

NBP INCOME OPPORTUNITY FUND

HALF YEARLY REPORT
DECEMBER 31, 2023



MISSION STATEMENT

"To become country's most
investor-focused company,
by assisting investors
in achieving their financial goals."



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Ruhail Muhammad	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Ruhail Muhammad	Chairman
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Human Resource & Remuneration Committee

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

Strategy & Business Planning Committee

Mr. Saad Amanullah Khan	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Khalid Mansoor	Member

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi.

Bankers to the Fund

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



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

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

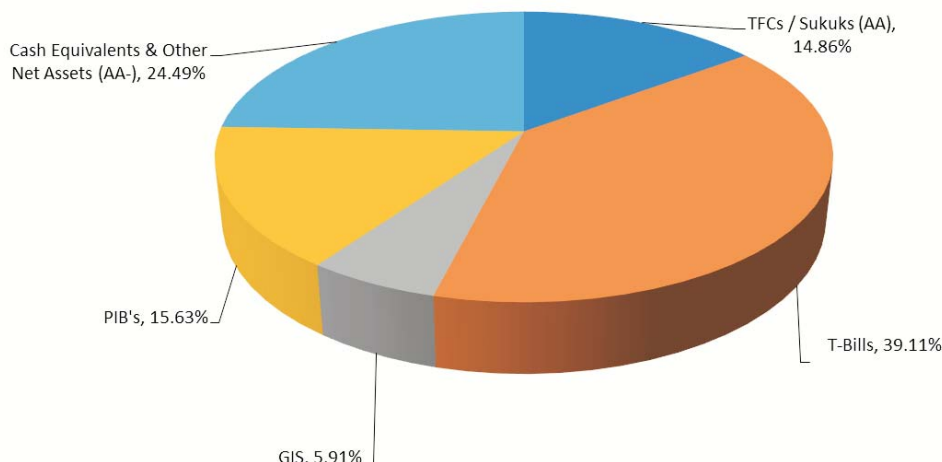
The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Income Opportunity Fund (NIOF)** for the half year ended December 31, 2023.

Fund's Performance

NIOF is categorized as an Income Scheme and has been awarded stability rating of 'A+(f)' by PACRA. During the first half of fiscal year 2024, the State Bank of Pakistan (SBP) held four Monetary Policy Committee meetings, maintaining the Policy Rate at 22%. Various external and internal factors were considered, with the decision primarily attributed to the upside risks in the inflation outlook. The period was characterized by economic slowdown and uncertainty stemming from increased political noise ahead of the upcoming general elections. Scheduled debt repayments and weak investment inflows impeded the increase in foreign exchange (FX) reserves. Sovereign yields exhibited volatility initially owing to the prevailing uncertainty. However, the pressure on sovereign yields started to ease in the later part of the period due to the growing expectation of an interest rate cut in the coming half, with market participants gradually elongating their maturities. The measures taken to address the ailing economic activity hinge on continued targeted fiscal consolidation and the timely realization of planned external inflows. As of the end of December, the net liquid foreign exchange reserves held with the SBP stood at around USD 8.23 billion. The SBP conducted thirteen T-Bill auctions, realizing around Rs. 15.8 trillion against the target of Rs. 16.3 trillion and maturity of Rs. 17.7 trillion. Yields decreased by 1.4%, 1.5%, and 1.6% for 3-month, 6-month, and 12-month tenures, respectively. In the last auction for the half-year, cut-off yields for 3-month, 6-month, and 12-month tenures were noted at 21.45%, 21.40%, and 21.43%, respectively. SBP also held six PIB auctions, where bids worth around Rs. 953 billion were realized. The yields decreased by 2.9%, 0.2% and 0.4% for 3-year, 5-year and 10-year tenures, respectively during the period. In the last auction for the half-year ended, cut-off yields for 3-year, 5-year and 10-year tenures were noted at 17.20%, 15.88% and 15.00%, respectively. Also, the corporate bond activity was slender with overall traded value of Rs. 4.9 billion.

The size of NBP Income Opportunity Fund has decreased from Rs. 4,995 million to Rs. 4,658 million during the period, a drop of 7%. During the period, the unit price of the Fund has increased from Rs. 10.8454 on June 30, 2023 to Rs. 11.9748 on December 31, 2023 thus showing a return of 20.7% p.a. as compared to the benchmark return of 22.5% p.a. for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 565.85 million during the period. After deducting total expenses of Rs. 77.17 million, the net income is Rs. 488.68 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIOF.



Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

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

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے پورٹ فولیو ڈائریکٹرز 31 دسمبر 2023ء کو ختم ہونے والی پہلی ششماہی کے لئے NBP انکم اپرچونٹی فنڈ (NIOF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

