 million, and USD 52 million, respectively. Conversely, Banks/DFIs and Mutual Funds reduced their net holdings by around USD 92 million and USD 51 million, respectively.

The size of NBP Financial Sector Fund has increased from Rs. 93 million to Rs 185 million during the period, i.e., an Increase of 98.9%. During the period, the unit price of NBP Financial Sector Fund (NFSF) has increased from Rs 7.7901 on June 30, 2023 to Rs. 13.7459 on December 31, 2023, thus showing an increase of 76.5%. The Benchmark for the same period was increased by 51.6%. Thus, the Fund has outperformed its Benchmark by 24.9% during the period under review. Since inception, the unit price of NBP Financial Sector Fund has increased from Rs. 9.6486 (Ex-Div) on February 14, 2018 to Rs. 13.7459 on December 31, 2023, thus showing an increase of 42.5%. The Benchmark for the same period was increased by 53.3%. Thus, the Fund has underperformed its Benchmark by 10.8% during the period under review. This performance is net of management fee and all other expenses.



The Fund has earned a total income of Rs. 58.20 million during the period. After deducting total expenses of Rs. 2.75 million, the net income is Rs. 55.45 million. The asset allocation of the Fund as on December 31, 2023 is as follows:



## NFSF Performance versus Benchmark



## Acknowledgement

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

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

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

**Chief Executive Officer**

**Director**

Date: **February 29, 2024**  
Place: Karachi.



## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2023ء کو ختم ہونے والی ششماہی کے لئے NBP فنانسشل سیکٹر فنڈ (NFSF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

مالی سال 2024 کی پہلی ششماہی کے دوران اسٹاک مارکیٹ کی کارکردگی بہت بہتر رہی، کیونکہ بیچ مارک KSE-100 انڈیکس میں 21,000 پوائنٹس کا زبردست اضافہ ہوا، جس کے نتیجے میں مدت کے لیے 51% قابل ذکر منافع ہوا۔

ایکویٹیٹز کا آغاز مستحکم بنیادوں پر ہوا، اور یہ رفتار پوری مدت میں برقرار رہی۔ 29 جون کو IMF کے ساتھ اسٹاف لیول ایگریمنٹ (SLA) پر دستخط کرنا مارکیٹ کے لیے ایک ٹرننگ پوائنٹ تھا، جس نے سرمایہ کاروں کی نمایاں دلچسپی کو جنم دیا۔ اس کے بعد، آئی ایم ایف کے ایگزیکٹو بورڈ نے مارچ 2024 تک نو ماہ کے لیے 3 بلین امریکی ڈالر کے اسٹیٹ بٹائی ایگریمنٹ (SBA) کی منظوری دی۔ فی الحال، ملک کو سعودی عرب سے 2 بلین امریکی ڈالر وصول ہونے، اور بعد میں متحدہ عرب امارات نے 1 بلین امریکی ڈالر کے ڈیپازٹ کی منظوری دی۔ ان پیش رفتوں کے بعد، SBA سے 1.2 بلین امریکی ڈالر کی پہلی قسط IMF سے موصول ہوئی۔ Fitch نے پاکستان کی طویل مدتی غیر ملکی کرنسی ایسٹورینٹنگ کو بھی اپ گریڈ کیا۔ SLA کے ساتھ مل کر، پاکستان کے ڈالر بانڈز نے بین الاقوامی مارکیٹ میں تیزی دیکھی، جو اس عرصہ کے دوران تقریباً دو گنا ہو گئے۔ خاص طور پر ADB اور ورلڈ بینک سے، کثیرالجہتی رقوم نے زور پکڑا۔ نتیجتاً، اس مدت کے اختتام پر اسٹیٹ بینک آف پاکستان کے ذخائر 4.4 بلین امریکی ڈالر سے بڑھ کر 8.2 بلین امریکی ڈالر ہو گئے۔ اوپن مارکیٹ میں غیر قانونی تجارت کے خلاف کریک ڈاؤن کے ساتھ بہتر ہونے والے ذخائر زرمبادلہ کی منڈی میں انتہائی ضروری استحکام لائے، جس کے نتیجے میں پاکستانی روپیہ کی قدر میں 1.45% کا معمولی اضافہ ہوا۔ دیگر اقتصادی اشاروں نے بھی استحکام اور بتدریج بہتری کی نشاندہی کی۔ پاکستان پیورو آف سٹیٹیکس (PBS) کے جاری کردہ اعداد و شمار کے مطابق، مالی سال 2024 کی پہلی سہ ماہی کے لیے جی ڈی پی کی شرح نمو 2.1 فیصد رہی، جس کی وجہ مضبوط زریعی نمو ہے۔ پہلی ششماہی کے دوران کرنٹ اکاؤنٹ خسارہ کافی حد تک کم ہوا، جو گزشتہ سال کی اسی مدت میں 3.6 بلین امریکی ڈالر کے مقابلے میں 831 بلین امریکی ڈالر تک پہنچ گیا۔ مہنگائی، مسلسل بنیادوں پر، کم نہیں بلکہ بڑھتی رہی، جو اس مدت کے دوران اوسطاً 28.8% ہے، جس کی بنیادی وجہ پی آئی باسکٹ کے انرجی کمپونٹ میں بڑے پیمانے پر اضافہ اور بے قابو ہنگی خوراک ہے۔ اس مدت کے دوران، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے پالیسی شرح کو 22% پر برقرار رکھا۔ تاہم، مختلف ادوار میں ثانوی مارکیٹ کا شرح منافع اپنے عروج سے تیزی سے گر گیا، جو سرمایہ کاروں کی متوقع شرح میں کمی کی توقعات کی عکاسی کرتا ہے۔ لسٹڈ کارپوریشن اسپیس نے منتخب کمپنیوں کے مساوی متاثر کن ڈیویڈنڈ کے اعلانات کے ساتھ شاندار نتائج کا اعلان کیا۔ یہ بات قابل ذکر ہے کہ ستمبر کی سہ ماہی کے نتائج کے دوران KSE-100 انڈیکس کے مجموعی منافع میں تقریباً 59% سالانہ اضافہ ہوا۔ آمدنی میں فی الوقت بہتری بھی وسیع البہا تھی۔ ایک اہم پیش رفت میں، سب سے بڑے آٹو پلیٹرز میں سے ایک نے کلیدی کردار ادا کرتے ہوئے، اپنے حصص کو بورس سے ڈی لسٹ کرنے کے ارادہ کا اعلان کیا ہے۔ ڈی لسٹنگ کی قیمت موجودہ قیمت سے 7 گنا زیادہ تھی، جو اسٹاک مارکیٹ کی صلاحیت کو ظاہر کرتی ہے۔ دیگر معاون عوامل میں حکومت کی جانب سے نظر ثانی شدہ گیس ٹریف کی منظوری بھی شامل ہے۔ اسی پی پی کی جانب سے انتخابات کی تاریخ کے اعلان نے مزید سیاسی غیر یقینی صورتحال کو ختم کر دیا۔ آخر کار، ملک نے IMF کا پہلا جائزہ کامیابی سے مکمل کیا۔