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

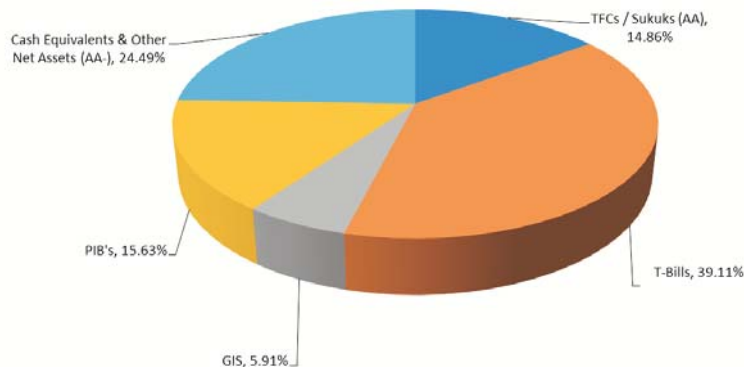
مالی سال 24 کی پہلی ششماہی کے دوران، بینک دولت پاکستان (SBP) نے مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد کئے، پالیسی ریٹ 22% پر برقرار رکھا۔ مختلف بیرونی اور داخلی عوامل پر غور کرتے ہوئے، بنیادی طور پر یہ فیصلہ افراط زر کے نقطہ نظر میں زیادہ خطرات کی وجہ سے کیا گیا۔ اس عرصہ میں معاشی سست روی اور عام انتخابات سے قبل سیاسی شور سے پیدا ہونے والی غیر یقینی صورتحال کی نشاندہی کی گئی تھی۔ شیڈول قرضوں کی ادائیگی اور کمزور سرمایہ کاری نے زرمبادلہ کے ذخائر میں اضافہ کو روک دیا۔ موجودہ غیر یقینی صورتحال کی وجہ سے ابتدائی طور پر حکومتی منافع میں اتار چڑھاؤ آیا۔ تاہم، مالی سال 24 کی دوسری ششماہی میں شرح سود میں کمی کی توقع کی وجہ سے اس مدت کے آخر میں حکومتی منافع پر دو کم ہونا شروع ہوا، جس میں مارکیٹ کے شرکاء اپنی پیچورٹیز میں بتدریج اضافہ کر رہے تھے۔

کمزور معاشی سرگرمیوں سے نمٹنے کے لئے اٹھائے گئے اقدامات کا دار و مدار مسلسل ہدف شدہ مالی استحکام اور منصوبہ بند بیرونی آمد کی بروقت تکمیل پر ہے۔ دسمبر کے اختتام تک اسٹیٹ بینک پاکستان کے ہاں موجود خالص لیکویڈ زرمبادلہ کے ذخائر تقریباً 8.23 ارب ڈالر تھے۔ SBP نے ٹی بل کی تیرہ ہیلایا میں کا انعقاد کیا، جس سے 16.3 ٹریلین روپے ہدف اور 17.7 ٹریلین روپے پیچورٹی کے مقابل کل 15.8 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی شرح منافع میں 3 ماہ، 6 ماہ، 12 ماہ کے لئے بالترتیب 1.4%، 1.5% اور 1.6% تک کمی ہوئی۔ ختم ہونے والی ششماہی کی آخری ہیلایا میں، 3 ماہ، 6 ماہ اور 12 ماہ کے لئے ٹی بل پر کٹ آف شرح منافع بالترتیب 21.45 فیصد، 21.40 فیصد اور 21.43 فیصد درج کیا گیا۔

موجودہ مدت کے دوران NBP انکم اپرچونٹی فنڈ (NIOF) کا سائز 4,995 ملین روپے سے کم ہو کر 4,658 ملین روپے ہو گیا ہے۔ یعنی 7% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2023 کو 10.8454 روپے سے بڑھ کر 31 دسمبر 2023 کو 11.9784 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 22.5% کے مقابلے میں 20.7% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 565.85 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 77.17 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 488.68 ملین روپے ہے۔

درج ذیل چارٹ NIOF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیکائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:





اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP منجمنٹ 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 Income Opportunity 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' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Income Opportunity 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 and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2023. The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with 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. The figures included in the condensed interim income statement for the quarter ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

Scope of Review

We conducted our review in accordance with the 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 29, 2024

UDIN: RR202310061REqCj1yVI

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

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- Rupees in '000 -----	
ASSETS			
Bank balances	4	1,114,998	3,112,909
Investments	5	3,517,733	1,856,437
Profit receivable		89,726	106,183
Receivable against issuance of units		-	31,006
Deposits, prepayments and other receivables		12,492	12,786
Total assets		4,734,949	5,119,321
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	6	56,662	57,380
Payable to Central Depository Company of Pakistan Limited - the Trustee		358	363
Payable to the Securities and Exchange Commission of Pakistan	7	316	1,210
Payable against redemption of units		16,498	1,652
Accrued expenses and other liabilities	8	2,967	63,588
Total liabilities		76,801	124,193
NET ASSETS		4,658,148	4,995,128
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,658,148	4,995,128
CONTINGENCIES AND COMMITMENTS	9		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE		388,996,803	460,576,216
		----- Rupees -----	
NET ASSET VALUE PER UNIT	10	11.9748	10.8454

The annexed notes from 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, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note		Rupees in '000			
INCOME					
		278,669	218,062	121,957	69,918
		101,135	90,125	53,873	48,799
		149,705	174,437	87,878	122,439
		-	14,475	-	3,289
		33,164	25,688	17,779	8,131
		-	2,229	-	1,937
5.5.1		9,042	-	-	-
		3,249	(418)	3,562	(438)
		(70)	(6,231)	(627)	(2,470)
		3,179	(6,649)	2,935	(2,908)
Total income		574,894	518,367	284,422	251,605
EXPENSES					
		24,294	27,859	11,861	13,476
		3,158	3,622	1,542	1,752
		17,383	23,265	8,679	10,946
		3,725	4,155	1,860	1,955
		1,862	2,493	929	1,173
		242	324	121	152
		1,862	665	929	313
		31	74	22	(283)
		32,395	22,200	17,991	22,200
		277	853	159	839
		561	667	321	519
		79	79	47	72
		18	94	9	(115)
		311	301	160	264
		14	14	7	(32)
Total expenses		86,212	86,665	44,637	53,231
Net income for the period before taxation		488,682	431,702	239,785	198,374
Taxation	11	-	-	-	-
Net income for the period after taxation		488,682	431,702	239,785	198,374
Earnings per unit	12				
Allocation of net income for the period					
		488,682	431,702		
		(58,661)	(65,147)		
		430,021	366,555		
Accounting income available for distribution:					
- Relating to capital gains		3,179	-		
- Excluding capital gains		426,842	366,555		
		430,021	366,555		

The annexed notes from 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		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees in '000 -----			
Net income for the period after taxation	488,682	431,702	239,785	198,374
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>488,682</u>	<u>431,702</u>	<u>239,785</u>	<u>198,374</u>

The annexed notes from 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

	Half year ended December 31, 2023			Half year ended December 31, 2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	Rupees in '000					
Net assets at the beginning of the period (audited)	4,442,195	552,933	4,995,128	6,844,143	530,400	7,374,543
Issue units 114,236,409 (2022: 116,952,060 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,238,940	-	1,238,940	1,262,533	-	1,262,533
- Element of income	95,983	-	95,983	42,260	-	42,260
Total proceeds on issuance of units	1,334,923	-	1,334,923	1,304,793	-	1,304,793
Redemption of 185,815,822 units (2022: 286,003,943 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,015,247)	-	(2,015,247)	(3,087,500)	-	(3,087,500)
- Element of loss	(86,677)	(58,661)	(145,338)	(32,464)	(65,147)	(97,611)
Total payments on redemption of units	(2,101,924)	(58,661)	(2,160,585)	(3,119,964)	(65,147)	(3,185,111)
Total comprehensive income for the period	-	488,682	488,682	-	431,702	431,702
Net assets at end of the period (un-audited)	3,675,194	982,954	4,658,148	5,028,972	896,955	5,925,927
Undistributed income brought forward						
- Realised income		564,382			501,889	
- Unrealised (loss) / income		(11,449)			28,511	
		552,933			530,400	
Accounting income available for distribution						
- Relating to capital gain	3,179			-		
- Excluding capital gains	426,842			366,555		
	430,021			366,555		
Undistributed income carried forward		982,954			896,955	
Undistributed income carried forward						
- Realised income		983,024			903,186	
- Unrealised (loss)		(70)			(6,231)	
		982,954			896,955	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		10.8454			10.7953	
Net asset value per unit at the end of the period		11.9748			11.5274	

The annexed notes from 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	
	December 31, 2023	December 31, 2022
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	488,682	431,702
Adjustments:		
Profit on bank balances and term deposit receipts	(278,669)	(218,062)
Income on term finance certificates and sukuk certificates	(101,135)	(90,125)
Income on government securities	(149,705)	(174,437)
Income on commercial papers	-	(14,475)
Income on letters of placement	(33,164)	(25,688)
Income from Margin Trading System	-	(2,229)
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	70	6,231
5.10	(562,603)	(518,785)
	(73,921)	(87,083)
(Increase) / decrease in assets		
Investments	(1,661,366)	30,606
Deposits and other receivables	294	286
	(1,661,072)	30,892
Decrease in liabilities		
Payable to NBP Fund Management Limited - the Management Company	(718)	(3,224)
Payable to Central Depository Company of Pakistan Limited - the Trustee	(5)	(126)
Payable to the Securities and Exchange Commission of Pakistan	(894)	(1,315)
Accrued expenses and other liabilities	(60,621)	(71,816)
	(62,238)	(76,481)
Income received on bank balances, term deposits receipts, term finance, certificates, letter of placements, commercial papers, sukuks certificates government securities and MTS	579,130	564,921
Net cash (used in) / generated from operating activities	(1,218,101)	432,249
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	1,365,929	1,306,091
Net payments against redemption of units	(2,145,739)	(3,720,186)
Net cash used in financing activities	(779,810)	(2,414,095)
Net decrease in cash and cash equivalents during the period	(1,997,911)	(1,981,846)
Cash and cash equivalents at the beginning of the period	3,112,909	6,289,721
Cash and cash equivalents at the end of the period	4 1,114,998	4,307,875

The annexed notes from 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

- 1.1 NBP Income Opportunity Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between NBP Fund Management Limited as the Management Company and 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 January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 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 was required to be registered under the Sindh Trust Act. Accordingly, on November 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 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).
- 1.4 The Fund has been categorised as an open ended 'Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from February 11, 2006 and are transferable and redeemable by surrendering them to the Fund.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (June 30, 2023: 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. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at A+(f) dated October 13, 2023 (June 30, 2023: A+(f) on April 14, 2023).
- 1.6 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 published annual 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 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 audited annual 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 audited annual 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 financial statements 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, 2024. However, these will not have any significant effects on the Fund's financial statements and are, therefore, not stated in these condensed interim financial statements.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- Rupees in '000 -----	
4 BANK BALANCES			
Current accounts	4.1	70	70
Savings accounts	4.2	<u>1,114,928</u>	<u>3,112,839</u>
		<u>1,114,998</u>	<u>3,112,909</u>