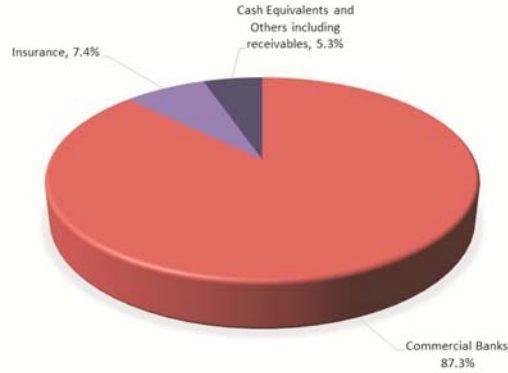
سیکٹر وائز کارکردگی کے لحاظ سے آٹو اسملر، آٹو پارٹس اینڈ اسیمبلی، کیبل اینڈ الیکٹریکل اشیا، کمرشل بینکنگ، انجینئرنگ، لیڈر اینڈ ٹیئر، آئل اور گیس ایکسپلوریشن، پاور جنریشن اینڈ ڈسٹری بیوشن، ریفرنسری، تمباکو، اور ٹرانسپورٹ کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری جانب سٹیکس، فٹیلڈ زرخور خوراک اور ذاتی نگہداشت، گلاس اینڈ سرائیکس، انشورنس، متفرق، پیپر اینڈ بورڈ، فارماسیوٹیکل، شوگر اینڈ الائیڈ انڈسٹریز، ٹیکسٹائل اور کیوٹیکلیشن اور ٹیکسٹائل کمپوزٹ کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی، انشورنس، اور کمپنیاں بالترتیب 71 بلین امریکی ڈالر اور 60 بلین امریکی ڈالر اور 52 بلین امریکی ڈالر کی آمد کے ساتھ اہم خالص خریدار رہے۔ اس کے برعکس، بینکنگ / DFIs اور میوچل فنڈز نے اپنی خالص ہولڈنگز کو بالترتیب 92 بلین امریکی ڈالر اور 51 بلین امریکی ڈالر تک کم کیا۔

NBP فنانسشل سیکٹر فنڈ کا سائز اس مدت کے دوران 93 ملین روپے سے بڑھ کر 185 ملین روپے ہو گیا، یعنی 98.9% کا اضافہ ہوا۔ اس مدت کے دوران، NBP فنانسشل سیکٹر فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2023 کو 7.7901 روپے سے بڑھ کر 31 دسمبر 2023 کو 13.7459 روپے ہو چکی ہے، لہذا 76.5% کا اضافہ ظاہر کیا۔ اسی مدت کے دوران بیچ مارک میں 51.6% کا اضافہ ہوا۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 24.9% بہتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے یونٹ کی قیمت (Ex-Div) 9.6486 روپے سے بڑھ کر 31 دسمبر 2023 کو 13.7459 روپے ہو گئی، لہذا 42.5% کا اضافہ ہوا ہے۔ اسی مدت کے لئے بیچ مارک میں 53.3% کا اضافہ ہوا۔ لہذا، زیر جائزہ مدت کے دوران فنڈ کی کارکردگی اپنے بیچ مارک سے 10.8% بہتر رہی۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔





NBP فائنیشل سیکٹر فنڈ نے موجودہ مدت کے دوران 58.20 ملین روپے کی مجموعی آمدنی ہوئی۔ 2.75 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص آمدنی 55.45 ملین روپے ہے۔  
31 دسمبر 2023 کے مطابق فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بیچارک



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ مینجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 29 فروری 2024ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Financial Sector Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 28, 2024