NBP INCOME OPPORTUNITY FUND



NBP FUNDS
Managing Your Savings

NBP Fund Management Limited

- 4.1** This represents a balance maintained with National Bank of Pakistan (related party).
- 4.2** These include balances of Rs 2.969 million (June 30, 2023: Rs. 2.152 million) and Rs 0.008 million (June 30, 2023: Rs 0.008 million) maintained with National Bank of Pakistan and Telenor Microfinance Bank Limited (related parties) respectively, that carry profit at the rate of 20.50% (June 30, 2023: 19.50%) and 20.50% (June 30, 2023: 19.50%) per annum respectively. Other savings accounts of the Fund carry profit at rates ranging from 11.01% to 24.00% (June 30, 2023: 19.50% to 22.60%) per annum.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- Rupees in '000 -----	
5 INVESTMENTS			
At fair value through profit or loss			
Equity securities	5.1	-	-
Government securities - Pakistan Investment Bonds	5.2	728,225	973,100
Government securities - Market Treasury Bills	5.3	1,821,939	-
Government securities - Ijara Sukuks	5.4	275,437	-
Term finance certificates - non-performing securities	5.5	3,349	30,798
Term finance certificates	5.6	190,553	205,126
Corporate sukuk certificates	5.7	479,794	620,533
Corporate sukuk certificates - non-performing securities	5.8	18,436	26,880
Letters of placement	5.9	-	-
		<u>3,517,733</u>	<u>1,856,437</u>

5.1 Equity securities

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

Name of the investee company	As at July 01, 2023	Purchased during the period	Bonus / right shares	Sold during the period	As at December 31, 2023	Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation	Market value as a percentage of		Percentage in relation to paid-up capital of the investee company
									net assets of the Fund	total market value of the investments	
	Number of shares						Rupees in '000		----- % -----		
TEXTILE COMPOSITE											
Azgard Nine Limited - Non-voting*	308	-	-	-	308	-	-	-	-	-	-
Total as at December 31, 2023 (un-audited)						-	-	-	-	-	-
Total as at June 30, 2023 (audited)						-	-	-	-	-	-

* These shares are fully provided due to non-tradability.

5.2 Government securities - Pakistan Investment Bonds

Issue date	Maturity Date	Tenor in years	Yield	Face value				Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised (diminution) / appreciation	Market value as a percentage of	
				As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023				net assets of the Fund	total investments of the Fund
----- Rupees in '000 -----											----- % -----	
August 26, 2021	August 26, 2023	2	24.32%	500,000	-	500,000	-	-	-	-	-	-
November 17, 2022	November 17, 2027	5	23.35%	500,000	-	-	500,000	477,256	485,300	8,044	10.42%	13.79%
July 4, 2023	July 4, 2026	3	29.10%	-	1,150,000	1,150,000	-	-	-	-	-	-
September 21, 2023	September 21, 2028	5	25.67%	-	250,000	-	250,000	243,967	242,925	(1,042)	5.22%	6.91%
October 19, 2023	October 19, 2028	5	23.84%	-	300,000	300,000	-	-	-	-	-	-
Total as at December 31, 2023 (un-audited)								721,223	728,225	7,002	15.64%	20.70%
Total as at June 30, 2023 (audited)								979,880	973,100	(6,780)	19.49%	52.42%



5.3 Government securities - Market Treasury Bills

Issue date	Maturity Date	Tenor in months	Yield	Face value				Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised diminution	Market value as a percentage of			
				As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023				net assets of the Fund	total investments of the Fund		
----- Rupees in '000 -----													----- % -----	
June 15, 2023	September 7, 2023	3	22.30%	-	650,000	650,000	-	-	-	-	-	-		
July 25, 2023	October 19, 2023	3	22.08%	-	500,000	500,000	-	-	-	-	-	-		
October 5, 2023	December 28, 2023	3	22.40%	-	500,000	500,000	-	-	-	-	-	-		
October 19, 2023	January 11, 2024	3	22.14%	-	500,000	500,000	-	-	-	-	-	-		
October 19, 2023	April 18, 2024	6	22.39%	-	500,000	500,000	-	-	-	-	-	-		
October 19, 2023	October 17, 2024	12	22.07%	-	500,000	-	500,000	428,138	427,514	(624)	9.18%	12.15%		
November 2, 2023	May 2, 2024	6	21.84%	-	500,000	500,000	-	-	-	-	-	-		
November 2, 2023	October 31, 2024	12	21.97%	-	1,243,000	94,000	1,149,000	977,325	975,670	(1,655)	20.95%	27.74%		
November 2, 2023	January 25, 2024	3	21.84%	-	500,000	500,000	-	-	-	-	-	-		
November 16, 2023	February 7, 2024	3	21.29%	-	500,000	500,000	-	-	-	-	-	-		
November 16, 2023	November 14, 2024	12	21.43%	-	300,000	300,000	-	-	-	-	-	-		
November 16, 2023	May 16, 2024	6	21.46%	-	500,000	500,000	-	-	-	-	-	-		
November 30, 2023	May 30, 2024	6	21.33%	-	500,000	500,000	-	-	-	-	-	-		
November 30, 2023	November 28, 2024	12	21.26%	-	500,000	-	500,000	420,196	418,755	(1,441)	8.99%	11.90%		
December 14, 2023	December 12, 2024	12	21.41%	-	500,000	500,000	-	-	-	-	-	-		
December 14, 2023	June 13, 2024	6	21.36%	-	500,000	500,000	-	-	-	-	-	-		
Total as at December 31, 2023 (un-audited)								1,825,659	1,821,939	(3,720)	39.12%	51.79%		
Total as at June 30, 2023 (audited)								-	-	-	-	-		

5.3.1 Investments include market treasury bills with a market value of Rs 171.006 million (June 30, 2023: Nil) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5.4 Government securities - Ijarah Sukuks

Name of security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Sold during the period	As at December 31, 2023	Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation / (diminution)	Market value as a percentage of	
											net assets of the Fund	total investments of the Fund
				----- Number of certificates -----			----- (Rupees in '000) -----			----- % -----		
GoP Ijarah sukuk VRR - 39 (Face value of Rs. 100,000 per certificate)	Semi-annually	October 9, 2024	Weighted average 6 months T-Bills	-	5,000	5,000	-	-	-	-	-	-
GoP Ijarah sukuk VRR - 40 (Face value of Rs. 100,000 per certificate)	Semi-annually	December 4, 2024	Weighted average 6 months T-Bills	-	250	-	250	25,000	25,125	125	0.54%	0.71%
GoP Ijarah sukuk VRR - 41 (Face value of Rs. 100,000 per certificate)	Semi-annually	December 4, 2026	Weighted average 6 months T-Bills	-	750	-	750	75,000	75,090	90	1.61%	2.13%
GoP Ijarah sukuk VRR - 42 (Face value of Rs. 100,000 per certificate)	Semi-annually	December 4, 2028	Weighted average 6 months T-Bills	-	1,000	-	1,000	100,000	99,960	(40)	2.15%	2.85%
GoP Ijarah sukuk FRR - 33 (Face value of Rs. 100,000 per certificate)	Semi-annually	December 4, 2026	16.19%	-	750	-	750	75,000	75,262	262	1.62%	2.14%
Total as at December 31, 2023 (un-audited)								275,000	275,437	437	5.92%	7.83%
Total as at June 30, 2023 (audited)								-	-	-	-	-

NBP INCOME OPPORTUNITY FUND



NBP FUNDS
Managing Your Savings

NBP Fund Management Limited

5.5 Term finance certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Sold / redeemed during the period	As at December 31, 2023	Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation / (diminution)	Market value as a percentage of	
					Number of certificates			Rupees in '000			net assets of the Fund	total investments of the Fund	
													%
CEMENT													
Dewan Cement Limited TFC (Face value of Rs. 5,000 per certificate)	Unrated	-	January 17, 2030	6 months KIBOR plus base rate of 2.00%	30,000	-	-	30,000	-	-	-	-	-
CHEMICAL													
Agritech Limited TFC V (Face value of Rs. 5,000 per certificate)	Unrated	-	January 1, 2025	11.00% fixed rate	6,464	-	-	6,464	-	-	-	-	-
Agritech Limited TFC I (Face value of Rs. 4,919 per certificate)	Unrated	-	November 29, 2025	6 months KIBOR plus base rate of 1.75%	30,000	-	-	30,000	-	-	-	-	-
COMMERCIAL BANKS													
Silk Bank Limited - TFC I (Face value of Rs. 4,996 per certificate)	B, VIS	Semi-annually	August 10, 2025	6 months KIBOR plus base rate of 1.85%	20,000	-	-	20,000	3,349	3,349	-	0.07%	0.10%
LEASING COMPANIES													
Saudi Pak Leasing Company Limited - TFC II (Face value of Rs. 2,755 per certificate)	Unrated	-	March 13, 2025	6.87%	15,000	-	-	15,000	-	-	-	-	-
TECHNOLOGY & COMMUNICATION													
Worldcall Telecom Limited - TFC III (Face value of Rs. 1,536.8 per certificate)	Unrated	Quarterly	September 20, 2026	6 months KIBOR plus base rate of 1.60%	45,000	-	-	45,000	-	-	-	-	-
TEXTILE COMPOSITE													
Azgard Nine Limited VII (PPTFC) (Face value of Rs. 4,500 per certificate)	Unrated	-	April 29, 2031	5.00%	16,095	-	-	16,095	-	-	-	-	-
Azgard Nine Limited - Zero Coupon (Face value of Rs. 5,000 per certificate)	Unrated	-	April 29, 2031	Zero - coupon bond	39,093	-	-	39,093	-	-	-	-	-
MISCELLANEOUS													
PACE Pakistan Limited TFC Revised (Face value of Rs. 4,994 per certificate)	Unrated	-	February 15, 2025	6 months KIBOR plus base rate of 2.00%	30,000	-	-	30,000	-	-	-	-	-
New Allied Electronic Industries (Private) Limited TFC (Face value of Rs. 2,114 per certificate)	Unrated	-	November 15, 2025	3 months KIBOR plus base rate of 3.00%	15,000	-	-	15,000	-	-	-	-	-
Total as at December 31, 2023 (un-audited)									3,349	3,349	-	0.07%	0.10%
Total as at June 30, 2023 (audited)									30,798	30,798	-	0.62%	1.66%

5.5.1 The investee companies had defaulted on their obligations on account of principal and profit payments and accordingly had been classified as a non performing asset by the Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 986.437 million (June 30, 2023: Rs. 969.247 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

During the period, the Fund has received Rs. 0.944 million (December 31, 2022: Nil) and Rs. 8.048 million (December 31, 2022: Nil) including a mark-up of Nil (December 31, 2022: Nil) against recovery of provided term finance certificates of AgriTech Limited (Worldcall) and Azgard Nine Limited respectively.