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Financial Sector Fund** (the Fund) as at December 31, 2023, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to and forming part of the condensed interim financial statements for the half year ended December 31, 2023 (here-in-after referred to as the 'condensed interim financial statements'). NBP Fund Management Limited (the Management Company) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

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

### Yousuf Adil

Chartered Accountants

Place: Karachi

Date: February 29, 2024

UDIN: RR202310091dL1NjyVv3

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2023

|   |      | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|------|--------------------------------------|-------------------------------|
|   | Note | ----- (Rupees in 000) -----          |                               |
| <b>ASSETS</b>   |      |                                      |                               |
| Bank Balances   | 4    | 12,651                               | 5,199                         |
| Investments   | 5    | 175,085                              | 92,642                        |
| Profit and Dividend receivable  |      | 495                                  | 395                           |
| Deposits and other receivables  |      | 2,965                                | 2,948                         |
| Receivable against sale of units  |      | 1,145                                | 2,655                         |
| <b>Total assets</b>   |      | <b>192,341</b>                       | <b>103,839</b>                |
| <b>LIABILITIES</b>  |      |                                      |                               |
| Payable to NBP Fund Management Limited - the Management Company         | 7    | 682                                  | 1,216                         |
| Payable to Central Depository Company of Pakistan Limited - the Trustee |      | 30                                   | 33                            |
| Payable to the Securities and Exchange Commission of Pakistan           | 8    | 12                                   | 63                            |
| Payable against redemption of units                                     |      | 136                                  | 8,948                         |
| Payable against purchase of Investment                                  |      | 5,588                                | -                             |
| Accrued expenses and other liabilities                                  | 9    | 1,006                                | 667                           |
| <b>Total liabilities</b>  |      | <b>7,454</b>                         | <b>10,927</b>                 |
| <b>NET ASSETS</b>   |      | <b>184,887</b>                       | <b>92,912</b>                 |
| <b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>                   |      | <b>184,887</b>                       | <b>92,912</b>                 |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    | 10   |                                      |                               |
|   |      | ----- Number of units -----          |                               |
| <b>NUMBER OF UNITS IN ISSUE</b>   |      | <b>13,450,382</b>                    | <b>11,927,038</b>             |
|   |      | ----- Rupees -----                   |                               |
| <b>NET ASSET VALUE PER UNIT</b>   | 11   | <b>13.7459</b>                       | <b>7.7901</b>                 |

The annexed notes 1 to 18 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

|                 |  | Half year ended |          | Quarter ended |          |
|-----------------|--|-----------------|----------|---------------|----------|
|                 |  | December 31,    |          | December 31,  |          |
|                 |  | 2023            | 2022     | 2023          | 2022     |
| Note            |  | (Rupees in 000) |          |               |          |
| <b>INCOME</b>   |  |                 |          |               |          |
|                 |  | 722             | 710      | 510           | 442      |
|                 | Profit on bank balances  | 9,200           | 19,004   | 2,994         | 8,857    |
|                 | Dividend income  | 9,922           | 19,714   | 3,504         | 9,299    |
|                 | Gain on sale of investments - net  | 17,998          | 3,948    | 9,798         | 3,093    |
|                 | Unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss' - net | 30,287          | (31,983) | 20,559        | (17,002) |
| 5.1.4           |  | 48,285          | (28,035) | 30,357        | (13,909) |
|                 | <b>Total Income / (loss)</b>   | 58,207          | (8,321)  | 33,861        | (4,610)  |
| <b>EXPENSES</b> |  |                 |          |               |          |
|                 | Remuneration of NBP Fund Management Limited - the Management Company   | 863             | 2,663    | 438           | 1,301    |
| 7.1             |  |                 |          |               |          |
|                 | Sindh sales tax on remuneration of the Management Company  | 112             | 346      | 57            | 169      |
| 7.2             |  |                 |          |               |          |
|                 | Reimbursement of allocated expenses  | -               | 182      | -             | -        |
| 7.3             |  |                 |          |               |          |
|                 | Reimbursement of selling and marketing expenses  | -               | 3,639    | -             | 1,778    |
| 7.4             |  |                 |          |               |          |
|                 | Remuneration of Central Depository Company of Pakistan Limited - the Trustee   | 115             | 355      | 58            | 173      |
|                 |  |                 |          |               |          |
|                 | Sindh sales tax on remuneration of the Trustee   | 15              | 46       | 8             | 22       |
|                 |  |                 |          |               |          |
|                 | Annual fee to the Securities and Exchange Commission of Pakistan   | 55              | 36       | 28            | 18       |
| 8.1             |  |                 |          |               |          |
|                 | Securities transaction cost  | 369             | 185      | 249           | 129      |
|                 | Auditors' remuneration   | 725             | 315      | 368           | 150      |
|                 | Amortisation of preliminary expenses and floatation costs  | -               | 338      | -             | 169      |
| 6.1             |  |                 |          |               |          |
|                 | Annual listing fee   | 14              | 14       | 7             | 7        |
|                 | Printing charges   | 31              | 35       | 15            | 17       |
|                 | Legal and professional charges   | 134             | 86       | 105           | 56       |
|                 | Settlement and bank charges  | 321             | 177      | 166           | 151      |
|                 | <b>Total operating expenses</b>  | 2,754           | 8,417    | 1,499         | 4,140    |
|                 | <b>Net Income / (loss) from operating activities</b>   | 55,453          | (16,738) | 32,362        | (8,750)  |
|                 | <b>Net Income / (loss) for the period before taxation</b>  | 55,453          | (16,738) | 32,362        | (8,750)  |
|                 | Taxation   | -               | -        | -             | -        |
| 12              |  |                 |          |               |          |
|                 | <b>Net Income / (loss) for the period after taxation</b>   | 55,453          | (16,738) | 32,362        | (8,750)  |
|                 | <b>Earnings per unit</b>   |                 |          |               |          |
| 13              |  |                 |          |               |          |
|                 | <b>Allocation of net income for the period</b>   |                 |          |               |          |
|                 | Net income for the period after taxation   | 55,453          | -        | -             | -        |
|                 | Income already paid on units redeemed  | (18,866)        | -        | -             | -        |
|                 |  | 36,587          | -        | -             | -        |
|                 | <b>Accounting income available for distribution</b>  |                 |          |               |          |
|                 | - Relating to capital gains  | 36,587          | -        | -             | -        |
|                 | - Excluding capital gains  | -               | -        | -             | -        |
|                 |  | 36,587          | -        | -             | -        |