NBP INCOME OPPORTUNITY FUND



5.6 Term finance certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Sold / redeemed during the period	As at December 31, 2023	Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation / (diminution)	Market value as a percentage of	
					Number of certificates				Rupees in '000			net assets of the Fund	total investments of the Fund

COMMERCIAL BANKS

JS Bank Limited - TFC II (Face value of Rs. 99,780 per certificate)	A+, PACRA	Semi-annually	December 29, 2024	6 months KIBOR plus base rate of 1.40%	500	-	500	-	-	-	-	-	-
The Bank of Punjab - TFC II (Face value of Rs. 99,780 per certificate)	AA, PACRA	Semi-annually	April 23, 2028	6 months KIBOR plus base rate of 1.25%	900	-	-	900	90,678	90,553	(125)	1.95%	2.57%

INVESTMENT COMPANIES

Jahangir Siddiqui and Company Limited - TFC (5th issue) (Face value of Rs. 625 per certificate)	AA+, PACRA	Semi-annually	July 18, 2023	6 months KIBOR plus base rate of 1.40%	23,340	-	23,340	-	-	-	-	-	-
Jahangir Siddiqui and Company Limited - TFC (6th Issue) (Face value of Rs. 833 per certificate)	AA+, PACRA	Semi-annually	September 6, 2023	6 months KIBOR plus base rate of 1.40%	30,000	-	30,000	-	-	-	-	-	-

MICROFINANCE COMPANIES

Kashf Foundation - PPTFC (Face value of Rs. 100,000 per certificate)	AAA, PACRA	Quarterly	December 8, 2026	3 months KIBOR plus base rate of 1.50%	-	1,000	-	1,000	100,000	100,000	-	2.15%	2.85%
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Total as at December 31, 2023 (un-audited)

190,678	190,553	(125)	4.10%	5.42%
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Total as at June 30, 2023 (audited)

208,491	205,126	(3,365)	4.11%	11.05%
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5.7 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Sold / redeemed during the period	As at December 31, 2023	Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation / (diminution)	Market value as a percentage of	
					Number of certificates				Rupees in '000			net assets of the Fund	total investments of the Fund

CEMENT

Javedan Corporation Limited Sukuk I (Face value of Rs. 50,000 per certificate)	AA-, VIS	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	150	-	-	150	7,325	7,350	25	0.16%	0.21%
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POWER GENERATION & DISTRIBUTION

K-Electric Limited - Sukuk - V (Face value of Rs. 3,750 per certificate)	AA+, VIS	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.70%	71,000	-	-	71,000	271,781	268,837	(2,944)	5.77%	7.64%
The Hub Power Company Limited Sukuk (3rd Issue) (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.90%	1,000	-	1,000	-	-	-	-	-	-

COMMERCIAL BANKS

Al Baraka Bank (Pakistan) Limited (Face value of Rs. 1,000,000 per certificate)	A, VIS	Semi-annually	December 22, 2031	6 months KIBOR plus base rate of 1.50%	25	-	-	25	24,750	25,125	375	0.54%	0.71%
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MISCELLANEOUS

Hub Power Holding Limited Sukuk (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Semi-annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	1,750	-	-	1,750	179,602	178,482	(1,120)	3.83%	5.08%
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NON-BANKING FINANCIAL INSTITUTES

Abhi (Pvt.) Limited STS - I* (Face value of Rs. 100,000 per certificate)	AA, PACRA	Semi-annually	November 10, 2023	6 months KIBOR plus base rate of 2.50%	100	-	100	-	-	-	-	-	-
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Total as at December 31, 2023 (un-audited)

483,458	479,794	(3,664)	10.30%	13.64%
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Total as at June 30, 2023 (audited)

621,837	620,533	(1,304)	12.42%	33.42%
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* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counterparties which have high credit ratings.

5.8 Corporate sukuk certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Sold / redeemed during the period	As at December 30, 2023	Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation	Market value as a percentage of	
					Number of certificates				Rupees in '000			net assets of the Fund	total investments of the Fund

MISCELLANEOUS

Eden Housing Limited Sukuk (2nd Issue) (Face value of Rs. 984 per certificate)	D, VIS-		September 29, 2025	6 months KIBOR plus base rate of 2.50%	9,200	-	-	9,200	-	-	-	-	-
New Allied Electronic Industries (Private) Limited - Sukuk II (Face value of Rs. 4,905 per certificate)	Unrated	-	December 3, 2025	6 months KIBOR plus base rate of 2.20%	9,000	-	-	9,000	-	-	-	-	-
Shakarganj Food Products Limited Sukuk I (Face value of Rs. 450,000 per certificate) (see note 5.8.1)	BBB+, VIS	Quarterly	July 10, 2024	3 months KIBOR plus base rate of 1.75%	70	-	-	70	18,436	18,436	-	0.40%	0.52%
Total as at December 31, 2023 (un-audited)									18,436	18,436	-	0.40%	0.52%
Total as at June 30, 2023 (audited)									26,880	26,880	-	0.54%	1.45%

5.8.1 The investee companies had defaulted on their obligations on account of principal and profit payments and accordingly had been classified as non performing assets by the Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs 66.269 million (June 30, 2023: Rs. 61.325 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

During the period, the Fund has received Rs. 7.444 million (December 31, 2022: Nil) including a mark-up of Rs. 3.944 million (December 31, 2022: Nil) against recovery of provided corporate sukuk certificates of Shakarganj Foods Products Limited.

5.9 Letters of placement

Name of the Investee Company	Rating	Maturity date	Profit rate	Amount placed		As at December 31, 2023	As at December 31, 2023		Market value as a percentage of	
				Purchased during the period	Matured during the period		Carrying value	Market value	net assets of the Fund	total investments of the Fund

DEVELOPMENT FINANCIAL INSTITUTION

Pak-Libya Holding Company (Private) Limited	AA-,PACRA	September 15, 2023	22.55%	450,000	450,000	-	-	-	-	-
Pak-Libya Holding Company (Private) Limited	AA-,PACRA	September 28, 2023	22.55%	461,677	461,677	-	-	-	-	-
Pak-Libya Holding Company (Private) Limited	AA-,PACRA	October 31, 2023	22.65%	450,000	450,000	-	-	-	-	-
Pak-Libya Holding Company (Private) Limited	AA-,PACRA	December 1, 2023	22.65%	458,098	458,098	-	-	-	-	-
Pak-Libya Holding Company (Private) Limited	AA-,PACRA	December 4, 2023	22.65%	466,911	466,911	-	-	-	-	-
Total as at December 31, 2023 (un-audited)									-	-
Total as at June 30, 2023 (audited)									-	-

5.10 Unrealised diminution on re-measurement of investments at 'fair value through profit or loss' - net

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
Market value of investments	5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 & 5.9	3,517,733	1,856,437
Less: carrying value of investments	5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 & 5.9	(3,517,803)	(1,867,886)
		<u>(70)</u>	<u>(11,449)</u>

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- Rupees in '000 -----	
6	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY		
	Remuneration of the Management Company	6.1 3,957	4,281
	Sindh sales tax on remuneration of the Management Company	6.2 514	557
	Reimbursement of allocated expenses payable	6.3 1,860	1,996
	Reimbursement of selling and marketing expenses payable	6.4 8,678	9,313
	Sales and transfer load payable	293	205
	Sindh sales tax on sales and transfer load	38	26
	Federal Excise Duty on remuneration of the Management Company and sales load	6.5 40,695	40,695
	ADC charges payable including Sindh sales tax	627	307
		<u>56,662</u>	<u>57,380</u>

- 6.1** 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 its remuneration at the rate of 6% (June 30, 2023: 6%) of net income, subject to floor and capping of 0.5% (June 30, 2023: 0.5%) and 1% (June 30, 2023: 1%) per annum respectively of the average net assets of the Fund during the period ended December 31, 2023. The remuneration is payable to the Management Company monthly in arrears.
- 6.2** During the period, an amount of Rs. 3.16 million (December 31, 2022: Rs. 3.62 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (December 31, 2022: 13%).
- 6.3** In accordance with Regulation 60 of the NBFC Regulations, an asset 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 allocated expenses under the following rates:

Rate applicable from July 1, 2023 to December 31, 2023	Rate applicable from March 16, 2023 to June 30, 2023	Rate applicable from July 1, 2022 to March 15, 2023
0.15% of average annual net assets	0.15% of average annual net assets	0.125% of average annual net assets

- 6.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.

Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses at the rate of 0.7% (June 30, 2023: 0.7%) of the average annual net assets of the Fund and the same has also been approved by the Board of Directors of the Management Company.

- 6.5** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of

the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (SCP) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till 2016 amounting to Rs 40.695 million (June 30, 2023: Rs 40.695 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the SCP. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2023 would have been higher by Re 0.1046 (June 30, 2023: Re 0.0884) per unit.

			(Un-audited) December 31, 2023	(Audited) June 30, 2023
			----- Rupees in '000 -----	
7	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note		
	Annual fee payable	7.1	<u>316</u>	<u>1,210</u>

- 7.1** 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. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.075% per annum of the daily net assets of the Fund, applicable to "Income 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 0.075% per annum of the daily net assets during the period.

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

			(Un-audited) December 31, 2023	(Audited) June 30, 2023
			----- Rupees in '000 -----	
8	ACCRUED EXPENSES AND OTHER LIABILITIES			
	Auditors' remuneration payable		497	617
	Brokerage fee payable		42	116
	Settlement charges payable		170	304
	Printing charges payable		241	241
	Withholding tax payable		268	55,102
	Capital gain tax payable		937	6,151
	Legal and professional charges payable		416	520
	Other payable		396	537
			<u>2,967</u>	<u>63,588</u>

9 CONTINGENCIES AND COMMITMENTS

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

10 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.

11 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 provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

12 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.

13 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund for the period ended December 31, 2023 is 2.17% (December 31, 2022: 1.94%) which includes 0.21% (December 31, 2022: 0.14%) representing government levies. The TER excluding government levies is 1.96% (December 31, 2022: 1.80%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

14 DETAILS OF NON-COMPLIANT INVESTMENTS

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

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

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Following are the details of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
Azgard Nine Limited VII - PPTFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	72,427	(72,427)	-	-	-
AgriTech Limited I	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	147,559	(147,559)	-	-	-
AgriTech Limited V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	32,320	(32,320)	-	-	-
Dewan Cement Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	150,000	(150,000)	-	-	-
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	9,056	(9,056)	-	-	-
New Allied Electronics Industries (Private) Limited - PPTFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	31,707	(31,707)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	44,149	(44,149)	-	-	-
Pace Pakistan Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,820	(149,820)	-	-	-
Saudi Pak Leasing Company Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	41,321	(41,321)	-	-	-
Azgard Nine Limited - Zero Coupon	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	195,465	(195,465)	-	-	-
Silk Bank Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	99,920	(96,571)	3,349	0.07%	0.07%
Worldcall Telecom Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	69,157	(69,157)	-	-	-
Azgard Nine Limited (Non-voting)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Shares	13	(13)	-	-	-
Shakarganj Food Products Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	31,500	(13,064)	18,436	0.40%	0.39%
Total carrying value and accumulated impairment as at December 31, 2023			<u>1,074,414</u>	<u>(1,052,629)</u>	<u>21,785</u>	<u>0.47%</u>	<u>0.46%</u>



- 14.1** At the time of purchase, these investments were in compliance with the aforementioned circular. However, these had either subsequently defaulted or were downgraded to non investment grade.