The annexed notes 1 to 18 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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

|   | Half year ended<br>December 31, |                 | Quarter ended,<br>December 31, |                |
|---|---------------------------------|-----------------|--------------------------------|----------------|
|   | 2023                            | 2022            | 2023                           | 2022           |
|   | ----- (Rupees in 000) -----     |                 |                                |                |
| <b>Net Income / (loss) for the period after taxation</b>  | <b>55,453</b>                   | <b>(16,738)</b> | <b>32,362</b>                  | <b>(8,750)</b> |
| Other comprehensive income for the period                 | -                               | -               | -                              | -              |
| <b>Total comprehensive Income / (loss) for the period</b> | <b>55,453</b>                   | <b>(16,738)</b> | <b>32,362</b>                  | <b>(8,750)</b> |

The annexed notes 1 to 18 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 STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

|   | For the half year ended<br>December 31, 2023 |                       |           | For the half year ended<br>December 31, 2022 |                       |           |
|---|--|-----------------------|-----------|--|-----------------------|-----------|
|   | Capital<br>value                             | Accumulated<br>losses | Total     | Capital<br>value                             | Accumulated<br>losses | Total     |
|   | (Rupees in 000)                              |                       |           |  |                       |           |
| Net assets at the beginning of the period (audited)     | 378,749                                      | (285,838)             | 92,912    | 636,012                                      | (263,516)             | 372,496   |
| Issue of 13,917,619 units (2022: 10,574,658 units)      |  |                       |           |  |                       |           |
| - Capital value (at ex-net asset value per unit)        | 108,419                                      | -                     | 108,419   | 86,938                                       | -                     | 86,938    |
| - Element of (loss) / income                            | 71,561                                       | -                     | 71,561    | (1,469)                                      | -                     | (1,469)   |
| Total proceeds on issuance of units                     | 179,980                                      | -                     | 179,980   | 85,469                                       | -                     | 85,469    |
| Redemption of 12,394,275 units (2022: 12,513,948 units) |  |                       |           |  |                       |           |
| - Capital value (at ex-net asset value per unit)        | (96,553)                                     | -                     | (96,553)  | (102,882)                                    | -                     | (102,882) |
| - Element of income / (loss)                            | (28,038)                                     | (18,866)              | (46,904)  | 1,537  | -                     | 1,537     |
| Total payments on redemption of units                   | (124,591)                                    | (18,866)              | (143,457) | (101,345)                                    | -                     | (101,345) |
| Total comprehensive Income / (loss) for the period      | -  | 55,453                | 55,453    | -  | (16,738)              | (16,738)  |
| Net assets at the end of the period (un-audited)        | 434,138                                      | (249,251)             | 184,887   | 620,136                                      | (280,254)             | 339,882   |
| Accumulated losses brought forward                      |  |                       |           |  |                       |           |
| - Realised loss   |  | (269,887)             |           |  | (209,764)             |           |
| - Unrealised Loss                                       |  | (15,951)              |           |  | (53,752)              |           |
|   |  | (285,838)             |           |  | (263,516)             |           |
| Accounting income available for distribution            |  |                       |           |  |                       |           |
| - Relating to capital gains                             | 36,587                                       |                       |           | -  |                       |           |
| - Excluding capital gains                               | -  |                       |           | -  |                       |           |
|   | 36,587                                       |                       |           | -  |                       |           |
| Total comprehensive loss for the period                 | -  |                       |           | (16,738)                                     |                       |           |
| Accumulated losses carried forward                      |  | (249,251)             |           |  | (280,254)             |           |
| Accumulated losses carried forward                      |  |                       |           |  |                       |           |
| - Realised loss   |  | (260,672)             |           |  | (248,271)             |           |
| - Unrealised gain / (loss)                              |  | 11,421                |           |  | (31,983)              |           |
|   |  | (249,251)             |           |  | (280,254)             |           |
|   |  | (Rupees)              |           |  | (Rupees)              |           |
| Net asset value per unit at the beginning of the period |  | 7.7901                |           |  | 8.2214                |           |
| Net asset value per unit at the end of the period       |  | 13.7459               |           |  | 7.8370                |           |

The annexed notes 1 to 18 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 HALF YEAR ENDED DECEMBER 31, 2023

|   |   | Half year ended<br>December 31, |          |
|---|---|---------------------------------|----------|
|   |   | 2023                            | 2022     |
|   |   | ----- (Rupees in 000) -----     |          |
| Note  |   |                                 |          |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |   |                                 |          |
|   | Net Income / (loss) for the period before taxation  | 55,453                          | (16,738) |
| <b>Adjustments</b>                          |   |                                 |          |
|   | Profit on bank balances   | (722)                           | (710)    |
|   | Dividend income   | (9,200)                         | (19,004) |
|   | Unrealised (appreciation) / diminution on re-measurement of investments<br>classified as 'at fair value through profit or loss' - net | 5.1.4 (30,287)                  | 31,983   |
|   | Amortisation of preliminary expenses and floatation costs   | 6.1 -                           | 338      |
|   |   | 15,244                          | (4,131)  |
| <b>Increase in assets</b>                   |   |                                 |          |
|   | Investments - net   | (52,157)                        | (6,819)  |
|   | Deposits and other receivable   | (17)                            | (13)     |
|   |   | (52,174)                        | (6,832)  |
| <b>Increase / (decrease) in liabilities</b> |   |                                 |          |
|   | Payable to NBP Fund Management Limited - the Management Company   | (534)                           | (468)    |
|   | Payable to Central Depository Company of Pakistan Limited - the Trustee   | (3)                             | (7)      |
|   | Payable to the Securities and Exchange Commission of Pakistan   | (51)                            | (54)     |
|   | Payable against purchase of Investment  | 5,588                           | 10,454   |
|   | Accrued expenses and other liabilities  | 339                             | (384)    |
|   |   | 5,339                           | 9,541    |
|   | Dividend income received  | 9,200                           | 19,004   |
|   | Profit received on bank balances  | 622                             | 690      |
|   | <b>Net (used in) / generated from cash generated from operating activities</b>  | (21,769)                        | 18,272   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b> |   |                                 |          |
|   | Net receipts against issuance of units  | 181,490                         | 85,449   |
|   | Net payments against redemption of units  | (152,269)                       | (99,345) |
|   | <b>Net cash generated / (used in) from financing activities</b>   | 29,221                          | (13,896) |
|   | <b>Net increase in cash and cash equivalents during the period</b>  | 7,452                           | 4,376    |
|   | Cash and cash equivalents at the beginning of the period  | 5,199                           | 13,757   |
|   | <b>Cash and cash equivalents at the end of the period</b>   | 12,651                          | 18,133   |

The annexed notes 1 to 18 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 INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Financial Sector Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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 26, 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 equity 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 7, 2018 and are transferable and redeemable by surrendering them to the Fund.

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

The Pakistan Credit Rating Agency (PACRA) has reaffirmed the asset manager rating of the Management Company of AM1 (2022: AM1) on June 22, 2023. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

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 Regulation) Rules, 2003 (the NBFC Rules), 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.

**2.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures required in a full set of the 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.

**2.3** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at and for the half year ended December 31, 2023.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGMENTS AND CHANGES THEREIN**

**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 these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the 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 these 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 in the annual audited 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 annual audited financial statements as at and for the year ended June 30, 2023.

#### **3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period:**

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### **3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective:**

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2023. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

| <b>4</b> | <b>BANK BALANCES</b> | <b>Note</b> | <b>(Un-audited)</b>                | <b>(Audited)</b>     |
|----------|----------------------|-------------|------------------------------------|----------------------|
|          |                      |             | <b>December 31, 2023</b>           | <b>June 30, 2023</b> |
|          |                      |             | <b>----- (Rupees in 000) -----</b> |                      |
|          | Savings accounts     | 4.1         | <b>12,651</b>                      | 5,199                |
|          | Current accounts     |             | -                                  | -                    |
|          |                      |             | <b>12,651</b>                      | <b>5,199</b>         |

**4.1** These include a balances of Rs 0.101 million (2023: Rs 0.103 million) maintained with National Bank of Pakistan (related party) that carry profit at the rate of 12% per annum (2023: 18.4% per annum) respectively. Other savings accounts of the Fund carry profit rates ranging from 11.01% to 21.75% per annum.



|   |      | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|------|--------------------------------------|-------------------------------|
|   | Note | ----- (Rupees in 000) -----          |                               |
| <b>5 INVESTMENTS</b>                        |      |                                      |                               |
| <b>At fair value through profit or loss</b> | 5.1  |                                      |                               |
| Quoted equity securities                    |      | <b>175,085</b>                       | <b>92,642</b>                 |