15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

- 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 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 reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.

- 15.6 Details of transactions with connected persons and related parties are as follows:**

----- (Un-audited) -----	
Half year ended	
December	December
31, 2023	31, 2022
----- Rupees in '000 -----	

NBP Fund Management Limited - the Management Company

Remuneration of the Management Company	24,294	27,859
Sindh Sales Tax on remuneration of the Management Company	3,158	3,622
Reimbursement of allocated expenses	3,725	4,155
Reimbursement of selling and marketing expenses	17,383	23,265
Sales and transfer load including Sindh sales tax	365	2,478
ADC charges including Sindh sales tax	157	362
Units redeemed: Nil (2022: 32,261 units)	-	352

Central Depository Company of Pakistan Limited - the Trustee

Remuneration of the Trustee	1,862	2,493
Sindh sales tax on remuneration of the Trustee	242	324
Settlement charges	54	328

Employees of the Management Company

Units issued: 788,124 units (2022: 4,120,099 units)	9,206	46,483
Units redeemed: 874,078 units (2022: 3,961,687 units)	10,192	44,611

NBP INCOME OPPORTUNITY FUND



NBP FUNDS
Managing Your Savings

NBP Fund Management Limited

	----- (Un-audited) -----	
	Half year ended	
	December 31, 2023	December 31, 2022
	----- Rupees in '000 -----	
Muhammad Murtaza Ali - Company Secretary and Chief Operating Officer of the Management Company		
Units redeemed: Nil (2022: 120 units)	-	1
Portfolio managed by the Management Company		
Units redeemed: 3,006,469 units (2022: 495,075 units)	33,500	5,477
Purchase of Sukuk certificates	100,000	-
BankIslami Pakistan Limited - Common directorship*		
Profit on bank balance	-	7
K-Electric Limited - common directorship		
Purchase of short term sukuk	-	200,000
Profit of sukuk certificate	34,111	38,953
Lucky Electric Power Company Limited - common directorship		
Income on commercial paper	-	13,667
	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	----- Rupees in '000 -----	
Amounts outstanding as at period / year end are as follows:		
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company	3,957	4,281
Sindh sales tax on remuneration of the Management Company	514	557
Reimbursement of allocated expenses payable	1,860	1,996
Reimbursement of selling and marketing expenses payable	8,678	9,313
Sales and transfer load payable	293	205
Sindh sales tax on sales and transfer load	38	26
Federal Excise Duty and related Sindh sales tax on management fee and sales load	40,695	40,695
ADC charges payable including Sindh sales tax	627	307
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the trustee	316	321
Sindh Sales Tax on remuneration of the trustee	42	42
Settlement charges payable	72	152
Security deposit	100	100
National Bank of Pakistan - Parent of the Management Company		
Bank balances	3,039	2,222
Profit receivable on bank balances	18	3
NBP Employees Pension Fund - unit holder with more than 10% holding		
Units held: 146,024,708 units (June 30, 2023: 146,024,708 units)	1,748,617	1,583,696

	(Un-audited) December 31, 2023 ----- Rupees in '000 -----	(Audited) June 30, 2023 ----- Rupees in '000 -----
Portfolio managed by the Management Company		
Units held: 19,997,408 units (June 30, 2023: 23,003,843 units)	239,465	249,486
Employees of the Management Company		
Units held: 587,296 units (June 30, 2023: 673,031 units)	7,033	7,299
Muhammad Murtaza Ali - Company Secretary and Chief Operating Officer of the Management Company		
Units held: 107 units (June 30, 2023: 107 units)	1	1
Telenor Microfinance Bank Limited - common directorship		
Bank balance	8	8
Profit receivable on bank balance	4	6
K-Electric Limited - common directorship		
Sukuks held: 71,000 certificates (June 30, 2023: 71,000 certificates)	268,837	307,281
Profit receivable on sukuk certificates	10,079	-

* Current period figures have not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2023.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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).

NBP INCOME OPPORTUNITY FUND



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 -----			

At fair value through profit or loss

Government securities - Pakistan investment Bonds	-	728,225	-	728,225
Government securities - Market treasury bills	-	1,821,939	-	1,821,939
Government securities - Ijara sukuks	-	275,437	-	275,437
Term finance certificates	-	193,902	-	193,902
Corporate sukuk certificates	-	498,230	-	498,230
	-	3,517,733	-	3,517,733

----- Audited -----			
----- As at June 30, 2023 -----			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

At fair value through profit or loss

Term finance certificates	-	235,924	-	235,924
Corporate sukuk certificates	-	647,413	-	647,413
Government securities - Pakistan investment bonds	-	973,100	-	973,100
Government securities - Market treasury bills	-	-	-	-
Government securities - Ijara sukuks	-	-	-	-
	-	1,856,437	-	1,856,437

17 GENERAL

17.1 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)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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