## 5.1 Investments in equity securities - listed

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

### 5.1.1 Listed equity securities

| Name of the Investee Company                               | As at July 1, 2023                | Purchase d during the period | Bonus / right shares received during the period | Sold during the period | As at December 31, 2023 | Market value as at December 31, 2023 | Market value as a percentage of net assets of the Fund | Market value as a percentage of total market value of investments of the Fund | Holding as a percentage of paid-up capital of investee company |
|--|-----------------------------------|------------------------------|---|------------------------|-------------------------|--------------------------------------|--|---|--|
|  | ----- Number of shares held ----- |                              |   |                        |                         | Rupees in 000                        | ----- % -----  |   |  |
| <b>INSURANCE</b>   |                                   |                              |   |                        |                         |                                      |  |   |  |
| IGI Holdings Limited                                       | 88,900                            | 34,000                       | -   | 43,000                 | 79,900                  | 8,817                                | 4.77%  | 5.04%   | 0.06%  |
| Adamjee Insurance Company Limited                          | 204,500                           | 58,000                       | -   | 119,500                | 143,000                 | 4,886                                | 2.64%  | 2.79%   | 0.04%  |
|  |                                   |                              |   |                        |                         | 13,703                               | 7.41%  | 7.83%   |  |
| <b>COMMERCIAL BANKS</b>                                    |                                   |                              |   |                        |                         |                                      |  |   |  |
| Allied Bank Limited  | -                                 | 98,500                       | -   | -                      | 98,500                  | 8,176                                | 4.42%  | 4.67%   | 0.01%  |
| Askari Bank Limited  | 370,325                           | 437,500                      | -   | 165,000                | 642,825                 | 15,890                               | 8.59%  | 9.08%   | 0.05%  |
| Bank Alfalah Limited [note 5.1.1]                          | 441,670                           | 194,200                      | -   | 341,400                | 294,470                 | 14,285                               | 7.73%  | 8.16%   | 0.02%  |
| Bank Al Habib Limited                                      | 267,241                           | 145,792                      | -   | 196,343                | 216,690                 | 17,452                               | 9.44%  | 9.97%   | 0.02%  |
| Bank Islami Pakistan Limited                               | -                                 | 146,015                      | -   | 98,500                 | 47,515                  | 1,055                                | 0.57%  | 0.60%   | 0.00%  |
| The Bank of Punjab [note 5.1.1]                            | 1                                 | 694,000                      | -   | -                      | 694,001                 | 4,498                                | 2.43%  | 2.57%   | 0.02%  |
| Faysal Bank Limited [note 5.1.2]                           | 229,575                           | 275,800                      | -   | 161,000                | 344,375                 | 11,220                               | 6.07%  | 6.41%   | 0.02%  |
| MCB Bank Limited [note 5.1.1]                              | 82,000                            | 101,650                      | -   | 51,500                 | 132,150                 | 22,802                               | 12.33%   | 13.02%  | 0.01%  |
| Meezan Bank Limited  | 154,853                           | 98,200                       | -   | 97,462                 | 155,591                 | 25,106                               | 13.58%   | 14.34%  | 0.01%  |
| United Bank Limited [note 5.1.1]                           | 80,459                            | 32,900                       | -   | 65,200                 | 48,159                  | 8,565                                | 4.63%  | 4.89%   | 0.00%  |
| Habib Metropolitan Bank Limited                            | 191,500                           | 117,500                      | -   | 117,000                | 192,000                 | 10,621                               | 5.74%  | 6.07%   | 0.02%  |
| Habib Bank Limited [note 5.1.1]                            | 110,784                           | 194,600                      | -   | 109,500                | 195,884                 | 21,712                               | 11.74%   | 12.40%  | 0.01%  |
|  |                                   |                              |   |                        |                         | 161,382                              | 87.27%   | 94.68%  |  |
| <b>Total as at December 31, 2023 (un-audited)</b>          |                                   |                              |   |                        |                         | 175,085                              | 94.68%   | 100.00%   |  |
| <b>Carrying value as at December 31, 2023 (un-audited)</b> |                                   |                              |   |                        |                         | 144,798                              |  |   |  |
| <b>Market value as at June 30, 2023 (audited)</b>          |                                   |                              |   |                        |                         | 92,642                               |  |   |  |
| <b>Carrying value as at June 30, 2023 (audited)</b>        |                                   |                              |   |                        |                         | 108,593                              |  |   |  |

\* Nil value due to rounding off difference

**5.1.2** Investments include shares with a market value of Rs 33,817 million (June 30, 2023: Rs 33,592 million) which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

**5.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including the bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the Sindh High Court, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Sindh High Court in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan (SCP) passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the Sindh High Court. In this regard, on July 15, 2019, the Sindh High Court issued notices to the relevant parties and ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Fund has included these shares in its portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

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

The following bonus shares of the Fund have been withheld by Faysal Bank Limited at the time of declaration of bonus shares.

| Name of the investee company | (Un-audited)      |              | (Audited)        |              |
|------------------------------|-------------------|--------------|------------------|--------------|
|                              | December 31, 2023 |              | June 30, 2023    |              |
|                              | Bonus shares      |              | Bonus shares     |              |
|                              | Number of shares  | Market value | Number of shares | Market value |
|                              | (Rupees in 000)   |              | (Rupees in 000)  |              |
| Faysal Bank Limited          | 14,494            | 472          | 14,494           | 292          |

| 5.1.4 Unrealised appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net | Note | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|------|--------------------------------------|-------------------------------|
|   |      | ----- (Rupees in 000) -----          |                               |
| Market value of investments   | 5.1  | 175,085                              | 92,642                        |
| Less: carrying value of investments   | 5.1  | (144,798)                            | (108,593)                     |
|   |      | <u>30,287</u>                        | <u>(15,951)</u>               |

## 6 PRELIMINARY EXPENSES AND FLOATATION COSTS

|   |     |          |
|---|-----|----------|
| At the beginning of the period / year       | -   | 414      |
| Less: amortisation during the period / year | -   | 414      |
| At the end of the period / year             | 6.1 | <u>-</u> |

- 6.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

|   |  | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|--|--------------------------------------|-------------------------------|
| 7 | <b>PAYABLE TO NBP FUND MANAGEMENT LIMITED<br/>- THE MANAGEMENT COMPANY - RELATED PARTY</b> | Note                                 | ----- (Rupees in 000) -----   |
|   | Management fee payable   | 7.1                                  | 198                           |
|   | Sindh sales tax payable on remuneration of the Management Company                          | 7.2                                  | 26                            |
|   | Reimbursement of allocated expenses payable  | 7.3                                  | -                             |
|   | Reimbursement of selling and marketing expenses payable                                    | 7.4                                  | -                             |
|   | Sales load and transfer load payable   |                                      | 402                           |
|   | Sindh sales tax payable on sales load and transfer load                                    |                                      | 52                            |
|   | ADC Shares - Payable to Management Company - including SST                                 |                                      | 4                             |
|   |  |                                      | <b>682</b>                    |
|   |  |                                      | <b>1,216</b>                  |

**7.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the rate of 1.5% of average daily net assets during the current period (June 30, 2023: 1.5% of average daily net assets). The remuneration is payable to the Management Company in arrears.

**7.2** During the period, an amount of Rs. 0.0257 million was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13%.

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

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

| Rate applicable from December 29, 2022 to<br>December 31, 2023 | Rate applicable from July 1, 2022 to December 28, 2022 |
|--|--|
| Nil  | 0.2% of average<br>annual net assets                   |

**7.4** The SECP has allowed the asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to maximum cap of 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

'During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 had revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% had been removed and an asset management company was required to set a maximum limit for charging of such expenses to the Fund and the same has to be approved by the Board of Directors of the Management Company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

'Accordingly, the Management Company has currently charged selling and marketing expenses at following rates:

| Rate applicable from July 1, 2023 to December 31, 2023 | Rate applicable from July 1, 2022 to June 30, 2023 |
|--|--|
| Nil  | 2.05% per annum of average daily net assets        |

|   |  | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|--|--------------------------------------|-------------------------------|
| 8 | <b>PAYABLE TO THE SECURITIES AND EXCHANGE<br/>COMMISSION OF PAKISTAN</b> | Note                                 | ----- (Rupees in 000) -----   |
|   | Annual fee payable   | 8.1                                  | <u>12</u> <u>63</u>           |

**8.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 692(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.095% per annum of the daily net assets of the Fund, applicable to "Equity Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.095% per annum of the daily net assets during the period.

'Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

|   |   | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|---|--------------------------------------|-------------------------------|
| 9 | <b>ACCRUED EXPENSES AND OTHER LIABILITIES</b> | ----- (Rupees in 000) -----          | ----- (Rupees in 000) -----   |
|   | Auditors' remuneration payable                | 425                                  | 282                           |
|   | Printing charges payable                      | 43                                   | 30                            |
|   | Brokerage fee payable                         | 243                                  | 196                           |
|   | Legal and professional charges payable        | 66                                   | 113                           |
|   | Withholding tax payable                       | 12                                   | 12                            |
|   | Capital gain tax payable                      | 96                                   | 14                            |
|   | Bank charges payable                          | 60                                   | 18                            |
|   | Settlement charges payable                    | 61                                   | 2                             |
|   |   | <u>1,006</u>                         | <u>667</u>                    |

## 10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2023 and June 30, 2023.

## 11 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.



## 12 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 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, therefore, no provision for taxation has been made in these condensed interim financial statements during the period.

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.

## 13 EARNINGS PER UNIT

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

## 14 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 4.77% (December 31, 2022: 4.74%) which includes 0.31% (December 31, 2022: 0.24%) representing government levy including sales tax and the SECP fee. The prescribed limit for the ratio is 4.5% (December 31, 2022: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

## 15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 15.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 15.2** Transactions with connected persons / related parties are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 15.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 15.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 15.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.



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

|  | (Un-audited)<br>Half year ended<br>December 31, |        |
|--|---|--------|
|  | 2023  | 2022   |
|  | ----- (Rupees in 000) -----                     |        |
| <b>NBP Fund Management Limited - the Management Company</b>                  |   |        |
| Remuneration of NBP Fund Management Limited - the Management Company         | 863   | 2,663  |
| Sindh sales tax on remuneration of the Management Company                    | 112   | 346    |
| Sales load and transfer load   | 410   | 228    |
| Sindh sales tax on sales load and transfer load                              | 53  | 30     |
| Reimbursement of allocated expenses  | -   | 182    |
| Reimbursement of selling and marketing expenses                              | -   | 3,639  |
| ADC Shares including SST   | 4   | 4      |
| <b>Central Depository Company of Pakistan Limited - the Trustee</b>          |   |        |
| Remuneration of Central Depository Company of Pakistan Limited - the Trustee | 115   | 355    |
| Sindh sales tax on remuneration of the Trustee                               | 15  | 46     |
| <b>Employees of the Management Company</b>                                   |   |        |
| Units issued during the period - 3,833,226 units (2022: 2,256,344 units)     | 45,426  | 18,603 |
| Units redeemed during the period - 3,169,676 units (2022: 2,208,187 units)   | 36,514  | 18,245 |
| <b>Haider Amjad* - Related Party</b>   |   |        |
| Units issued during the period - Nil units (2022: 14,808)                    | -   | 115    |
| Units redeemed during the period - Nil units (2022: 14,808)                  | -   | 116    |
| <b>Murtaza Hasan - unit holder with more than 10% holding</b>                |   |        |
| Units issued during the period - 2,166,831 units (2022: Nil)                 | 29,000  | -      |
| <b>Portfolio Managed by the Management Company</b>                           |   |        |
| Units issued during the period - 616,188 units (2022: Nil)                   | 8,145   | -      |
| Units redeemed during the period - 532,895 units (2022: Nil)                 | 7,660   | -      |
| <b>National Bank of Pakistan* - Parent of Management Company</b>             |   |        |
| Shares sold during the period - Nil shares (2022: 13,000)                    | -   | 363    |
| <b>BankIslami Pakistan Limited - common directorship</b>                     |   |        |
| Profit on bank balances  | 407   | 433    |
| <b>Taurus Securities Limited - subsidiary of parent</b>                      |   |        |
| Brokerage expense  | 23  | 10     |
| <b>United Bank Limited* - unit holder with more than 10% holding</b>         |   |        |
| Shares purchased during the period - Nil (2022: 59,500 shares)               | -   | 6,017  |
| Shares sold during the period - Nil (2022: 23,400 shares)                    | -   | 2,650  |
| Dividend income  | -   | 2,792  |

\* Current year figures has not been presented as the person has not been classified as a related party / connected person of the fund as at December 31, 2023.



**15.7 Amounts / balances outstanding as at period / year end are as follows:**

|  | (Un-audited)<br>December 31,<br>2023<br>----- (Rupees in 000) ----- | (Audited)<br>June 30,<br>2023 |
|--|---|-------------------------------|
| <b>NBP Fund Management Limited - the Management Company</b>                |   |                               |
| Remuneration payable to the Management Company                             | 198   | 218                           |
| Sindh sales tax payable on remuneration of the Management Company          | 26  | 28                            |
| Sales load and transfer load payable                                       | 402   | 117                           |
| Sindh sales tax payable on sales load and transfer load                    | 52  | 15                            |
| Reimbursement of selling and marketing expenses payable                    | -   | 838                           |
| Reimbursement of allocated expenses payable                                | -   | -                             |
| ADC shares including SST   | 4   | -                             |
| <b>Central Depository Company of Pakistan Limited - the Trustee</b>        |   |                               |
| Trustee fee payable  | 27  | 29                            |
| Sindh sales tax payable on trustee fee                                     | 3   | 4                             |
| Security deposit   | 100   | 100                           |
| <b>National Bank of Pakistan Limited* - Parent Company</b>                 |   |                               |
| Bank balances  | 101   | 103                           |
| Shares held - Nil shares (June 30, 2023: Nil)                              | -   | -                             |
| Dividend receivable  | 83  | 83                            |
| <b>BankIslami Pakistan Limited - common directorship</b>                   |   |                               |
| Bank balances  | 5,916   | -                             |
| Profit receivable  | 248   | -                             |
| <b>Portfolio Managed by the Management Company</b>                         |   |                               |
| Units held - 83,293 (June 30, 2023: Nil)                                   | 1,145   | -                             |
| <b>Taurus Securities Limited - subsidiary of Parent Company</b>            |   |                               |
| Brokerage payable  | 15  | 3                             |
| <b>IGI Life Insurance Limited*- unit holder with more than 10% holding</b> |   |                               |
| Units held: Nil (2023: 1,621,292 units)                                    | -   | 12,630                        |
| <b>Key management Personnel of the management company</b>                  |   |                               |
| Units held: 709,304 (2023: 44,852 units)                                   | 9,750   | 349                           |
| <b>Murtaza Hasan - unit holder with more than 10% holding</b>              |   |                               |
| Units held - 2,166,831 (June 30, 2023: Nil)                                | 29,785  | -                             |
| <b>Mahmud Yar Hiraj* - Units holder with more than 10% holding</b>         |   |                               |
| Units held: Nil (2023: 1,258,663)  | -   | 9,805                         |
| <b>Sajjad Hussain* - Unit holder with more than 10% holding</b>            |   |                               |
| Units held: Nil (2023: 1,648,687 units)                                    | -   | 12,843                        |
| <b>Forman Christial College* - unit holder with more than 10% holding</b>  |   |                               |
| Units held: Nil (2023: 1,634,094 units)                                    | -   | 12,730                        |

\* Current year figures has not been presented as the person has not been classified as a related party / connected person of the fund as at December 31, 2023

- 15.8 Other balances due to / from related parties / connected persons are included in the respective notes to these condensed interim financial statements.

## 16 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 16.1 Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2023 and June 30, 2023 the Fund held the following financial instruments measured at fair value.

| (Un-audited)                                |         |         |         |         |
|---|---------|---------|---------|---------|
| As at December 31, 2023                     |         |         |         |         |
|   | Level 1 | Level 2 | Level 3 | Total   |
| ----- (Rupees in 000) -----                 |         |         |         |         |
| <b>At fair value through profit or loss</b> |         |         |         |         |
| Listed equity securities                    | 175,085 | -       | -       | 175,085 |
|   |         |         |         |         |
| (Audited)                                   |         |         |         |         |
| As at June 30, 2023                         |         |         |         |         |
|   | Level 1 | Level 2 | Level 3 | Total   |
| ----- (Rupees in 000) -----                 |         |         |         |         |
| <b>At fair value through profit or loss</b> |         |         |         |         |
| Listed equity securities                    | 92,642  | -       | -       | 92,642  |

## 17 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

## 18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on **February 29, 2024**.

For NBP Fund Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director

## Head Office

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